



Istituto Finanziario Industriale

IFI GROUP
ANNUAL REPORT 2003



Istituto Finanziario Industriale

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

ANNUAL REPORT 2003

Table of contents

DIRECTORS' REPORT ON OPERATIONS

Board of Directors, General Manager, Board of Statutory Auditors and Independent Auditors	3
IFI Group profile	4
Chairman's letter to the stockholders	10
Major events in 2003	12
Analysis of IFI Group condensed consolidated results	14
Analysis of IFI Group consolidated results	18
Analysis of IFI S.p.A. statutory results	20
Other information	24
Significant subsequent events	27
Business outlook	27
Operating performance of IFIL and Exor Group Holdings	28
Motion for approval of the financial statements, increase in the legal reserve to one-fifth of capital stock and appropriation of net income for the year	34

IFI GROUP – CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2003

Consolidated balance sheet	36
Consolidated statement of operations	40
Notes to the consolidated financial statements	42

IFI S.p.A. – STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2003

Balance sheet	112
Statement of operations	115
Notes to the statutory financial statements	116
Annexes	135

BOARD OF STATUTORY AUDITORS' REPORT	147
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REPORTS OF THE INDEPENDENT AUDITORS	150
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IFI GROUP'S COMPANIES	152
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This is an English translation of the Italian original document "Relazioni e Bilanci 2003" approved by the IFI Board of Directors on March 30, 2004, which has been prepared solely for the convenience of the reader.

The version in Italian takes precedence and for complete information about IFI S.p.A. and the Group, reference should be made to the full original report in Italian "Relazioni e Bilanci 2003" containing the Directors' Report on operations and the Consolidated and Statutory financial statements also available on the corporate website: <http://www.gruppoifi.com>.



Istituto Finanziario Industriale

The Chairman of the Company, Mr. Umberto Agnelli, deceased on May 27, 2004. We wish to recall his extraordinary human and professional gifts as well as the great enthusiasm that distinguished him and his sense of responsibility shown in the Relaunch process of the Group. His death has left a void in all the persons who have known and highly esteemed him.

Board of Directors

<i>Chairman</i>	Gianluigi Gabetti
<i>Deputy Chairman</i>	Pio Teodorani-Fabbri
<i>Directors</i>	Annibale Avogadro di Collobiano John Philip Elkann Luca Ferrero Ventimiglia (co-opted on June 11, 2004) Gabriele Galateri di Genola
<i>Secretary to the Board</i>	Franzo Grande Stevens Andrea Nasi Lupo Rattazzi

General Manager

Virgilio Marrone

Board of Statutory Auditors

<i>Chairman</i>	Cesare Ferrero
<i>Standing Auditors</i>	Giorgio Giorgi Lionello Jona Celesia
<i>Alternate Auditors</i>	Giorgio Ferrino Paolo Piccatti

Independent Auditors

Deloitte & Touche S.p.A.

Expiry of term of office

The three-year terms of office of the Board of Directors and the Board of Statutory Auditors, elected by the Stockholders' Meeting on May 29, 2003, expire concurrently with the Stockholders' Meeting for the approval of the financial statements for the year ending December 31, 2005.

The Independent Auditors are appointed for the three-year period 2003-2005.

Corporate Governance

The Chairman, according to the by-laws (art. 21), may represent the Company, also before a court of law, and has signature powers.

Specific operating powers have been conferred to the Deputy 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 led by Giovanni Agnelli e C. S.a.p.a.z. The Company's assets are represented by investments in IFIL - Finanziaria di Partecipazioni S.p.A. (62.03% of ordinary capital stock) and in Exor Group (29.3% of capital stock).

IFIL is the operating holding company of the Group commanding two distinctive areas of operations: the active management of the controlling investment in Fiat and the dynamic management of the other holdings.

Fiat, controlled with 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 Auto, Ferrari and Maserati), commercial vehicles (Iveco), agricultural and construction equipment (CNH Global), automotive components for these vehicles (Magneti Marelli) and the supply of related services, 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.

Worms & Cie (53.07% holding in capital stock) 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 (Carbonless Europe was absorbed by ArjoWiggins as from January 1, 2004);
- Antalis (100% holding), the leading group in Europe in the distribution of paper products for printing and writing;
- Permal Group (100% holding), one of the leaders in the management of investment funds;
- SGS (23.8% holding in capital stock), a company listed on the Swiss stock exchange and leader in the verification, inspection and certification of product and service quality.

La Rinascente (jointly controlled with the Auchan Group, through Eurofind, which holds more than 99% of the ordinary capital stock) is one of the largest Italian retailers operating throughout Italy with roughly 1,850 points of sale (direct, affiliates and associates) and over 31,000 employees.

SANPAOLO IMI (4.86% holding in ordinary capital stock) is a leading national banking group with over 3,000 branches throughout Italy.

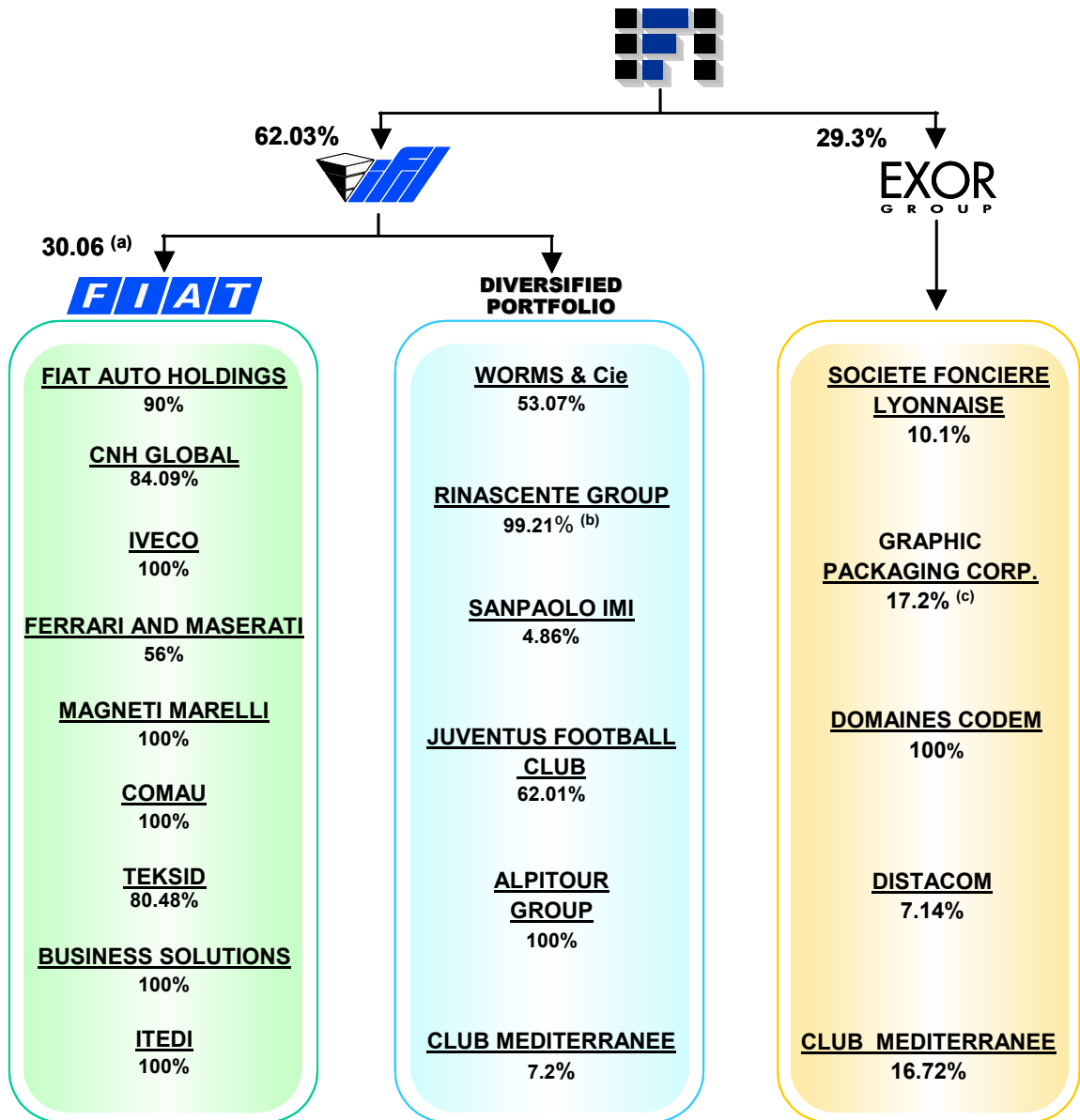
Alpitour (100% holding through NHT New Holding for Tourism) is a leading company in Italian tourism.

Club Méditerranée (7.2% holding in capital stock) is a company in which the Agnelli Group also holds an equity interest through Exor Group (16.72% holding in capital stock).

Juventus Football Club (62.01% holding in capital stock) is a company with more than one hundred years of history and an enviable record gained at various national and international sports events.

Exor Group is a Luxembourg holding company; its principal investments are the 16.7% stake in Club Méditerranée, the 17.2% interest in Graphic Packaging Corporation (a U.S.A. company in the packaging sector that emerged in 2003 from the merger of Riverwood and Graphic Packaging, listed on the New York stock exchange), the 10.1% holding in Société Foncière Lyonnaise (one of the most important real estate companies listed on the Paris stock exchange), the 100% holding in Domaines Codem (a French wine company) and the 7.1% stake in Distacom (a company headquartered in Hong Kong operating in the telecommunications sector).

The following chart is updated to the end of February 2004 and presents the simplified structure of the investment portfolio. Percentage holdings refer to ordinary capital stock.



- (a) IFIL also holds 30.09% of preferred capital stock.
- (b) Control is exercised jointly by the Auchan Group through Eurofind (50% by FIL and 50% by Auchan).
- (c) Company emerging from the merger of Riverwood and Graphic Packaging.

STOCKHOLDERS AND THE STOCK MARKET

Capital stock

At December 31, 2003, IFI's capital stock, fully subscribed to and paid-in, amounted to € 163,251,460 and was composed of 86,450,000 ordinary shares and 76,801,460 preferred shares all with a par value of € 1 each.

The directors have the right, for a period of five years from the resolution passed on April 22, 2003, to increase, at one or more times, also in divisible form, the capital stock up to a maximum of € 561,750,000.

The ordinary shares are 100% held by the parent company Giovanni Agnelli e C. S.a.p.az. The preferred shares are listed on the Mercato Telematico Azionario (Electronic Trading Market) of Borsa Italiana S.p.A.

In accordance with art. 10 of the by-laws, preferred shares have voting rights only for the resolutions set forth in art. 2365 of the Italian Civil Code.

Pursuant to art. 26 of the by-laws, preferred shares have the right to a preference dividend, which is not cumulative from one year to the next, equal to 5.17% of par value (€ 1).

Treasury stock

At the end of February 2004, IFI holds 5,360,300 preferred treasury stock (6.98% of the class of stock).

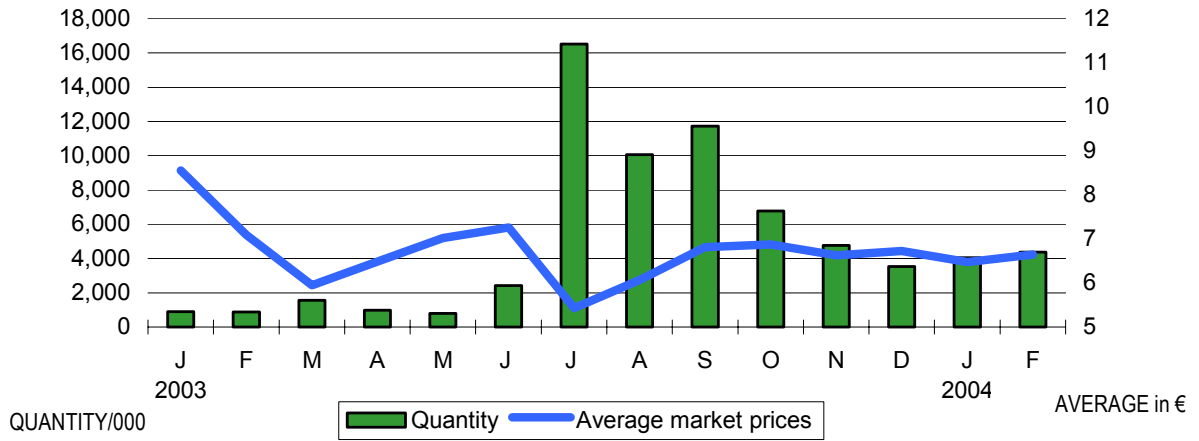
On March 30, 2004 the Board of Directors voted to present a motion to the Ordinary Stockholders' Meeting for renewal of the resolution for the authorization of the buyback of treasury stock for a maximum of 16 million IFI ordinary shares and/or preferred shares, setting aside a total of € 120 million.

Information and charts depicting IFI preferred share performance are presented in the following tables.

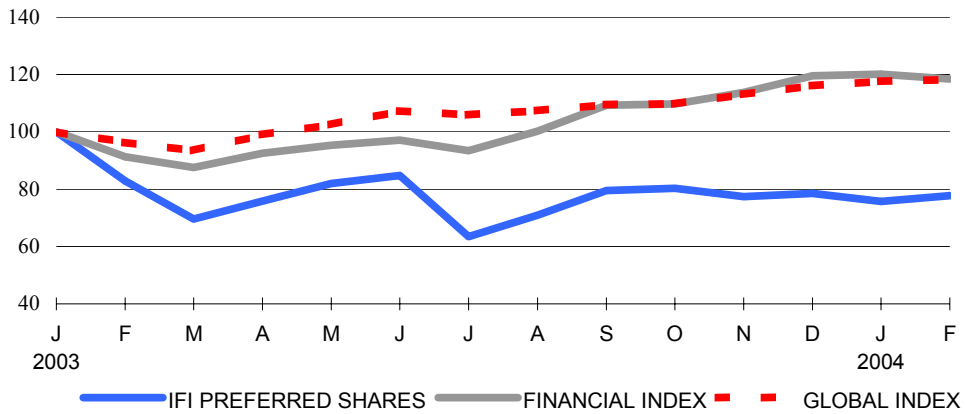
	2004 (January/February)	2003	2002	2001
Market price per preferred share (€)				
. year-end	-	6.708	7.951	20.283
. high	7.030	9.466	21.451	33.113
. low	6.235	5.003	7.762	18.631
Quantities traded during the year				
. preferred shares (millions of shares)	8.4	60.9	14.9	20
Equivalent annual volumes traded on stock market (€ in millions)				
. preferred shares (€ in millions)	55.6	383.8	269	610

The market prices have been adjusted on the basis of the capital stock increase in July 2003.

IFI PREFERRED SHARES - AVERAGE MARKET PRICES IN € - QUANTITIES TRADED



PERFORMANCE OF IFI PREFERRED SHARES COMPARED TO COMIT MARKET INDEXES



KEY OPERATING AND FINANCIAL DATA

The key results of the Group and IFI S.p.A. are presented as follows:

IFI GROUP

€ in millions	2003	2002	2001	2000	1999
Net revenues	52,434	61,015	63,614	63,263	54,208
Operating income (loss)	(395)	(620)	296	1,117	1,253
<i>Operating income (loss) to net revenues (ROS)</i>	-0.75%	-1.02%	0.47%	1.77%	2.31%
Net income (loss) - Group and minority interest	(1,647)	(4,032)	(111)	1,011	954
Consolidated net income (loss) - Group	(130)	(803)	164	218	213
Stockholders' equity - Group and minority interest	10,292	11,257	16,645	18,047	18,652
Consolidated stockholders' equity - Group	2,221	2,026	3,164	3,088	2,776
Net financial position	(4,525)	(5,783)	(7,512)	(8,734)	(5,016)
Earnings per share (€)					
Consolidated net income (loss) (a)	(1.21)	(14.17)	2.83	3.66	3.51
Consolidated stockholders' equity (b)	13.61	32.81	51.23	50.00	44.96

IFI S.p.A.

€ in millions	2003	2002	2001	2000	1999
Net income (loss) - IFI S.p.A.	15	(227)	117	77	266
Stockholders' equity - IFI S.p.A.	1,567	1,095	1,356	1,082	1,071
Financial fixed assets	1,857	1,525	1,617	1,827	1,522
Net financial position	(295)	(427)	(239)	(695)	(345)
Earnings per share (€)					
Net income (loss) - IFI S.p.A. (a)	0.14	(4.00)	2.02	1.30	4.39
Stockholders' equity - IFI S.p.A. (b)	9.60	17.73	21.96	17.53	17.34
Total dividends paid out	-	-	34	35	66
Dividends paid out per share (€)					
Per ordinary share	-	-	0.5783	0.5783	1.0883
Per preferred share	-	-	0.63	0.63	1.14

(a) Calculated using the average number of shares outstanding.

(b) Calculated using the number of shares issued at the end of the year.

FINANCIAL COMMUNICATIONS AND INVESTOR RELATIONS

- IFI's corporate website (<http://www.gruppoifi.com>) presents a descriptive profile of the Group, outlines the activities and strategies of the Company and also contains accounting and financial information as well as press releases and other corporate reports.
- More than 1,000 copies (in Italian and English) of the annual report, the first-half report and the quarterly reports have been distributed. These reports are sent, on request, to stockholders, and are also available on the corporate website.
- Intensive contacts have been established through individual meetings with financial analysts and institutional investors.
- Far-reaching, comprehensive information has been circulated through the Italian and foreign economic and financial press.

Information for Stockholders, Investors and the Press

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CHAIRMAN'S LETTER

To our Stockholders,

In 2003, after a lengthy period of stagnation, the world economy showed signs of recovery, though with a different intensity in various parts of the world. In fact, starting in the spring, industrial production in the United States and Asia picked up decisively, whereas in the euro zone, and in Italy, in particular, signs of development and growth were much weaker, also due to the strong euro. In 2004, the favourable direction of the economic cycle should begin to gather speed, although the differences among the various areas will remain evident.

The United States has continued to be the driving force behind development. The increase in consumption and investments has been sustained by extremely expansive monetary and fiscal policies: in particular, interest rates remained at record lows. However, two serious dangers are threatening the future of the American economy, which risk jeopardising the soundness of the recovery: the distinct worsening of public debt and the enormous foreign trade deficit. Balancing public debt, combined with a probable inversion in the monetary policy trend could slow down domestic demand.

The other protagonist of world recovery is the Asiatic area: Japan is finally showing concrete signs of improvement, while the rest of the area has resumed a very fast pace of growth following the slowdown caused by SARS.

Notwithstanding the favourable impetus stemming from outside, the euro zone is finding it difficult to jump onto the recovery stage of the economic cycle. Domestic demand has remained weak while the strong appreciation of the euro has penalized exports. In 2003, inflation in the euro zone remained under control, although it was slightly higher than the benchmark ceiling fixed by the European Central Bank. The sluggish recovery, while the euro is strong and prices are restrained, could induce the European Monetary Authority to reduce interest rates, which have remained stationary since June 2003.

The performance of the European economy mainly reflected the recession in Germany and the weakness of France. According to the latest data released by ISTAT (National Statistical Institute), the growth of economic activity in Italy was also quite weak during 2003 (+0.3%). Consumption made a positive contribution to growth, while investments and net exports slowed development: in particular, the foreign channel reduced GDP growth by almost one percentage point. Historical structural problems still frustrated the Italian economy, which was manifested by the negative trend of productivity and an extreme vulnerability to competition from emerging countries in the sectors Italy is traditionally skilled in. The disappointing performance of productivity keeps inflation in Italy above the European average, causing a further loss in competitiveness for Italian companies on the international markets.

In 2003, two important and extraordinary operations were carried out with the aim of strengthening the equity position of the companies Group:

- the IFI/IFIL Reorganization, which took place in Q2 2003, involved the contribution to IFIL, against a reserved capital increase, of the investments held in Fiat, Juventus, SANPAOLO IMI and Soiem, in order to rationalize the Group's structure and concentrate the dynamic management of the investment portfolio in the operating holding company;
- the fully-subscribed capital increase of € 457.4 million, which made it possible to reduce net indebtedness to € 295.4 million and, through subsequent capital increases by IFIL and Fiat, to supply the latter with the financial resources needed to the sustain the relaunch plan.

2003 marked the return to a profit position for IFI, with a net income of € 14.7 million, after a 2002 that had posted a loss of € 226.9 million, due to the write-down of the principal listed investments.

At a consolidated level, the still unfavourable economic climate, and the difficulties of the Fiat Group, affected the consolidated result, with a loss of € 130 million, of which € 110.8 million related to IFI's share of the first-quarter loss of the Fiat Group.

In view of these results, the IFI Board of Directors decided not to propose a motion to the Stockholders' Meeting for the distribution of dividends.

As regards IFI's investment holdings, in 2003, the IFIL activities were directed at the active management of its investment portfolio, besides its support of Fiat's relaunch plan (of which it has recently been possible to appreciate positive signs such as an improvement in the operating result and the increase in the market share of the Auto sector). This was marked by the divisionalization process at the Rinascente Group, the reorganization of the Alpitour Group, the distribution of extraordinary dividends by Rinascente and Worms & Cie and, lastly, the sale of the stake held in Sifalberghi.

Although the consolidated net result of the IFIL Group is still a loss, amounting to € 45 million, IFIL S.p.A. closed 2003 with a net income of € 72.7 million, laying the foundations for a resumption of the distribution of dividends. Another positive sign was the reduction in net financial indebtedness, halved to € 234.7 million.

For 2004, IFIL anticipates further opportunities of optimising and developing its holdings, including also a new cycle of investments. This situation is supported by the setting up of an operating branch office in the United States, which will enable IFIL to take advantage of investment opportunities on the major world market

In 2003, Exor Group's consolidated financial statements closed with a net income of € 17.1 million, an increase versus that of € 15.4 million reported in 2002.

2003 also saw the sale of the investments in Château Margaux and the Espirito Santo Financial Group, as well as a part of the shares held in Société Foncière Lyonnaise, with a corresponding increase in net cash. Part of these resources were utilised to buy back treasury stock, subsequently cancelled by resolution of the Stockholders' Meeting, so that IFI and the parent company Giovanni Agnelli e C. currently hold almost the total capital stock of Exor Group.

Finally, together with the Board of Directors, I would like to thank the Stockholders for the trust accorded, the Statutory Auditors and the Independent Auditors for the care in the execution of their task, the Executives and Staff of the Company and its subsidiaries for the productive work carried out in an extremely difficult economic framework.

Umberto Agnelli

MAJOR EVENTS IN 2003

The Reorganization of the Group

Following the resolution passed by IFIL's Extraordinary Stockholders' Meeting held on April 23, 2003, IFI and IFIL gave effect to the Group Reorganization Plan proposed by the respective Boards of Directors on March 3, 2003.

IFI thus contributed the following investments and warrants to the subsidiary IFIL:

	Number	% of class of stock	Contribution value			
			Accounting value		Economic value	
			Per share (€)	Total (€ ml)	Per share (€)	Total (€ ml)
Fiat ordinary shares	77,944,334	17.99%	7.197	561.0	8.869	691.3
Fiat preferred shares	19,582,500	18.96%	5.165	101.1	5.165	101.1
Warrants 2007 on Fiat ordinary shares	11,216,334	-	0.319	3.6	0.319	3.6
SANPAOLO IMI ordinary shares	16,300,000	1.13%	6.605	107.7	6.605	107.7
Juventus Football Club	74,992,103	62.01%	0.156	11.7	1.823	136.7
Soiem	18,286,500	50.10%	0.516	9.4	0.633	11.6
TOTAL				794.5		1,052.0

The economic value of the contribution was calculated (with the exception of Soiem, which is unlisted and valued at net asset value) on the basis of the average official market prices in the period between September 2, 2002 and February 28, 2003 and resulted in a total of € 1,052 million.

The contribution, however, was recorded for € 794.5 million in that, in accordance with the provisions of art. 3 of Legislative Decree No. 358 of October 8, 1997, the Fiat ordinary shares, the Juventus Football Club shares and the Soiem shares (representing investments in subsidiaries or affiliates) were contributed with a view to the continuity of the accounting values recorded in the financial statements of IFI S.p.A. for the year ended December 31, 2002, whereas the SANPAOLO IMI ordinary shares, the Fiat preferred shares and the Fiat 2007 warrants on ordinary shares were contributed at economic value, with a gain of € 22.6 million.

In exchange for this contribution, based upon the economic value of IFIL determined for purposes of the transaction, IFIL issued to IFI 167,450,949 ordinary shares at the accounting per share price of approximately € 3.122 and 119,635,991 savings shares at the accounting per share price of approximately € 2.272. The par value of the IFIL shares issued amounted to € 287,086,940, plus € 507,460,128 of additional paid-in capital, for a total of € 794,547,068.

In April and May 2003, IFI also purchased on the market 1,807,150 IFIL ordinary shares and 114,009 IFIL savings shares for a total investment of € 4.4 million.

In May 2003, IFI then exercised the right to voluntarily convert all the 119,750,000 IFIL savings shares held for 101,787,500 IFIL ordinary shares, without payment of any cash differential.

IFI S.p.A. capital stock increase against payment

On June 27, 2003, by the power vested in it pursuant to art. 2443 of the Italian Civil Code by the Extraordinary Stockholders' Meeting held on April 22, 2003, the Board of Directors of IFI S.p.A. voted to increase the capital stock against payment, and in divisible form, for a maximum amount of par value € 101,501,460, through the issue of:

- 55,575,000 IFI ordinary shares of par value € 1 each, with normal dividend rights, with option rights offered to Giovanni Agnelli e C. S.a.p.az., the sole stockholder of IFI ordinary shares, at the price of € 4.5 each, in a ratio of 9 new ordinary shares for every 5 ordinary shares held;
- maximum 45,926,460 IFI preferred shares of par value € 1 each, with normal dividend rights, with option rights offered to the preferred stockholders at the price of € 4.5 each, in a ratio of 9 new preferred shares for every 5 preferred shares held.

At the end of the rights offering period, 45,412,722 new preferred shares were subscribed to equal to 98.88% of the preferred shares offered. Moreover, Giovanni Agnelli e C. S.a.p.az., the sole stockholder of IFI ordinary shares, subscribed to the 55,575,000 IFI ordinary shares in the rights offering, with an investment of € 250 million.

Following the subsequent offering of the 285,410 unexercised rights on the market (which generated proceeds of € 0.7 million for IFI, recorded as an increase to stockholders' equity), the remaining new 513,738 IFI preferred shares were subscribed to in August.

The capital stock increase was therefore concluded with the subscription of the entire issue of 55,575,000 ordinary shares and the 45,926,460 preferred shares offered for total proceeds of € 457.4 million (of which € 0.7 million deriving from the sale of unexercised rights).

At December 31, 2003, the capital stock of IFI S.p.A., fully subscribed to and paid-in, amounted to € 163,251,460 and was composed of 86,450,000 ordinary shares and 76,801,460 preferred shares, all with a par value of € 1 each.

Subscription to IFIL S.p.A. capital stock increase against payment

On June 27, 2003, by the power vested in it pursuant to art. 2443 of the Italian Civil Code by the Extraordinary Stockholders' Meeting held on May 14, 2003, the Board of Directors of IFIL S.p.A. voted to increase the capital stock against payment, and in divisible form, for a maximum amount of par value € 386,321,490, through the issue of a maximum of 386,321,490 IFIL ordinary shares of par value € 1 each, with normal dividend rights, with the option rights offered to the stockholders at a price of € 1.30 at a ratio of 57 shares for every 100 IFIL ordinary and/or savings shares held.

The capital stock increase was concluded in August, without the intervention of the Underwriting Syndicate, with the subscription of all 386,321,490 ordinary shares in the rights offering for total proceeds of € 504 million for IFIL S.p.A.

After purchasing 810,126 rights, IFI subscribed to 233,861,025 IFIL ordinary shares in the rights offering with a total investment of € 304.2 million.

In August 2003, IFI also purchased on the market 450,000 IFIL ordinary shares for € 0.9 million.

At December 31, 2003, IFI held 643,783,399 IFIL ordinary shares, equal to 62.03% of IFIL ordinary capital stock (62.8% of ordinary capital stock outstanding).

ANALYSIS OF IFI GROUP CONDENSED CONSOLIDATED RESULTS

In order to assist in the analysis of the financial position and results of operations of the IFI Group, a **condensed consolidated Balance Sheet** and a **condensed consolidated Statement of Operations** have been prepared wherein the investments in IFIL (60.55% of capital stock outstanding) and in Exor Group (29.3% of capital stock outstanding) have been accounted for using the equity method.

As regards the principles used in preparing the condensed consolidated financial statements, the following should be noted:

- subsequent to the Reorganization of the Group (please refer to the previous section "Major events in 2003"), the investment in Soiem was deconsolidated by IFI beginning April 1, 2003 and, from the same date, was consolidated line-by-line by IFIL. Effective the same date, the investments in Fiat and in Juventus Football Club were accounted for by IFIL using the equity method;
- accordingly, the condensed consolidated statement of operations of the IFI Group for the year 2003 shows, for the above holdings, only the share of the earnings (losses) for the first quarter of 2003; for the other three quarters of 2003, the results of these holdings, instead, were indirectly recorded through IFI's share of the consolidated result of the IFIL Group;
- the economic impact of the contribution of the investments in Fiat, Juventus Football Club, SANPAOLO IMI and Soiem (gains and losses compared to the carrying value of these holdings at March 31, 2003) have been completely eliminated, being a transaction with a subsidiary.

Consolidated net loss for the year and condensed consolidated statement of operations

The first half of 2003 shows a consolidated net loss for the IFI Group of € 130 million (consolidated net loss of € 803 million in 2002) due substantially to the share of the first-quarter 2003 loss of the Fiat Group of € 110.8 million.

The **condensed consolidated statement of operations** can be summarized as below.

€ in millions	2003	2002	Change
Group's share of earnings (losses) of companies accounted for using the equity method	(117.7)	(755.2)	637.5
Dividends from other holdings and tax credits	0.2	14.7	(14.5)
Losses, net	0.0	(60.3)	60.3
Amortization of differences on consolidation	0.0	(7.4)	7.4
Investment expenses, net	(117.5)	(808.2)	690.7
Financial expenses, net	(15.0)	(17.5)	2.5
General expenses, net	(6.1)	(9.2)	3.1
Other income (expenses), net	1.0	(4.5)	5.5
Loss before taxes	(137.6)	(839.4)	701.8
Current income taxes, net	0.0	21.8	(21.8)
Deferred taxes	7.6	14.6	(7.0)
Net Loss - Group	(130.0)	(803.0)	673.0

Group's share of earnings (losses) of companies accounted for using the equity method

€ in millions	Earnings (losses)		IFI's share		Change
	2003	2002	2003	2002	
IFIL Group	(45.0)	(367.0)	(27.2)	(118.6)	91.4
Exor Group S.A.	17.1	15.4	5.0	3.9	1.1
Fiat Group	(681.0) ^(a)	(3,948.0)	(110.8)	(642.2)	531.4
Juventus Football Club S.p.A.	(7.2) ^(a)	(35.3)	(4.5)	(22.0)	17.5
			(137.5)	(778.9)	641.4
Consolidation adjustments			19.8	23.7	(3.9)
Group's share of earnings (losses) of companies accounted for using the equity method			(117.7)	(755.2)	637.5

(a) Results in the first quarter of 2003.

Comments on the operating performance of the IFIL Group and Exor Group are presented later in the report.

Dividends from other holdings and tax credits

These amounted to € 0.2 million and relate to dividends received from Emittenti Titoli in 2003. The amount in 2002 (€ 14.7 million) had included the dividends received from SANPAOLO IMI (€ 9.3 million) and the related tax credit (€ 5.2 million).

General expenses, net

These amounted to € 6.1 million, a decrease of 9.2 million compared to the year 2002 due to the headcount reduction in employees and the deconsolidation of the subsidiary Soiem.

Other income (expenses), net

These amounted to € 1 million of other income, net, and included the credit to the statement of operations for the release of excess income taxes recorded in the prior year (+€ 4.1 million), expenses for the Reorganization of the Group (-€ 1.5 million), expenses for the "Solidarity Fund for the support of earnings" (-€ 0.9 million), nonrecurring financial expenses (-€ 0.2 million) and other nonrecurring expenses (-€ 0.5 million).

Condensed consolidated balance sheet

€ in millions	12/31/2003	12/31/2002	Change
Financial fixed assets:			
- investments	2,436.0	2,366.9	69.1
- treasury stock	70.5	70.5	0.0
- other receivables	6.7	6.7	0.0
	2,513.2	2,444.1	69.1
Cash and banks, financial receivables and other assets	0.1	1.8	(1.7)
Other assets	18.6	29.7	(11.1)
Total assets	2,531.9	2,475.6	56.3
Stockholders' equity:			
- Group	2,221.3	2,026.2	195.1
- Minority interest	0.0	10.4 ^(a)	(10.4)
	2,221.3	2,036.6	184.7
Financial payables:			
- banks, short-term	66.3	211.7	(145.4)
- banks, medium-term	212.7	170.0	42.7
- parent company, short-term	15.2	39.3	(24.1)
- subsidiaries, short-term	0.0	0.5	(0.5)
	294.2	421.5	(127.3)
Other liabilities and reserves	16.4	17.5	(1.1)
Total liabilities and stockholders' equity	2,531.9	2,475.6	56.3

(a) Corresponds to the equity interest in Soiem (49.9%) previously held by IFIL.

Financial fixed assets – Investments

€ in millions	Number of shares held	% holding of		Carrying value	
		class of stock	capital stock	per share (€)	total
Investments accounted for using the equity method					
IFIL - ordinary shares	643,783,399	62.03	59.88	3.504	2,255.9
Exor Group SA	3,418,242	29.30	29.30	52.415	179.2
Investments valued at cost					
Deutsche Morgan Grenfell Capital Italy SA					
- ordinary shares	1,058	1.13	0.36	513.893	0.5
- preferred shares	2,000	1.30	0.69	2.582	0.0
Emittenti Titoli S.p.A.	720,000	8.78	8.78	0.516	0.4
Total investments					2,436.0

The increase in the carrying value of investments (+€ 69.1 million), compared to the end of 2002, is due to the investments in IFIL (+€ 309.5 million), to the Group's share of the earnings (losses) of companies accounted for using the equity method (-€ 117.7 million), the share of the translation adjustments shown by the same companies (-€ 165.5 million) and other net changes (+€ 42.8 million).

Financial fixed assets – Treasury stock

Treasury stock includes 5,360,300 IFI preferred shares, equal to 6.98% of the class of stock and 3.28% of capital stock, carried for a total of € 70.5 million (€ 13.148 per share). The per share value of the consolidated stockholders' equity of the IFI Group at December 31, 2003 is € 13.61.

Stockholders' equity - Group

€ in millions	
Stockholders' equity - Group at December 31, 2002	2,026.2
IFI S.p.A. capital stock increase against payment	457.4 (a)
Share of the translation adjustments shown by the investment holdings IFIL and Exor Group (-€ 165.5 million) and other net changes (+€ 33.0 million)	(132.5)
Increase in the consolidation reserve deriving from the valuation, using the equity method, of IFIL shares purchased by IFI	2.2
Use of the consolidation reserve for the difference on consolidation arising from the purchases of Exor Group shares by Exor Group	(2.0)
Consolidated net loss - Group	(130.0)
Net change during the year	195.1
Stockholders' equity - Group at December 31, 2003	2,221.3

(a) Includes the proceeds on the sale of unexercised rights for € 0.7 million.

Net financial position of IFI S.p.A.

€ in millions	12/31/2003			12/31/2002 ^(a)		
	Short-term	Medium/long-term	Total	Short-term	Medium/long-term	Total
Cash and banks, financial receivables and other assets	0.1	0.0	0.1	1.8	0.0	1.8
Borrowings from banks	(66.3)	(212.7)	(279.0)	(211.7)	(170.0)	(381.7)
Payables to parent company	(15.2)	0.0	(15.2)	(39.3)	0.0	(39.3)
Financial accrued expenses and deferred income	(1.3)	0.0	(1.3)	(1.6)	0.0	(1.6)
Payables to subsidiaries	0.0	0.0	0.0	(0.5)	0.0	(0.5)
Total financial payables	(82.8)	(212.7)	(295.5)	(253.1)	(170.0)	(423.1)
Net financial position of IFI S.p.A.	(82.7)	(212.7)	(295.4)	(251.3)	(170.0)	(421.3)

(a) This figure included cash of Soiem, equal to € 5.2 million.

Change in net financial position of IFI S.p.A.

€ in millions	
Net financial position of IFI S.p.A. and Soiem S.p.A. at December 31, 2002	(421.3)
Deconsolidation of Soiem S.p.A. cash	(5.2)
IFI S.p.A. capital stock increase against payment	457.4 ^(a)
Subscription to IFIL capital stock increase against payment (€ 304.2 million) and purchase of IFIL shares (€ 5.3 million)	(309.5) ^(b)
Financial expenses, net	(15.0)
General expenses, net	(6.1)
Dividends received from Exor Group (€ 4.4 million) and Emittenti Titoli (€ 0.1 million)	4.5
Sale of receivables from the tax authorities to Group companies (+€ 2.6 million) and other net changes (-€ 2.8 million)	(0.2)
Net change during the year	125.9
Net financial position of IFI S.p.A. at December 31, 2003	(295.4)

(a) Of which € 0.7 million for the sale of unexercised rights.

(b) Of which € 0.2 million for the purchase of rights.

ANALYSIS OF IFI GROUP CONSOLIDATED RESULTS

The summarized consolidated Statement of Operations and the summarized consolidated Balance Sheet drawn up in accordance with Legislative Decree 127/91 (line-by-line consolidation), as well as the composition of the consolidated net financial position (line-by-line consolidation) are shown below:

Summarized consolidated statement of operations (line-by-line consolidation)

€ in millions	2003	2002	Change
Value of production	55,553	63,503	(7,950)
Costs of production	(55,948)	(64,123)	8,175
Difference between the value and costs of production	(395)	(620)	225
Financial expenses, net	(1,001)	(689)	(312)
Adjustments to financial assets	(78)	(899)	821
Extraordinary income (expenses), net	533	(2,239)	2,772
Loss before taxes	(941)	(4,447)	3,506
Income taxes	(706)	415	(1,121)
Net loss before minority interest	(1,647)	(4,032)	2,385
Minority interest	1,517	3,229	(1,712)
Net loss - Group	(130)	(803)	673

Summarized consolidated balance sheet (line-by-line consolidation)

€ in millions	12/31/2003		12/31/2002		Change
	Amount	%	Amount	%	
Fixed assets:					
- intangible fixed assets	4,711	7	6,223	7	(1,512)
- property, plant and equipment	10,811	15	13,264	13	(2,453)
- financial fixed assets	8,334	12	19,199	19	(10,865)
	23,856	34	38,686	39	(14,830)
Current assets:					
- inventories	15,938	23	15,880	16	58
- receivables	10,775	15	14,021	14	(3,246)
- financial assets	15,161	22	26,348	26	(11,187)
- cash	3,461	5	3,733	4	(272)
	45,335	65	59,982	60	(14,647)
Other assets	849	1	1,281	1	(432)
Total assets	70,040	100	99,949	100	(29,909)
Stockholders' equity:					
- Group	2,221	3	2,026	2	195
- Minority interest	8,071	12	9,231	9	(1,160)
	10,292	15	11,257	11	(965)
Reserves for risks and charges and employee severance indemnities	7,405	11	25,879	26	(18,474)
Financial payables	24,639	35	31,878	32	(7,239)
Other liabilities and reserves	27,704	40	30,935	31	(3,231)
Total liabilities and stockholders' equity	70,040	100	99,949	100	(29,909)

Consolidated net financial position (line-by-line consolidation)

The consolidated net financial position of the IFI Group at December 31, 2003 showed a net indebtedness position of € 4,525 million (€ 5,783 million at December 31, 2002).

At December 31, 2003, the consolidated net financial position (line-by-line consolidation) was composed as follows:

€ in millions	12/31/2003	12/31/2002	Change
Cash	3,461	3,733	(272)
Marketable securities and other short-term investments	4,269	1,828	2,441
Financial receivables, finance lease contracts receivable and other financial fixed assets	12,959	21,801	(8,842)
Financial accrued income and prepaid expenses	387	662	(275)
Total financial assets	21,076	28,024	(6,948)
Financial payables due within one year	(8,355)	(10,480)	2,125
Financial payables due beyond one year	(16,284)	(21,398)	5,114
Financial accrued expenses and deferred income	(962)	(1,929)	967
Total financial payables	(25,601)	(33,807)	8,206
Consolidated net financial position (line-by-line consolidation)	(4,525)	(5,783)	1,258

The contribution by the consolidated companies to the consolidated net financial position (line-by-line consolidation) was the following:

€ in millions	2003	2002	Change
IFI S.p.A.	(295)	(421) (a)	126
IFIL "Holdings System"	(235)	(484)	249
Adjustment to eliminate the net financial position of the holdings consolidated proportionally (b)	(6)	(52)	46
Fiat Group	(3,028)	(3,780)	752
Worms & Cie Group	(887)	(999)	112
NHT Group	(74)	(47)	(27)
Consolidated net financial position (line-by-line consolidation)	(4,525)	(5,783)	1,258

(a) This figure included the line-by-line consolidation of Soiem.

(b) Balances not included in the consolidated financial statements (line-by-line consolidation) of the IFIL Group since they refer to companies accounted for using the equity method (consolidated, instead proportionally, in the "Holdings System").

Research and development costs

In 2003, research and development costs expensed directly to income during the year totalled € 1,763 million, including € 1,747 million relative to the Fiat Group (€ 1,748 million in 2002) and € 16 million relative to the Worms & Cie Group (€ 14 million in 2002).

ANALYSIS OF IFI S.p.A. STATUTORY RESULTS

Net income for the year and summarized statement of operations of IFI S.p.A.

The net income of IFI S.p.A. for 2003 was € 14.7 million, compared to the net loss of € 226.9 million reported in 2002 due to the writedowns of the accounting carrying values of Fiat preferred shares, IFIL ordinary shares and IFI preferred treasury stock.

The summarized statement of operations of IFI S.p.A. is presented below:

€ in millions	2003	2002	Change
Dividends	4.5	79.9	(75.4)
Dividend and related tax credits	0.1	36.2	(36.1)
Writedowns	0.0	(304.8)	304.8
Gains	22.6	1.0	21.6
Income/(expenses), net, from investments and other financial fixed assets	27.2	(187.7)	214.9
Financial expenses, net	(15.0)	(17.6)	2.6
General expenses, net	(6.1)	(9.4)	3.3
Other expenses, net	1.0	(4.5)	5.5
Income (loss) before taxes	7.1	(219.2)	226.3
Income taxes	7.6	(7.7)	15.3
Net income (loss)	14.7	(226.9)	241.6

Dividends

Dividends in 2003 were received from Exor Group (€ 4.4 million) and Emittenti Titoli (€ 0.1 million); Fiat and IFIL did not pay out dividends whereas the SANPAOLO IMI shares were contributed to IFIL before payment of dividends. The figure for the year 2002 (€ 79.9 million) had included the dividends received from Fiat for € 30.3 million, from IFIL for € 24.9 million, from Exor Group for € 14.4 million, from SANPAOLO IMI for € 9.3 million, from Juventus Football Club for € 0.9 million and from Emittenti Titoli for € 0.1 million.

Gains totalling € 22.6 million were realized on the contribution of the SANPAOLO IMI ordinary shares (€ 19 million) and warrants 2007 on Fiat ordinary shares (€ 3.6 million) to IFIL.

General expenses, net, amounted to € 6.1 million and decreased by € 3.3 million compared to the year 2002 (€ 9.4 million) mainly due to a headcount reduction and consequent lower related costs.

Other income (expenses), net, amounted to € 1 million of other income, net, and included the credit to the statement of operations for the release of excess income taxes recorded in the prior year (+€ 4.1 million), expenses for the Reorganization of the Group (-€ 1.5 million), expenses for the "Solidarity Fund for the support of earnings" (-€ 0.9 million), nonrecurring financial expenses (-€ 0.2 million) and other nonrecurring expenses (-€ 0.5 million).

No income taxes were charged in 2003 as the taxable base for the year was a loss (taking into account the writedowns of financial fixed assets made at the end of 2002 which became deductible). Since there is no reasonable certainty of future recovery, no deferred tax assets have been booked on the fiscal 2003 tax losses and on the portions of investment writedowns posted in 2002 that, as allowed by existing tax legislation, will be deductible in future years.

Summarized balance sheet of IFI S.p.A.

€ in millions	12/31/2003		12/31/2002		Change
	Amount	%	Amount	%	
Financial fixed assets	1,856.8	99.0	1,524.7	98.8	332.1
Other assets	18.7	1.0	18.1	1.2	0.6
Total assets	1,875.5	100.0	1,542.8	100.0	332.7
Stockholders' equity	1,567.0	83.6	1,094.9	71.0	472.1
Financial payables:					
- banks, short-term	66.3	3.5	211.7	13.7	(145.4)
- banks, medium-term	212.7	11.3	170.0	11.0	42.7
- parent company	15.2	0.8	39.3	2.6	(24.1)
- subsidiaries	0.4	0.0	4.7	0.3	(4.3)
	294.6	15.6	425.7	27.6	(131.1)
Other liabilities and reserves	13.9	0.8	22.2	1.4	(8.3)
Total liabilities and stockholders' equity	1,875.5	100.0	1,542.8	100.0	332.7

The principal equity and financial captions are analyzed in the following tables.

Financial fixed assets

€ in millions	12/31/2003	12/31/2002	Change
Investments			
IFIL S.p.A.	1,676.2 (a)	572.2	1,104.0
Exor Group S.A.	102.5	102.5	0.0
Deutsche Morgan Grenfell Capital Italy S.A.	0.5	0.5	0.0
Emittenti Titoli S.p.A.	0.4	0.4	0.0
Fiat S.p.A.	0.0	662.1	(662.1)
SANPAOLO IMI S.p.A.	0.0	88.6	(88.6)
Juventus Football Club S.p.A.	0.0	11.7	(11.7)
Soiem S.p.A.	0.0	9.5	(9.5)
	1,779.6	1,447.5	332.1
Treasury stock - IFI S.p.A. preferred shares	70.5 (b)	70.5	0.0
Receivables - TL com I	6.7	6.7	0.0
Total financial fixed assets	1,856.8	1,524.7	332.1

(a) Net of writedowns of € 73.5 million made in 2002.

(b) Net of writedowns of € 58.9 million made in 2002.

The net increase in financial fixed assets of € 332.1 million compared to the end of 2002 (€ 1,524.7 million) was the result of the following movements:

€ in millions	
Financial fixed assets at December 31, 2002	1,524.7
Contribution to IFIL S.p.A.:	
- Fiat, 77,944,334 ordinary shares (17.99% of the class of stock) and 11,216,334 warrants 2007 on ordinary shares	(561.0)
- Fiat, 19,582,500 preferred shares (18.96% of the class of stock)	(101.1)
- SANPAOLO IMI, 16,300,000 ordinary shares (1.13% of the class of stock)	(88.6)
- Juventus Football Club, 74,992,103 shares (62.01% of capital stock)	(11.7)
- Soiem, 18,286,500 shares (50.1% of capital stock)	(9.5)
	(771.9)
IFIL capital stock increase reserved for IFI in exchange for contribution:	
- 167,450,949 ordinary shares (€ 3.122 per share)	522.7
- 119,635,991 savings shares (€ 2.272 per share) (a)	271.8
	794.5
Subscription to IFIL S.p.A. capital stock increase against payment (233,861,025 ordinary shares at € 1.3 per share)	304.2 (b)
Other investments:	
- IFIL, 2,257,150 ordinary shares (€ 2.255 per share)	5.1
- IFIL, 114,009 savings shares (€ 1.773 per share) (a)	0.2
	5.3
Net change during the year	332.1
Financial fixed assets at December 31, 2003	1,856.8

(a) Converted in May 2003 to 101,787,500 IFIL ordinary shares (in a ratio of 17 ordinary shares for every 20 savings shares) without payment of any cash differential.

(b) Including the purchase of 810,126 rights for € 0.2 million.

Comparison of carrying values and market prices of listed financial fixed assets

	% holding		Carrying value		Average market prices			
					II Half 2003		December 2003	
	Number of shares	of class of stock	Unit (€)	Total (€ ml)	Unit (€)	Total (€ ml)	Unit (€)	Total (€ ml)
IFIL ordinary shares	643,783,399	62.03	2.604	1,676.2	2.325	1,496.8	2.603	1,675.8
IFI preferred treasury stock	5,360,300	6.98	13.148	70.5	6.414	34.4	6.723	36.0
Total				1,746.7		1,531.2		1,711.8

The carrying value of IFI preferred treasury stock held is lower than the per share value of the consolidated stockholders' equity of the IFI Group at December 31, 2003, equal to € 13.61 per share.

Stockholders' equity of IFI S.p.A.

Stockholders' equity at December 31, 2003 amounted to € 1,567 million (€ 1,094.9 million at December 31, 2002). The positive change of € 472.1 million was due to the following changes:

€ in millions	
Stockholders' equity at December 31, 2002	1,094.9
IFI capital stock increase against payment	457.4 (a)
Net income for 2003	14.7
Net change during the year	472.1
Stockholders' equity at December 31, 2003	1,567.0

(a) Including the sale of unexercised rights for € 0.7 million.

Net financial position of IFI S.p.A.

The net financial position of IFI S.p.A. at December 31, 2003 showed a net indebtedness position of € 295.4 million (€ 426.5 million at the end of 2002), which is composed as follows:

€ in millions	12/31/2003	12/31/2002	Change
Borrowings from banks	(279.0)	(381.7)	102.7
Payables to parent company	(15.2)	(39.3)	24.1
Payables to subsidiaries	0.0	(4.1)	4.1
Financial accrued expenses	(1.3)	(1.6)	0.3
Cash	0.1	0.2	(0.1)
Net financial position of IFI S.p.A.	(295.4)	(426.5)	131.1

The negative change of € 131.1 million in 2003 resulted from the following cash flows:

€ in millions	
Net financial position at December 31, 2002	(426.5)
IFI capital stock increase against payment	457.4 (a)
Subscription to IFIL capital stock increase against payment	(304.2) (b)
Purchase of 2,257,150 ordinary shares and 114,009 savings shares of IFIL	(5.3)
Financial expenses, net	(15.0)
General expenses, net	(6.1)
Dividends received from Exor Group (€ 4.4 million) and Emittenti Titoli (€ 0.1 million)	4.5
Sale of receivables from the tax authorities to Group companies (+€ 2.6 million) and other net changes (-€ 2.8 million)	(0.2)
Net change during the year	131.1
Net financial position at December 31, 2003	(295.4)

(a) Including the proceeds on the sale of unexercised rights for € 0.7 million.

(b) Including the purchase of rights for € 0.2 million.

OTHER INFORMATION

Transition to International Financial Reporting Standards

Following the coming into force of the European Union Regulation No. 1606, dated July 19, 2002, beginning from 2005 those EU companies whose securities are traded on an EU regulated market must prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS/IAS).

In order to prepare for a proper transition, a working group was created to identify the differences between the national and Group accounting principles currently in place and the IFRS/IAS, to ascertain the adequacy of the accounting systems and procedures compared to the new requirements.

IFI has taken note of the transition processes in progress at the IFIL Group, agreeing the timetables to obtain the 2003 and 2004 data, in compliance with IFRS, which will be necessary for the preparation of the opening consolidated balance sheet as at January 1, 2004, as well as the 2004 interim quarterly and semi-annual consolidated financial statements of the IFI Group, prepared in accordance with IFRS (to be shown for comparative purposes with the equivalent data for 2005).

With regard to IFI S.p.A., the first indications from the work performed to date are that the adoption of the new IFRS will principally impact the following items:

Financial fixed assets:	the LIFO method (last in-first out) can no longer be used.
Treasury stock:	the carrying value of treasury stock should be recorded as a reduction of stockholders' equity; any gains/losses deriving from disposals should be recorded in stockholders' equity.
Employee severance indemnities and employee benefits:	should be recalculated for each employee in accordance with the provisions of IAS19; to that end, the Company will use an independent actuary.

Transactions among Group companies and with related parties

Transactions among IFI S.p.A., the parent company, the subsidiaries and the companies in which a significant influence is exercised are entered into in conformity with the provisions of existing laws, based upon an evaluation of reciprocal economic gain.

In addition to the comments in respect of the Reorganization of the Group, the most important transactions can be summarized as follows:

- suretyships granted in the past in favor of Federazione Italiana Giuoco Calcio – Lega Nazionale Professionisti (F.I.G.C. - L.N.P.) on behalf of Juventus Football Club for a residual amount of € 32 million, expiring in 2004 and 2005, remunerated at market conditions;
- sale of receivables from the tax authorities to Group companies (€ 2.6 million);
- loans secured at floating monthly market rates from the parent company Giovanni Agnelli e C. and from the subsidiaries Juventus Football Club and Soiem;
- services rendered to and costs recovered from subsidiaries and associated companies.

The effects on the balance sheet and statement of operations of the transactions among IFI S.p.A., the Group companies and the other related parties can be summarized as follows:

€ in thousands	12/31/2003			Year 2003	
	Accounts receivable	Accounts payable	Suretyships and Commitments	Income	Expenses
La Rinascente S.p.A.		2			2
Antalis S.p.A.					2
Orione - Consorzio per la sicurezza e la vigilanza		24			273
Exor Group S.A.	54			92	
Welcome Travel Group S.p.A.	22			20	
Fiat Auto S.p.A.		11			26
Fiat S.p.A.				19	
Fiat Sava S.p.A.	620	2		620	4
Fiat Sepin S.p.A.		4			19
Giovanni Agnelli e C. S.a.p.az.		15,176			656
Human Resources Services S.p.A.		3			9
IFIL S.p.A.	201			201	
Juventus Football Club S.p.A.	159		32,003	223	43
Publikompass S.p.A.		1			31
SANPAOLO IMI S.p.A.				109	99
Savarent S.p.A.		14			122
Soiem S.p.A.	11	313		10	1,143
Worknet S.p.A.					26
Commitments to beneficiaries of stock purchase plans on IFIL shares			424		
Total	1,067	15,550	-	1,294	2,455

The IFI Group, through the companies which make up the Group, has maintained and maintains relations with "related" parties as defined by Consob, which, even when considered from the standpoint of potential conflicts of interest, are nonetheless governed by market terms. In this sense, particular mention should be made of:

- option rights on IFIL ordinary shares granted to Directors and Managers of IFIL, IFI, and the subsidiary Soiem;
- option rights on Alpitour shares granted by Alpitour to the Directors of IFIL under a stock option plan for the Directors, Managers and Cadres of Alpitour and its direct and indirect subsidiaries;
- professional services rendered by the Director Franzo Grande Stevens to companies in the Fiat Group for consideration of € 875 thousand.

In February 2003, all the Directors and Managers of the Group, who had the right, sold their Atlanet shares to Ifil Investissements (from which they had previously bought the Atlanet shares) at prices slightly lower than the investments made.

With a view to optimizing the management of the Group's financial resources, loan transactions were entered into among companies of the Group during the year.

Additional information and details (including commitments for purchases and sales of investments, dividends received, purchases and sales of investments, as well as subscriptions to capital stock increases) are disclosed in the section "Major events in 2003" and in the "Notes to the statutory financial statements of IFI S.p.A." and to the consolidated financial statements.

On the basis of information received from the companies of the Group, there are no exceptional or unusual transactions to report.

Equity investments held by Directors, Statutory Auditors and General Manager
(Art. 79 of Consob resolution No. 11971 dated May 14, 1999 and subsequent amendments)

Name	Company	Number of shares			Held at 12/31/2003
		Held at 12/31/2002	Increase	Decrease	
Directors					
Agnelli Giovanni	IFI preferred shares (a)	630,000		630,000 (b)	0
	Juventus (a)	53,235		53,235 (b)	0
Agnelli Umberto	Juventus (a)	26,595			26,595
	Worms & Cie (a)	2		1	1
	Permal Group (a)	1			1
Gabetti Gianluigi	IFIL ordinary shares (a)	0	120,000		120,000
	Worms & Cie (a)	0	1		1
Avogadro di Collobiano	IFIL ordinary shares (a)	0	93,500		93,500
Annibale	IFIL savings shares (a)	40,000 (c)	30,000	70,000 (d)	0
	IFI preferred shares (e)	27,522 (c)	49,536		77,058
Elkann John Philip	Fiat ordinary shares (a)	300 (c)		300	0
Galateri di Genola Gabriele	IFI preferred shares (a)	1			1
	IFI preferred shares (e)	125			125
	Fiat ordinary shares (e)	2,750	578		3,328
	Fiat preferred shares (e)	440			440
	IFIL ordinary shares (e)	1,000	4,250		5,250
	Worms & Cie (a)	1			1
Camerana Carlo	Fiat ordinary shares (a)	1		1 (f)	0
Fresco Paolo (g)	Fiat ordinary shares	211,452	5,650		217,102
Teodorani-Fabbri Pio	IFI preferred shares (e)	152,819	275,076		427,895
	Fiat ordinary shares (e)	1,969	4,614		6,583
	Fiat warrants on ordinary shares (e)	825			825
	Fiat savings shares (e)	5,720			5,720
	IFIL ordinary shares (a)	0	200,000		200,000
	IFIL ordinary shares (e)	0	500,000		500,000
Statutory Auditors					
Ferrero Cesare	Fiat ordinary shares (a)	1			1
Giorgi Giorgio	Fiat savings shares (e)	1,500			1,500
Jona Celesia Lionello	IFIL ordinary shares (e)	500	285		785
General Manager					
Marrone Virgilio	IFIL savings shares (a)	70,000		70,000 (h)	0
	IFIL ordinary shares (a)	0	93,415		93,415

- (a) Direct holding.
(b) The shares were transferred to the heirs.
(c) Held at the date he took office (March 3, 2003).
(d) Converted to 42,500 IFIL ordinary shares.
(e) Indirect holding through spouse.
(f) The shares were transferred to the heirs.
(g) No longer in office.
(h) Converted into 59,500 IFIL ordinary shares.

SIGNIFICANT SUBSEQUENT EVENTS

Investment in Tlcom I

In February, IFI invested € 1.5 million in TLcom I Capital Partners Limited, a venture capital fund geared to companies operating in the telecommunications and information technology sector in Europe and in other markets.

Net financial position of IFI S.p.A.

At the end of February 2004, the net indebtedness position amounted to € 299.8 million. The negative change (€ 4.4 million) was due to financial and operating expenses (€ 2.4 million), to the investment in TLcom I (€ 1.5 million) and other net changes (€ 0.5 million).

Programming document on security

The Company has prepared the programming document on security (Dps) for the year 2003 according to the laws then in force and is currently proceeding to update this document pursuant to the provisions of Legislative Decree No. 196 dated June 30, 2003, Attachment B – technical specifications regarding minimum safety measures.

BUSINESS OUTLOOK

Taking into account the motions for the distribution of dividends from the 2003 profits formulated by the Boards of Directors of IFIL and Exor Group, it is believed that the result for 2004 of IFI S.p.A. will be a profit.

The consolidated result of the IFI Group for 2004 will be closely linked to the performance of IFIL S.p.A. and its main holdings. The forecasts formulated by the holdings themselves are indicated in the following paragraphs.

Fiat Group

The forecast for 2004 calls for the global economy to grow, driven by expansion in the United States and Southeast Asia. However, the growth rates projected for Italy and the rest of Europe are significantly lower. Consequently, the Fiat Group will be faced with market demand that will expand slightly in the United States but hold relatively steady in most other countries, and with aggressive competition from other carmakers.

In this environment, all of the Group's Sectors will strive to achieve significant gains in profitability. They will pursue this goal by following the guidelines set out in the Relaunch Plan, by restructuring and by streamlining their manufacturing operations. At the same time, they will be making major investments in renewing their product range and improving their distribution networks.

In 2004, the Fiat Group will continue to strengthen its management organization by pursuing a strategy of bringing in top professionals from the outside and leveraging the competencies available inside.

While taking into account the current business outlook, management's goal will continue to be to achieve the objectives of the Relaunch Plan: an operating breakeven for the Group, a further reduction of Fiat Auto's losses and better operating results than in 2003 from all other Sectors.

Worms & Cie Group

In 2003, although operating in a difficult economic context, the companies of the Worms & Cie Group raised or maintained their market share and took structural actions that will make it possible to consolidate or improve their operating results in 2004.

The first two months of 2004 confirm this forecast with a strong level of activities for the subsidiaries SGS and Permal Group and make it possible to anticipate a gradual turnaround in the paper sector where manufacturing costs are being subjected to a rigorous control policy.

Rinascente Group

In the first two months of 2004, the Rinascente Group reported sales of € 1,023.9 million, with an increase of 7.9% compared to the corresponding period of the prior year.

In an economic context with growth forecasts uncertain, the Rinascente Group will support every commercial initiative necessary to pursue the objectives of efficiency and process effectiveness in order to preserve and, if possible, improve the operating result.

NHT Group

In view of the actions undertaken to reduce operating costs and the performance during the first few months, the NHT Group is forecasting a further improvement in its results for the year 2003/2004. However, the impacts deriving from a worsening of international political tension, partly as a result of recent terrorist attacks in Spain, could make reaching the anticipated results more difficult.

Juventus Football Club

Juventus, in light of the economic and balance sheet performance for the first six months of the year and information available to date, should register a negative net result for the year that will end on June 30, 2004. Such result could nevertheless be significantly affected by any extraordinary transactions regarding its assets.

SANPAOLO IMI

SANPAOLO IMI recently announced the distribution of dividends per share of € 0.39 which will bring IFIL receipts of € 27.4 million.

OPERATING PERFORMANCE OF IFIL AND EXOR GROUP HOLDINGS

IFIL

(62.03% of ordinary capital stock)

The following consolidated data of the IFIL Group at December 31, 2003 has been taken from the condensed consolidated balance sheet and condensed consolidated statement of operations. Such data has been prepared by consolidating the financial holding companies and Soiem (which make up the so-called "Holdings System") line-by-line and proportionally and accounting for the subsidiaries and associated companies, including the operating holding companies, using the equity method.

€ in millions	12/31/2003	12/31/2002	Change
Consolidated net loss - Group	(45.0)	(367.0)	322.0
Consolidated stockholders' equity - Group	3,953.9	2,708.1	1,245.8
Consolidated net financial position of the "Holdings System"	(234.7)	(484.4)	249.7
Financial fixed assets	4,223.1	3,207.2	1,015.9

The year 2003 ended with a consolidated loss of € 45 million for the IFIL Group. Presented below are the condensed consolidated statement of operations and comments on the main captions.

€ in millions	Year 2003	Year 2002	Change
Group's share of earnings (losses) of companies accounted for using the equity method	(49.7)	(301.6)	251.9
Dividends from other holdings	21.2	30.6	(9.4)
Dividend tax credits	11.9	8.2	3.7
Gains (losses), net	25.0	(51.8)	76.8
Amortization of differences on consolidation	(13.7)	(6.8)	(6.9)
Investment expenses, net	(5.3)	(321.4)	316.1
Financial expenses, net	(23.6)	(20.6)	(3.0)
General expenses, net	(13.0)	(13.4)	0.4
Other expenses, net	(6.1)	(12.2)	6.1
Loss before taxes	(48.0)	(367.6)	319.6
Current income taxes, net	0.1	4.6	(4.5)
Deferred taxes	2.9	(4.0)	6.9
Net loss - Group	(45.0)	(367.0)	322.0

Group's share of earnings (losses) of companies accounted for using the equity method amounted to losses of € 49.7 million (losses of € 301.6 million in 2002). The positive change of € 251.9 million was due to the share of lower losses reported by the Fiat Group (+€ 229.3 million) and the NHT Group (+€ 8.8 million), the share of higher earnings by the Rinascente Group (+€ 65.2 million), the share of lower earnings by the Worms & Cie Group (€ 45.8 million) and the losses reported by Juventus (-€ 5.5 million), and other net changes (-€ 0.1 million).

The abovementioned changes include consolidation adjustments.

Dividends from other holdings amounted to € 21.2 million, of which € 21.1 million was received from SANPAOLO IMI.

At December 31, 2002, dividends received by SANPAOLO IMI had totaled € 30.6 million.

Gains (losses), net were due to the sale of 25% of Sifalberghi capital stock (€ 25.1 million) and losses, net, stemming from various transactions (-€ 0.1 million). In 2002, the losses, net (-€ 51.8 million) had also included writedowns of the investment in Club Méditerranée (-€ 33.7 million) and IFIL treasury stock (-€ 15.4 million).

Amortization of differences on consolidation amounted to € 13.7 million (€ 6.8 million in 2002).

The increase of € 6.9 million compared to December 31, 2002 was due to the increases in the investments in Juventus Football Club and in La Rinascente.

Financial expenses, net, totaled € 23.6 million (€ 20.6 million in 2002) and increased by € 3 million due to higher average net indebtedness during the year.

Other expenses, net, amounted to € 6.1 million (€ 12.2 million in 2002) and included the amortization of the expenses related to the IFIL S.p.A. capital stock increase (€ 2.2 million), nondeductible VAT associated with such costs (€ 1 million), legal consulting fees regarding pending litigation (€ 1.5 million), provisions for extraordinary expenses (to be paid over several years) in connection with recourse to the "Solidarity Fund for the support of earnings" in reference to some employees of IFIL and Soiem (€ 0.8 million) and lastly, other expenses, net, (€ 0.6 million).

Stockholders' equity - Group amounted to € 3,953.9 million at December 31, 2003. The increase of 1,245.8 million compared to December 31, 2002 (€ 2,708.1 million) originated from the contribution of investments by IFI (+€ 1,052 million), the IFIL S.p.A. capital stock increase against payment (+€ 504 million), the share of the translation adjustments (-€ 272.9 million) and other net changes (+€ 7.7 million) shown by companies accounted for using the equity method and, lastly, the consolidated loss of the Group (-€ 45 million).

The consolidated net financial position of the "Holdings System" showed a net indebtedness position at December 31, 2003 of € 234.7 million; the positive change of € 249.7 million (more than 51%) compared to the balance at December 31, 2002 (- € 484.4 million) was due to the following flows:

€ in millions		
Consolidated net financial position of the "Holdings System" at December 31, 2002		(484.4)
Dividends received from:		
- La Rinascente	258.9	
- Worms & Cie	83.9	
- SANPAOLO IMI	21.1	
- Sifalberghi	0.6	
- Other	0.1	
	Dividends received	364.6
Financial expenses, net		(23.6)
General expenses, net		(13.0)
Investments:		
- Fiat, subscription to the capital stock increase (and purchase of rights for € 5 million)	(549.6)	
- La Rinascente, 2.16% of capital stock	(38.6)	
- Worms & Cie, 1.37% of capital stock	(23.7)	
	Investments	(611.9)
Sales:		
- Sifalberghi, 25% of capital stock (to Accor Group)	32.0	
- Eurofind, 0.85% of capital stock (to Mediobanca)	15.2	
- Other	2.2	
	Sales	49.4
Other changes:		
- IFIL S.p.A. capital stock increase against payment	504.0 (a)	
- IFIL S.p.A. capital stock increase expenses	(11.2)	
- Change in the scope of consolidation	5.2 (b)	
- Other, net	(13.8)	
	Other changes	484.2
Net change during the year		249.7
Consolidated net financial position of the "Holdings System" at December 31, 2003		(234.7)

(a) Including proceeds on the sale of unexercised rights for € 1,8 million.

(b) Cash of the subsidiary Soiem, consolidated line-by-line beginning 2003.

As from the end of June 2003, Standard & Poor's Rating Services has assigned an "A-" rating to IFIL's long-term debt and an "A2" rating to its short-term debt, with a negative outlook.

The parent company, IFIL S.p.A., closed 2003 with a net income of € 72.7 million. In 2002, IFIL S.p.A. had reported a net loss of € 516.4 million due to writedowns of the accounting carrying values in the investments held, directly and indirectly, in Fiat, Club Méditerranée and Soiem, and also in IFIL treasury stock.

In addition to the comments in respect of the Reorganization of the Group and the capital increase effected in July 2003, the following paragraphs describe the major events of the IFIL Group in 2003 and in the early months of 2004.

Transactions regarding La Rinascente and Eurofind

In January 2003, Eurofind, the subsidiary jointly controlled by Ifil Investissements and the Auchan Group, launched a tender offer for the residual ordinary and preferred shares of La Rinascente and a voluntary tender offer for the purchase of La Rinascente savings shares for the purpose of obtaining all La Rinascente shares not yet held by Eurofind.

By the end of the offer period (February 28, 2003), the total shares tendered comprised 10,768,383 ordinary shares, equal to 3.6% of ordinary capital stock, 491,006 preferred shares, equal to 15.61% of preferred capital stock, and 2,596,139 savings shares, equal to 2.52% of savings capital stock.

The transaction involved a total payment of € 60.9 million (€ 4.45 per ordinary and preferred share and € 4.15 per savings share) and the delisting of all classes of La Rinascente stock.

In the following months, Eurofind purchased off-market 7,380,130 ordinary shares (2.47% of ordinary stock), 45,215 preferred shares (1.44% of preferred stock) and 308,225 savings shares (0.30% of savings capital stock) for a total amount of € 34.4 million.

At the end of December 2003, Eurofind holds 401,223,236 La Rinascente shares (equal to 99.09% of capital stock) and, in particular, 296,556,269 ordinary shares (99.21% of ordinary capital stock), 2,797,086 preferred shares (88.92% of preferred capital stock) and 101,869,881 savings shares (99.06% of savings capital stock).

Again in December 2003, La Rinascente paid extraordinary dividends for € 600 million which gave rise to receipts of € 240.6 million for the IFIL Group (€ 594,5 million for Eurofind).

IFIL bonds

In February 2003, the IFIL bonds issued in December 2002 were increased from € 145 million to € 200 million. These are three-year bonds placed with primary institutional investors.

In December 2003, IFIL floated a second bond issue for € 100 million. These are also three-year bonds subscribed to by primary institutional investors.

Both bonds are listed on the Luxembourg stock exchange.

Transactions relating to Worms & Cie

Ifil Investissements purchased 1,438,059 Worms & Cie shares (equal to 1.37% of capital stock) for a total equivalent amount of € 23.7 million.

After this transaction, Ifil Investissements holds 55,922,623 Worms & Cie shares, equal to 53.07% of capital stock.

In May 2003, Worms & Cie paid dividends of € 1.5 per share (including extraordinary dividends for € 0.9) which gave rise to receipts of € 83.9 million for Ifil Investissements.

Sale of 25% of Sifalberghi capital stock

In August 2003, IFIL sold 25% of the capital stock of Sifalberghi to the Accor Group for the price of € 32 million, realizing a gain of € 25.1 million on consolidation, with a 12.5% IRR.

Purchase of 9.53% of Eurofind capital stock

As stated earlier, in January 2004, Ifil Investissements purchased 3,029,651 Eurofind shares (equal to 9.53% of capital stock) from Mediobanca for an investment of € 116.1 million.

Eurofind's capital stock is currently held equally by the IFIL Group (50%) and the Auchan Group (50%).

Purchase of 10% of NHT New Holding for Tourism capital stock

In January 2004, Ifil Investissements purchased 3,298 NHT New Holding for Tourism shares (equal to 10% of capital stock) from the TUI Group for an outlay of € 46.3 million. As part of this transaction, NHT also purchased the remaining 50% of the capital stock of Neos S.p.A. from the TUI Group for an investment of € 2.7 million.

IFIL currently holds, through the subsidiaries Ifil Investissements and Ifil Finance, complete control of NHT.

IFIL's new organization in the United States of America

For the purpose of contributing to the search for new investment opportunities, IFIL set up an organization in the United States with offices in New York. Thanks to its positioning in one of the most interesting international financial centers and with its highly-qualified professional management staff, the organization – which will operate in close coordination with IFIL's offices in Turin – could significantly boost the opportunities of creating economic value for the Company.

Possible Fiat S.p.A. capital increase in execution of the Convertible Mandatory Facility agreements dated July 26, 2002

In 2003, the major rating agencies downgraded Fiat's debt to below investment grade level and, accordingly, should this condition exist at July 2004, the lending Banks could bring forward the conversion of the debt to capital stock for an amount up to € 2 billion.

In this eventuality, should IFIL decide not to exercise, in whole or in part, the option rights to which it is entitled or should it not be in a condition to exercise, in whole or in part, such rights, the investment held by IFIL in Fiat could be diluted to below 30% of the capital stock with voting rights.

EXOR GROUP

(29.3% of ordinary capital stock)

Exor Group reported a consolidated net income in 2003 of € 17.1 million (€ 15.4 million in 2002) after booking a provision of € 40 million to the Reserve for investment fluctuations to take into account the market price reductions in listed investments and, with reference to the United States companies, the appreciation of the euro against the U.S. dollar.

In 2003, Exor Group sold the investments in Châteaux Margaux and Espirito Santo Financial Group, and a 7.6% stake in SFL – Société Foncière Lyonnaise. These transactions gave rise to a total net gain of € 52.3 million, after income taxes.

Exor Group still has an investment in SFL totaling 10.1% of capital stock.

Dividends totalled € 9.1 million, whereas general expenses and other operating expenses, net, decreased by 31.7%, from € 12 million in 2002 to € 8.2 million in 2003.

The stockholders' equity of the Group amounted to € 611.5 million at December 31, 2003. The reduction from the balance last year (€ 720.3 million) was mainly due to the buy-back of treasury stock and subsequent cancellation during the year by resolution of the Extraordinary Stockholders' Meeting for a total amount of € 110 million. After this transaction, following the sale of the investment in Château Margaux to the Mentzelopoulos Group, IFI and the parent company Giovanni Agnelli e C. hold almost all the capital stock of Exor Group.

The net cash of Exor Group amounts to approximately € 250 million at December 31, 2003.

As far as the main investment holdings are concerned, Club Méditerranée closed the year 2003 with a net loss of € 94 million (net loss of € 62 million in the prior year), with revenues down by 7.7% to € 1.6 billion and a net operating loss of € 6 million (€ 3 million in 2002). The Group's results were still impacted by the difficulties in the tourism sector (and that of the airplane carrier sector) as a result of the war in Iraq, the persisting threat of world terrorism and the SARS syndrome. The relaunch plan begun in prior years continued through actions aimed at reducing structure costs and bringing the hotel capacity into line with the changed conditions of the market. The divestiture of non-profitable businesses generated net financial flows of € 42 million. For the current year, the company expects a gradual improvement in the economic climate, which, for the last three years, has negatively affected its results.

In August 2003, the merger was concluded between the United States associated company Riverwood (in which Exor Group held a 29.7% stake) and Graphic Packaging, a company engaged in the packaging of consumer products. Exor Group currently holds 17.2% of the company that emerged from the merger, which took the name of Graphic Packaging Corporation and which is listed on the New York stock exchange.

The company ended 2003 with total revenues of US\$ 2.3 billion, with the aim of becoming the leader in its sector in the United States market.

Important synergies and cost reductions as a result of the merger are anticipated for the current year.

In 2003, Société Foncière Lyonnaise showed a sharp increase in net income, equal to € 54.9 million (+59.6% compared to 2002) and cash flows, totaling € 79.3 million (+26.3%). Rental income has also registered a slight increase, reaching € 146.4 million (+2%).

MOTION FOR APPROVAL OF THE FINANCIAL STATEMENTS, INCREASE OF THE LEGAL RESERVE TO ONE-FIFTH OF CAPITAL STOCK AND APPROPRIATION OF NET INCOME FOR THE YEAR

To our Stockholders,

We ask you to approve the financial statements for the year ended December 31, 2003 and increase the legal reserve to one-fifth of capital stock, equal to € 163,251,460, by drawing € 17,861,380 from the extraordinary reserve. Furthermore, since the Board of Directors waived the right to its portion of profits under art. 26 of the by-laws by passing a specific resolution, we propose to appropriate the net income of € 14,666,264 to the extraordinary reserve.

The extraordinary reserve therefore amounts to € 732,885,985.

Turin, March 30, 2004

For the Board of Directors
The Chairman
Umberto Agnelli





CONSOLIDATED BALANCE SHEET - ASSETS

€ in millions	12/31/2003	12/31/2002	Change
AMOUNTS DUE FROM STOCKHOLDERS FOR SHARES SUBSCRIBED BUT NOT CALLED	0	1	(1)
FIXED ASSETS			
Intangible fixed assets (note 1)			
Start-up and expansion costs	155	81	74
Research, development and advertising expenses	22	18	4
Industrial patents and intellectual property rights	406	416	(10)
Concessions, licenses, trademarks and similar rights	383	493	(110)
Goodwill	159	236	(77)
Intangible assets in progress and advances	255	281	(26)
Other intangible assets	167	367	(200)
Differences on consolidation	3,164	4,331	(1,167)
Total intangible fixed assets	4,711	6,223	(1,512)
Property, plant and equipment (note 2)			
Land and buildings	3,115	4,180	(1,065)
Plant and machinery	3,401	3,728	(327)
Industrial and commercial equipment	2,104	2,182	(78)
Other assets	1,363	2,151	(788)
Construction in progress and advances	828	1,023	(195)
Total property, plant and equipment	10,811	13,264	(2,453)
Financial fixed assets (note 3)			
Investments in			
. unconsolidated subsidiaries	488	627	(139)
. associated companies	4,465	4,154	311
. other companies	926	1,440	(514)
Total investments	5,879	6,221	(342)
Receivables from			
associated companies	1	1	0
others	188	208	(20)
Total receivables	189	209	(20)
Other securities	84	2,463	(2,379)
Treasury stock	70	70	0
Finance lease contracts receivable	1,797	2,947	(1,150)
Investments where the investment risk is borne by policyholders and those related to pension plan management	0	6,930	(6,930)
Other financial fixed assets	315	359	(44)
Total financial fixed assets	8,334	19,199	(10,865)
TOTAL FIXED ASSETS	23,856	38,686	(14,830)
CURRENT ASSETS			
Inventories (note 4)			
Raw materials and supplies	1,259	1,399	(140)
Work in progress and semifinished products	983	1,122	(139)
Contract work in progress	4,077	5,293	(1,216)
Finished goods and merchandise	4,431	4,242	189
Advances to suppliers	5,188	3,824	1,364
Total inventories	15,938	15,880	58



€ in millions	12/31/2003	12/31/2002	Change
CURRENT ASSETS (continued)			
Receivables	(note 5)		
Trade receivables	4,679	6,294	(1,615)
Receivables from unconsolidated subsidiaries	79	55	24
Receivables from associated companies	768	477	291
Other receivables	5,249	7,195	(1,946)
Total receivables	10,775	14,021	(3,246)
Financial assets not held as fixed assets	(note 6)		
Investments	32	810	(778)
Other securities	4,359	7,112	(2,753)
Financial receivables from unconsolidated subsidiaries	521	519	2
Financial receivables from associated companies	644	1,313	(669)
Financial receivables from others	9,605	16,594	(6,989)
Total financial assets not held as fixed assets	15,161	26,348	(11,187)
Cash			
Banks and post office accounts	3,443	3,697	(254)
Cash on hand	9	25	(16)
Checks	9	11	(2)
Total cash	3,461	3,733	(272)
TOTAL CURRENT ASSETS	45,335	59,982	(14,647)
ACCRUED INCOME AND PREPAID EXPENSES	(note 7)		
	849	1,280	(431)
TOTAL ASSETS	70,040	99,949	(29,909)



CONSOLIDATED BALANCE SHEET - LIABILITIES AND STOCKHOLDERS' EQUITY				
€ in millions		12/31/2003	12/31/2002	Change
STOCKHOLDERS' EQUITY	(note 8)			
Stockholders' equity of the Group				
Capital stock		163	62	101
Additional paid-in capital		387	66	321
Revaluation reserves		81	81	0
Legal reserve		15	15	0
Treasury stock valuation reserve		70	70	0
Retained earnings and other reserves		1,919	2,823	(904)
Cumulative translation adjustments		(284)	(288)	4
Net loss		(130)	(803)	673
Total stockholders' equity of the Group		2,221	2,026	195
Minority interest - capital and reserves		9,588	12,460	(2,872)
Minority interest - net loss		(1,517)	(3,229)	1,712
TOTAL STOCKHOLDERS' EQUITY		10,292	11,257	(965)
RESERVES FOR RISKS AND CHARGES	(nota 9)			
Reserve for pensions and similar obligations		1,571	1,527	44
Income tax reserves		429	1,587	(1,158)
Other reserves		3,984	4,533	(549)
Insurance policy liabilities and accruals		89	9,605	(9,516)
Other insurance policy liabilities and accruals		0	7,000	(7,000)
TOTAL RESERVES FOR RISKS AND CHARGES		6,073	24,252	(18,179)
RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES	(note 10)	1,332	1,627	(295)
PAYABLES	(note 11)			
Bonds		9,910	11,018	(1,108)
Convertible bonds		1,765	2,125	(360)
Borrowings from banks		10,494	14,578	(4,084)
Other financial payables		1,405	1,634	(229)
Advances		9,166	9,326	(160)
Trade payables		12,597	13,015	(418)
Notes payable		955	2,438	(1,483)
Payables to unconsolidated subsidiaries		69	68	1
Payables to associated companies		854	1,117	(263)
Payables to parent companies		15	39	(24)
Taxes payable		943	1,390	(447)
Social security payable		329	354	(25)
Other payables		1,505	2,225	(720)
TOTAL PAYABLES		50,007	59,327	(9,320)
ACCRUED EXPENSES AND DEFERRED INCOME	(note 12)	2,336	3,486	(1,150)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		70,040	99,949	(29,909)



GUARANTEES GRANTED, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
	(note 13)		
€ in millions	12/31/2003	12/31/2002	Change
GUARANTEES GRANTED			
Unsecured guarantees			
Suretyships			
on behalf of unconsolidated subsidiaries	32	98	(66)
on behalf of associated companies	10	21	(11)
on behalf of others	3,162	1,678	1,484
Total suretyships	<u>3,204</u>	<u>1,797</u>	<u>1,407</u>
Guarantees of notes on behalf of others	261	316	(55)
Other unsecured guarantees			
on behalf of unconsolidated subsidiaries	1	0	1
on behalf of associated companies	295	351	(56)
on behalf of others	2,813	3,050	(237)
Total other unsecured guarantees	<u>3,109</u>	<u>3,401</u>	<u>(292)</u>
Total unsecured guarantees	<u>6,574</u>	<u>5,514</u>	<u>1,060</u>
Secured guarantees on behalf of others	47	501	(454)
TOTAL GUARANTEES GRANTED	<u>6,621</u>	<u>6,015</u>	<u>606</u>
COMMITMENTS			
Commitments related to derivative financial instruments	22,507	39,926	(17,419)
Commitments to purchase property, plant and equipment	330	499	(169)
Other commitments	10,690	10,216	474
TOTAL COMMITMENTS	<u>33,527</u>	<u>50,641</u>	<u>(17,114)</u>
THIRD-PARTY ASSETS HELD BY THE GROUP	2,017	2,071	(54)
GROUP ASSETS HELD BY THIRD PARTIES	4,706	20,846	(16,140)
OTHER MEMORANDUM ACCOUNTS	380	267	113



CONSOLIDATED STATEMENT OF OPERATIONS

€ in millions	2003	2002	Change
VALUE OF PRODUCTION (note 14)			
Revenues from sales and services	53,509	60,793	(7,284)
Change in work in progress, semifinished and finished products inventories	694	(809)	1,503
Change in contract work in progress	(1,075)	222	(1,297)
Additions to internally produced fixed assets	688	1,107	(419)
Other income and revenues:			
revenue grants	53	47	6
other	1,684	2,143	(459)
Total other income and revenues	1,737	2,190	(453)
TOTAL VALUE OF PRODUCTION	55,553	63,503	(7,950)
COSTS OF PRODUCTION (note 15)			
Raw materials, supplies and merchandise	(30,917)	(32,965)	2,048
Services	(9,855)	(11,339)	1,484
Leases and rentals	(434)	(531)	97
Personnel:			
salaries and wages	(5,341)	(6,039)	698
social security contributions	(1,409)	(1,520)	111
employee severance indemnities	(248)	(259)	11
employee pensions and similar obligations	(188)	(105)	(83)
other costs	(340)	(398)	58
Total personnel costs	(7,526)	(8,321)	795
Amortization, depreciation and writedowns:			
amortization of intangible fixed assets	(604)	(689)	85
depreciation of property, plant and equipment	(1,868)	(2,146)	278
writedown of fixed assets	(35)	(2)	(33)
writedown of receivables among current assets and cash	(281)	(379)	98
Total amortization, depreciation and writedowns	(2,788)	(3,216)	428
Change in raw materials, supplies and merchandise inventories	(86)	(12)	(74)
Provisions for risks	(1,164)	(1,138)	(26)
Other provisions	(29)	(37)	8
Other operating costs	(1,114)	(1,404)	290
Expenses of financial services companies	(668)	(1,115)	447
Insurance claims and other insurance costs	(1,367)	(4,045)	2,678
TOTAL COSTS OF PRODUCTION	(55,948)	(64,123)	8,175
DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION	(395)	(620)	225
FINANCIAL INCOME AND EXPENSES (note 16)			
Investment income from:			
unconsolidated subsidiaries	0	3	(3)
associated companies	1	1	0
other companies	59	214	(155)
Total investment income	60	218	(158)
Other financial income from:			
receivables held as fixed assets from others	5	8	(3)
securities held as fixed assets other than equity investments	0	156	(156)
securities held as current assets other than equity investments	127	160	(33)
Other income from:			
. unconsolidated subsidiaries	8	26	(18)
. associated companies	7	23	(16)
. others	1,416	1,925	(509)
Total other income	1,431	1,974	(543)
Total other financial income	1,563	2,298	(735)
Interest and other financial expenses from:			
unconsolidated subsidiaries	(3)	(3)	0
associated companies	(6)	(3)	(3)
parent companies	(1)	(1)	0
others	(2,614)	(3,198)	584
Total interest and other financial expenses	(2,624)	(3,205)	581
TOTAL FINANCIAL INCOME AND EXPENSES	(1,001)	(689)	(312)



€ in millions	2003	2002	Change
ADJUSTMENTS TO FINANCIAL ASSETS			
	(note 17)		
Revaluations of:			
equity investments	229	112	117
financial fixed assets other than equity investments	0	1	(1)
securities held in current assets other than equity investments	15	7	8
Total revaluations	244	120	124
Writedowns of:			
equity investments	(306)	(895)	589
financial fixed assets other than equity investments	(1)	(59)	58
securities held in current assets other than equity investments	(9)	(45)	36
financial receivables	(6)	(20)	14
Total writedowns	(322)	(1,019)	697
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS	(78)	(899)	821
EXTRAORDINARY INCOME AND EXPENSES			
	(note 18)		
Income:			
gains on disposals	2,080	1,378	702
other income	197	166	31
Total income	2,277	1,544	733
Expenses:			
losses on disposals	(56)	(1,241)	1,185
taxes relating to prior years	(27)	(80)	53
other expenses	(1,661)	(2,462)	801
Total expenses	(1,744)	(3,783)	2,039
TOTAL EXTRAORDINARY INCOME AND EXPENSES	533	(2,239)	2,772
LOSS BEFORE TAXES	(941)	(4,447)	3,506
INCOME TAXES			
	(note 19)		
	(706)	415	(1,121)
LOSS BEFORE MINORITY INTEREST	(1,647)	(4,032)	2,385
Minority interest	1,517	3,229	(1,712)
NET LOSS	(130)	(803)	673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

STRUCTURE AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended December 31, 2003 have been prepared in accordance with the provisions contained in Italian Legislative Decree No. 127 dated April 9, 1991. The Notes to the consolidated financial statements have been prepared in conformity with the same Legislative Decree, art. 38. The consolidated financial statements are expressed in millions of euros.

Significant subsequent events are disclosed in the Directors' Report on Operations to which reference can be made.

THE REORGANIZATION OF IFI GROUP

Following the resolution passed by IFIL's Extraordinary Stockholders' Meeting held on April 23, 2003, IFI contributed the following investments and warrants to the subsidiary IFIL:

	Number	% of class of stock	Contribution value			
			In the statutory financial statements		In the consolidated financial statements	
			Per share (€)	Total (€ ml)	Per share (€)	Total (€ ml)
Fiat ordinary shares	77,944,334	17.99%	7.197	561.0	8.869	691.3
Fiat preferred shares	19,582,500	18.96%	5.165	101.1	5.165	101.1
Warrants 2007 on Fiat ordinary shares	11,216,334	-	0.319	3.6	0.319	3.6
SANPAOLO IMI ordinary shares	16,300,000	1.13%	6.605	107.7	6.605	107.7
Juventus Football Club	74,992,103	62.01%	0.156	11.7	1.823	136.7
Soiem	18,286,500	50.10%	0.516	9.4	0.633	11.6
TOTAL				794.5		1,052.0

The economic value of the contribution was calculated (with the exception of Soiem, which is unlisted and valued at net asset value) on the basis of the average official market prices in the period between September 2, 2002 and February 28, 2003 and resulted in a total of € 1,052 million.

The contribution, however, was recorded for € 794.5 million in that, in accordance with the provisions of art. 3 of Legislative Decree No. 358 of October 8, 1997, the Fiat ordinary shares, the Juventus Football Club shares and the Soiem shares (representing investments in subsidiaries or affiliates) were contributed with a view to the continuity of the accounting values recorded in the financial statements of IFI S.p.A. for the year ended December 31, 2002, whereas the SANPAOLO IMI ordinary shares, the Fiat preferred shares and the Fiat 2007 warrants on ordinary shares were contributed at economic value, with a gain of € 22.6 million.

In exchange for this contribution, based upon the economic value of IFIL determined for purposes of the transaction, IFIL issued to IFI 167,450,949 ordinary shares at the accounting per share price of approximately € 3.122 and 119,635,991 savings shares at the accounting per share price of approximately € 2.272. The par value of the IFIL shares issued amounted to € 287,086,940, plus € 507,460,128 of additional paid-in capital, for a total of € 794,547,068.

In April and May 2003, IFI also purchased on the market 1,807,150 IFIL ordinary shares and 114,009 IFIL savings shares for a total investment of € 4.4 million.

In May 2003, IFI then exercised the right to voluntarily convert all the 119,750,000 IFIL savings shares held for 101,787,500 IFIL ordinary shares, without payment of any cash differential.

Lastly, there follows a description of the principles applied in accounting for the transactions regarding the Reorganization of the Group in the consolidated financial statements:

- the economic impact of the contribution of the investments in Fiat, Juventus Football Club, SANPAOLO IMI and Soiem (gains and losses compared to the carrying value of these holdings at March 31, 2003) have been completely eliminated, being a transaction with a subsidiary;
- until March 31, 2003, the results of the investments in Fiat, Juventus Football Club and Soiem were accounted for by IFI on the basis of the share of the equity interest which it had held prior to the contribution; starting

April 1, 2003, the results of these companies are accounted for on the basis of the new equity interests, through IFIL.

In its consolidated financial statements at December 31, 2003, IFIL has consolidated the investments in Fiat and Soiem line-by-line and accounted for the interest in Juventus Football Club using the equity method, consistently with the methods adopted by IFI in the past. In IFI's consolidated financial statements at December 31, 2003, therefore, there is no change in the scope of consolidation as a result of the Reorganization of the Group.

SCOPE OF CONSOLIDATION

Criteria used in determining the scope of consolidation

Directly and indirectly controlled subsidiaries (in which IFI holds directly or indirectly more than 50% of the capital stock or has de facto control) have been consolidated line-by-line using the financial statements at December 31, 2003 or the annual accounting data at the same date (where the year-end does not coincide with that of the consolidated financial statements) except as indicated below.

The NHT Group has been consolidated on a line-by-line basis using the consolidated accounting data at October 31, 2003, owing to the impossibility of obtaining, on a timely basis without disproportionate expense, consolidated accounting data as of the date of IFIL's consolidated financial statements. This treatment, allowed by IAS 27, does not affect the assertion that the consolidated financial statements are a true and correct representation of the financial position and results of operations of the Group.

Investments in companies subject to joint control and associated companies in which the Group exercises a significant influence have been accounted for using the equity method.

Certain non-relevant companies which do not have a significant impact on the total consolidated revenues and for which it is not practicable to obtain the necessary information on a timely basis without disproportionate expense have been excluded from consolidation and valued at cost. This exclusion does not affect the assertion that the consolidated financial statements are a true and correct representation of the financial position and results of operations of the Group or the clarity of the financial statements.

Furthermore, the subsidiaries BUC – Banca Unione di Credito and Juventus Football Club have been accounted for using the equity method inasmuch as they have non-homogeneous operations.

Changes in the scope of consolidation

Changes in the scope of consolidation are described below.

Fiat Group

The major transactions which impacted the scope of consolidation of the Fiat Group are summarized in the following paragraphs.

In the first quarter of 2003, Iveco sold the activities of Fraikin, a company specializing in long-term vehicle leasing, to Eurazeo. The activities sold were deconsolidated as from the beginning of the year. The sales price was € 307 million, realizing a net loss of € 24 million.

Also in the first quarter of 2003, Business Solutions sold approximately 56% of IPI S.p.A. to the Zunino Group. IPI, which was deconsolidated as from the beginning of the year, operates in the field of large property improvements, management and sales.

At the end of March 2003, the Automobile Sector sold Fiat Auto Holdings' retail financing activities in Brazil to the Itaú banking group and the activities were deconsolidated from that date. The sales price was € 247 million, with a net gain of € 103 million.

On May 2, 2003, the agreement to sell the Toro Assicurazioni Group to the DeAgostini Group was signed. The relevant insurance operations were deconsolidated from that date. The sales price was € 2,378 million, with a net gain of € 390 million.

On May 27, 2003, under the agreement signed by Fiat and Capitalia, Banca Intesa, SANPAOLO IMI, Unicredito on March 11, 2003, and following approval by the competent authorities, the first part of the transaction for the sale of the majority interest (51%) in Fidis Retail Italia was concluded. Fidis Retail Italia is the company that controls the European operations of Fiat Auto Holdings in the field of retail consumer financing for automobile purchases. The sale was finalized in October 2003 when the equity investments in the other financial companies covered by the agreement were transferred to Fidis Retail Italia, with the sole exception of the company operating in the United Kingdom.

In execution of the contract dated July 1, 2003 and after having met the conditions precedent, the sale of the aerospace activities of FiatAvio S.p.A. to Avio Holding S.p.A., a company 70% owned by The Carlyle Group and 30% by Finmeccanica S.p.A., was finalized. Such activities were deconsolidated from the date of the agreement. The sales price was € 1,509 million, with a net gain of € 1,258 million.

Moreover, Iveco has accounted for Naveco, the 50-50 joint venture with the Yueijin Group, using the equity method since the beginning of the year. This investment was previously consolidated using the proportional method.

NHT Group

Through NHT - New Holding for Tourism (90%-owned), the wholly owned investments in Alpitour Group and Welcome Travel Group were consolidated line-by-line. The investment in Neos (50%-owned) was accounted for using the equity method.

In the year ended October 31, 2003, Altamarea V & H Compagnia Alberghiera, in which a 60%-investment was acquired in 2003, was consolidated line-by-line.

The investment in Viaggidea was consolidated line-by-line beginning in 2003 (in 2002, the investment was accounted for using the equity method).

The acquisition of a further 30%-investment in Promoviaggi (now 60%-owned) was finalized at the end of the year. This investment is accounted for using the equity method; the share of earnings was recorded on the basis of the 30% interest held during the course of the year.

PRINCIPLES OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared from the statutory financial statements or consolidated financial statements of the Group's single companies approved by the Boards of Directors and adjusted, where necessary, by the directors of the companies to conform with Group accounting principles and to eliminate tax-driven adjustments. The Group's accounting principles respect the requirements set forth by Legislative Decree No. 127 of April 9, 1991, interpreted and supplemented by the Italian accounting principles issued by the National Boards of Dottori Commercialisti and of Ragionieri, and, where there are none and not at variance, by those laid down by the International Accounting Standards Board (I.A.S.B.), to the extent that they are compatible with the laws in force. As regards the transition to International Accounting Standards "International Financial Reporting Standards IFRS", reference should be made to the specific section in the Directors' Report on Operations.

In order to obtain a true and fair representation of the financial position and results of operations of the Fiat Group, taking into account their functional integration, the financial companies that provide service to the industrial Sectors of the Fiat Group and the insurance companies have also been consolidated on a line-by-line basis. As a result, adjustments to the balance sheet and statement of operations format have been made in applying Article 32 of Legislative Decree No. 127/91, which provides for changes to be made to obtain a more clear, true and correct representation of the financial position and results of operations.

Assets and liabilities, and revenues and expenses, of subsidiaries consolidated on a line-by-line basis are included in the consolidated financial statements of the Group, regardless of the percentage of ownership. Furthermore, carrying values of investments are eliminated against the subsidiaries' related stockholders' equity. The portion of stockholders' equity and results of operations attributed to minority interests are disclosed separately. When losses pertaining to minority interest exceed the value of their share of the relevant capital stock, the excess, or deficit, is

charged to the Group, unless the minority stockholders are expressly committed to reimbursing the losses, in which case the excess is recorded as an asset in the consolidated financial statements. If no such commitment is in place, should income be realized in the future, the minority interests' share of that income will be attributed to the Group, up to the amount necessary to recover the losses previously attributed to the Group.

Differences arising from the elimination of investments against the related stockholders' equity of the investment at the date of acquisition are allocated to the assets and liabilities of the companies being consolidated, up to the limit of their current value. The residual value, if negative, is recorded as a component of stockholders' equity, "Consolidation reserve", or as a liability, "Consolidation reserve for risks and futures expenses", when due to a forecast of unfavorable economic results. The residual value, if positive, is capitalized as an asset, "Differences on consolidation", and amortized over a period considered consistent with the practices of the sector of business or, alternatively, is deducted from the consolidation reserve up to the amount of the same. The positive difference is set off against the pre-existing consolidation reserve as allowed by Legislative Decree No. 127/91, art. 33, paragraph 3. This is considered a prudent approach since recovery of part of the cost through amortization is not deferred until future years but can immediately be compensated against the pre-existing consolidation reserve or the reserve set up during the year.

The effects of subscribing to capital stock increases at different issue prices for the various classes of stock are recorded as changes in stockholders' equity.

Intercompany profits and losses, not yet realized with third parties, are eliminated net of related tax effects, together with all intercompany receivables, payables, revenues and expenses arising on transactions among the companies consolidated on a line-by-line basis. Exceptions are the gross margins on intercompany sales of plant and equipment produced and sold at prices in line with market conditions, in which case such eliminations would be effectively irrelevant and not cost-beneficial.

Also subject to elimination are guarantees, commitments and risks relating to companies included in the scope of consolidation.

The balance sheets of foreign subsidiaries are translated into euros by applying the exchange rates in effect at year-end. The statements of operations of foreign subsidiaries are translated using the average exchange rates for the year. In the financial statements of subsidiaries operating in high-inflation countries (cumulative inflation in excess of 100% in three years), accounting principles for hyperinflationary economies are used.

Exchange differences resulting from the translation of opening stockholders' equity at current exchange rates and at the exchange rates used at the end of the previous year, as well as differences between net income expressed at average exchange rates and that expressed at current exchange rates, are reflected in the stockholders' equity caption "Cumulative translation adjustments". The exchange rates used are summarized in Note 24.

ACCOUNTING PRINCIPLES

Intangible fixed assets

Intangible assets and deferred charges expected to benefit future periods are recorded at cost, adjusted by amortization calculated on a straight-line basis at rates that reflect the estimated useful life of the assets over the period to be benefited. In particular, goodwill and differences on consolidation are amortized over a period of no more than 20 years, taking into account their expected period of recovery. In general, the Group's companies periodically review that the carrying value of such assets is not higher than the estimated recovery value, in relation to their use or realization, as determined by reference to the most recent corporate plans. In cases in which there is a permanent impairment in the estimated recovery value that is lower than the carrying value, appropriate writedowns are recorded.

The costs of researching and developing new products and/or processes are mainly included in the results of operations in the period in which such costs are incurred in line with the principle of prudence.

Goodwill is recorded as an asset when acquired for consideration.

Property, plant and equipment

Property, plant and equipment are recorded at purchase or construction cost. These values are adjusted where specific laws of the country in which the assets are located allow or require revaluation, in order to reflect, even if only partially, changes in the purchasing power of the currency. Cost also includes financing expenses incurred during the construction period of specific loans, where significant.

Depreciation is provided on a straight-line basis at rates that reflect the estimated useful life of the related assets.

When, at the balance sheet date, property, plant and equipment show a permanent impairment in value to below their carrying value, such assets are written down to the lower value, according to the method indicated above for intangible fixed assets.

Ordinary repairs and maintenance expenses related to property, plant and equipment are directly charged to the statement of operations in the year in which they are incurred, while maintenance expenses which increase the value of property, plant and equipment are capitalized and depreciated over the estimated useful lives of the assets.

Capital investment grants related to investments in property, plant and equipment are recorded as deferred income when collection becomes certain and credited to income over the useful life of the related asset.

Properties held by insurance companies to cover policy liabilities and accruals are stated at acquisition cost and adjusted by the compulsory law on revaluations imposed on Italian companies; however, the carrying amounts do not exceed market value. Depreciation is determined based on the useful life and expected recovery value.

The revaluation of assets allowed by Law No. 342/2000, having been effected by only a very few Italian companies of the Group, was reversed in the consolidated financial statements, for purposes of giving preference to the uniformity and comparability of the accounting principles over time.

Financial fixed assets

Financial fixed assets include investments in unconsolidated subsidiaries, associated companies and other companies, financial receivables held for investment purposes, other securities and treasury stock.

Investments in unconsolidated subsidiaries, in companies in which the Group exercises joint control with other partners and in associated companies (those in which the Group exercises, directly or indirectly, a significant influence) are normally accounted for using the equity method. This method is not used in cases in which the investor no longer exercises significant influence over the investee, in which case the cost is considered to be the value of the investment taken from the prior year's financial statements.

Investments in other companies are valued at cost of acquisition or contribution value (including accessory charges which increase the investment value). If, at the balance sheet date, the investment value is determined to have suffered a permanent impairment in value to below the cost of acquisition or the contribution value, as defined above, it is written down to the lower value.

Should the reasons for the writedown no longer apply, the value of the investment will be reinstated up to the limit of the cost of acquisition.

Financial receivables are recorded at estimated realizable value.

Securities are recorded at cost of acquisition, including additional direct charges. In the event of permanent impairment, a valuation allowance is provided as a direct reduction of the securities.

Treasury stock held as fixed assets is recorded at purchase cost, including any writedowns resulting from a permanent impairment in its value. A specific reserve for treasury stock is also recorded under stockholders' equity of the Group for the same amount.

Financial fixed assets also include receivables for vehicles sold under finance lease contracts, accounted for at cost. The related depreciation is calculated, according to the financial method, based on the life of the lease and the related risk in managing such contracts.

Current assets - Inventories

Inventories of raw materials, semifinished products, finished goods and contract work in progress completed within the fiscal year are valued at the lower of cost and market value, cost being determined on a First-In First-Out (FIFO) basis or at weighted average cost (for the Worms & Cie Group). The valuation of inventories includes the direct costs of materials and labor and variable and fixed indirect costs. Provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value.

Work in progress on long-term contract is valued based on the stage of completion and is recorded gross of advance payments received from customers. Eventual losses on such contracts are fully recorded when they become known.

Receivables

Receivables are recorded at estimated realizable value. Any unearned interest included in the nominal value of financial receivables has been deferred to future periods. Receivables sold to third parties with recourse or without recourse (including those sold as part of securitization transactions) are eliminated from receivables and disclosed in the memorandum accounts. Receivables denominated in foreign currency are translated at the exchange rate in effect at year-end. Resulting exchange gains and losses are included in the statement of operations.

Other receivables also include deposits to guarantee the securitization transactions of trade receivables (securitization refers to particular programs of discounting trade receivables without recourse, with a collateral deposit as a guarantee).

Investments, treasury stock and securities recorded in current assets

These are stated at the lower of the cost of acquisition, including accessory charges, determined using the "Last-In First-Out" (LIFO) method and realizable value. If realizable value can be determined from the market trend, it is defined on the basis of the market prices at the end of the year.

Reserves for risks and charges

The reserves for risks and charges include provisions to cover losses or liabilities likely to be incurred but uncertain as to amount or as to the date on which they will arise.

Restructuring reserves include the costs to carry out corporate reorganization and restructuring plans and are provided in the year the company formally decides to commence such plans and the relative costs can be reasonably estimated.

The policy liabilities and accruals of insurance companies are determined according to the procedures and rules issued by the regulatory agencies in each country in which the individual subsidiaries operate. In particular, unearned property and liability premiums are recognized on the pro-rata basis over the period of the policy. The reserve for unpaid property and liability losses and unpaid adjustment expenses has been calculated on the basis of reasonable estimates of the "latest cost" of the claims, analytically and for groups of particular risks, following adequate statistical and actuarial methods. The policy liabilities and accruals for unpaid losses on life insurance claims are calculated on an actuarial basis, accompanied by an opinion by a qualified actuary on the congruity of the amount.

Reserve for employee severance indemnities

The reserve for employee severance indemnities comprises liability for severance indemnities that Italian companies accrue each year for employees, as determined in accordance with labor legislation and contracts in force. The liability is calculated in reference to the years of service and the employee's salary and is indexed for inflation, in accordance with art. 2120 of the Italian Civil Code.

Reserves for pensions and similar obligations

As regards the Fiat Group, the reserve for pensions and similar obligations includes provisions for long-service or other bonuses (including pension funds required by some countries in which the Group operates), payable to employees and former employees under contractual agreements or by law, determined on an actuarial basis, where applicable.

As regards the Worms & Cie Group, the reserves include termination pay accrued on behalf of employees, and calculated on the basis of the period of service.

The estimated cost of pensions, calculated periodically by independent experts, is charged to the statement of operations over the average residual service life of the interested employees.

Contributions paid in to the pension funds in excess of the actuarial cost are recorded in other receivables in the assets.

The actuarial valuation of the assets managed by the funds is compared to the benefits provided to employees in service and retired employees. The excess is amortized over the average residual service life of the employees.

Payables

Payables are recorded at face value; the portion of interest included in the nominal amount is deferred until future periods in which it is earned. Accounts payable denominated in foreign currency are translated at the exchange rate in effect at year-end. Resulting exchange gains and losses are included in the statement of operations.

Taxes payable includes the tax charge for the current year recorded in the statement of operations.

Accruals and deferrals

Accruals and deferrals, common to two or more years, are determined using the accrual method based on the income and expense to which they relate.

Securitization of financial receivables

The Fiat Group has programs for discounting financial receivables originated by the financial services companies using securitization transactions. This discounting of financial receivables calls for the sale without recourse of a portfolio of financial receivables to a non-Group securitization vehicle. This company finances the purchase of the portfolio by issuing securities which it backs (Asset Backed Securities). The securities issued are divided into two types having different characteristics: the first is placed on the market, occasionally subdivided by various classes of ratings, and subscribed to by investors; the second, the reimbursement of which is subordinated to the first, is subscribed to by the seller. The risk for the seller is limited to the portion of the securities which it has subscribed. At the end of each accounting period, therefore, such securities are evaluated in relation to the performance of the receivables sold and may be written down on the basis of this evaluation. These securities are recorded in Financial receivables.

Lastly, these sales without recourse require the immediate recognition of the present value of the future margin implicit in the receivables sold, net of discounting costs. This net value is included in the Value of production since it relates to revenues arising out of the normal operations of the financial services companies (to this end, the financial income of such companies is included in revenues from sales and services, as described in the relevant note).

Derivative financial instruments

Financial instruments used to hedge exchange and interest rate fluctuations and, in general, changes in the assets and liabilities, are presented in Note 13. Derivative financial instruments are recorded at inception in the memorandum accounts at their notional contract amount.

Beginning 2001 the Fiat Group adopted – to the extent that it is consistent and not in contrast with general principles set forth in the Italian law governing financial statements – the international accounting standard IAS 39 “Financial Instruments: Recognition and Measurement”, applicable beginning January 1, 2001. Such principle covers the accounting treatment of all financial assets and liabilities in and off-balance sheet and, in particular, states that derivative financial instruments should be valued at fair value. Taking into account the restrictions under Italian law (Legislative Decree No. 6/2003), the Group maintains, consistently with Consob rulings, that IAS 39 is immediately applicable only in part and only in reference to the designation of derivative financial instruments as “hedging” or “non-hedging instruments” and with respect to the symmetrical accounting of the result of the valuation of the derivative hedging instrument and the result attributable to the hedged item (“hedge accounting”). The transactions which, according to the Group’s policy for risk management, are able to meet the conditions stated by the accounting principle for hedge accounting treatment are designated as hedging transactions; the others although set up for the purpose of managing risk (inasmuch as the Group’s policy does not permit speculative transactions), have been designated as “trading”.

Details of the accounting treatment adopted are as follows.

For foreign exchange instruments designated as hedges, the premium (or discount, representing the difference between the spot exchange rate at the inception of the contract and the forward exchange rate) is recorded in the statement of operations, in Financial income and expenses, in accordance with the accrual method. As regards these instruments, differences between the value of such instruments using the exchange rates at inception and those at year-end are also included in the statement of operations to offset the exchange effects of the items being hedged. In particular, for contracts entered into to hedge the exchange risk of future transactions that are considered highly probable, the effects of the alignment with the year-end exchange rate are deferred until the year in which the underlying transactions are recorded.

For interest rate instruments designated as hedges, the interest rate differential is included in the statement of operations, in Financial income and expenses, in accordance with the accrual method, offsetting the effects of the hedged transaction.

Derivative financial instruments hedging interest rate fluctuations that are designated as trading instruments are valued at market value and the differential, if negative compared to the contractual value, is recorded in the statement of operations as Financial income and expenses, in accordance with the concept of prudence.

The same prudent principle is followed in recording derivative financial instruments to manage trading risks (for example equity swaps) that do not meet the conditions for hedge accounting treatment.

Revenue recognition

Revenues from sales and services are recognized on the accrual basis net of returns, discounts, allowances and rebates.

Revenues from sales of products are recognized at the moment title passes to the customer, which is generally at the time of shipment. Under contracts for vehicle sale and buy-back at a specified price, a specific reserve for future risks and charges is set aside based on the difference between the guaranteed residual value and the estimated realizable value of the used asset, taking into account the probability that such option will be exercised; this reserve is set up at the time of the initial sale and adjusted periodically over the period of the contract.

Revenues from services are recorded when they are performed. Revenues from long-term contracts are recognized using the percentage of completion method.

Revenues from sales and services include income from the normal business of the financial services companies. Revenues also include amounts received from financing leases, net of depreciation, and income from company assets on operating leases.

With regard to the Insurance Sector, insurance premiums are recognized on the accrual basis.

Costs

Costs are recognized on an accrual basis.

Research and development costs are principally charged to the statement of operations in the period in which they are incurred. Research-related revenue grants provided by the Government or the EU are credited to the statement of operations when collection becomes certain.

Advertising and promotion expenses are charged to the statement of operations in the year incurred.

Estimated product warranty costs are charged to the statement of operations at the time the sale is recorded.

The costs of production include the interest and expenses in the normal course of business of the financial services companies, as well as insurance claims and other technical costs of the insurance companies.

Investment income

Dividends distributed by companies valued at cost are recorded in the year in which they are declared. The related tax credit is recorded at the time the dividends are received.

On consolidation, tax credits on dividends received by companies consolidated line-by-line or accounted for using the equity method are shown as a reduction of current income taxes.

Financial income and expenses

Financial income and expenses are recorded on the accrual basis. Income and expenses resulting from derivative financial instruments, as well as relevant year-end exchange differences, are included in the statement of operations in accordance with the abovementioned policies disclosed under memorandum accounts.

Costs relating to the factoring of receivables and notes of any type (with recourse, without recourse, securitization) and nature (trade, financial, other) are charged to the statement of operations on an accrual basis.

Income taxes

Income taxes currently payable are provided for in accordance with the existing legislation of the countries in which the Group operates.

Deferred tax liabilities or deferred tax assets are determined on all the temporary differences between the consolidated assets and liabilities and the corresponding amounts for purposes of taxation, including those deriving from the most significant consolidation adjustments. As allowed by the applicable Accounting Principles, deferred tax assets are also recorded to account for the tax benefit of tax loss carryforwards whenever the specific conditions for future recoverability are met.

In particular, deferred tax assets have only been recorded if there is a reasonable certainty of their future recovery. Deferred tax liabilities are not recorded if it is unlikely that a future liability will arise.

Deferred tax assets and liabilities are offset if they refer to the same company and to taxes which can be compensated. The balance from offsetting the amounts is recorded in other receivables in current assets, if a deferred tax asset, and in the deferred tax reserve, if a deferred tax liability.

COMPOSITION, PRINCIPAL CHANGES AND OTHER INFORMATION

1) Intangible fixed assets

€ in millions	Balance at 12/31/2002	Additions	Amortiz.	Change in the scope of consolidation	Reclassific.	Foreign exchange effects	Disposals and Other changes	Balance at 12/31/2003
Start-up and expansion costs	81	118	(41)	3	3	(4)	(5)	155
Research, development and advertising expenses	18	16	(8)	1	(2)	0	(3)	22
Industrial patents and intellectual property rights	416	45	(107)	(11)	100	(44)	7	406
Concessions, licenses, trademarks and similar rights	493	51	(97)	(52)	44	(47)	(9)	383
Goodwill	236	15	(17)	(41)	0	(22)	(12)	159
Intangible assets in progress and advances	281	175	0	(2)	(154)	(1)	(44)	255
Other intangible assets	367	119	(95)	(217)	9	(2)	(14)	167
Differences on consolidation	4,331	26	(239)	(517)	0	(409)	(28)	3,164
Total	6,223	565	(604)	(836)	0	(529)	(108)	4,711

Details of the composition of intangible fixed assets and the changes during the year, by Group, are as follows:

€ in millions	Balance at 12/31/2002	Additions	Amortiz.	Change in the scope of consolidation	Reclassific.	Foreign exchange effects	Disposals and Other changes	Balance at 12/31/2003
Fiat Group								
Start-up and expansion costs	77	107	(37)	3	3	(4)	(5)	144
Research, development and advertising expenses	18	16	(8)	1	(2)	0	(3)	22
Industrial patents and intellectual property rights	416	44	(106)	(11)	100	(44)	7	406
Concessions, licenses, trademarks and similar rights	467	45	(85)	(52)	44	(46)	(26)	347
Goodwill	229	14	(17)	(41)	0	(22)	(12)	151
Intangible assets in progress and advances	263	160	0	(3)	(153)	0	(21)	246
Other intangible assets	359	116	(91)	(218)	8	(1)	(16)	157
Differences on consolidation	3,371	25	(175)	(529)	0	(409)	(32)	2,251
Total Fiat Group	5,200	527	(519)	(850)	0	(526)	(108)	3,724
Worms & Cie Group								
Concessions, licenses, trademarks and similar rights	21	5	(12)	0	0	(1)	19	32
Intangible assets in progress and advances	17	13	0	0	0	(1)	(21)	8
Other intangible assets	3	0	(2)	0	0	0	1	2
Differences on consolidation	922	1	(59)	2	0	0	5	871
Total Worms & Cie Group	963	19	(73)	2	0	(2)	4	913
NHT Group								
Start-up and expansion costs	3	0	(1)	0	0	0	0	2
Concessions, licenses, trademarks and similar rights	5	0	(1)	0	0	(1)	0	3
Goodwill	7	1	0	0	0	0	(1)	7
Intangible assets in progress and advances	1	2	0	0	(1)	0	0	2
Other intangible assets	4	3	(2)	0	1	0	1	7
Differences on consolidation	38	0	(4)	9	0	0	0	43
Total NHT Group	58	6	(8)	9	0	(1)	0	64
IFIL Holdings system and intragroup eliminations	2	13	(4)	3	0	0	(4)	10
Total	6,223	565	(604)	(836)	0	(529)	(118)	4,711

Major changes, by Group, are described below.

Fiat Group

Intangible fixed assets are shown net of writedowns of € 614 million (€ 559 million at December 31, 2002), of which € 579 million (€ 545 million at December 31, 2002) relate to goodwill and differences on consolidation. Writedowns made in 2003 amount to € 55 million (€ 559 million in 2002) and are included in the Disposals and other changes column.

Start-up and expansion costs at December 31, 2003 consist of deferred plant start-up costs and corporate formation costs of € 60 million (€ 53 million at December 31, 2002) and capital increase costs of € 84 million (€ 24 million at December 31, 2002). Additions during the year include € 88 million for the capital increase costs of Fiat S.p.A. for

€ 57 million, Fiat Auto Holdings B.V. for € 17 million, CNH Global N.V. for € 12 million and other minor companies for € 2 million.

Differences on consolidation amount to € 2,251 million at December 31, 2003 and include the net goodwill (net of amortization and writedowns, as described below) on the acquisition of the Case Group and other CNH Group companies for € 2,013 million, the Irisbus Group for € 46 million, Meridian Technologies Inc. for € 25 million, certain Automotive Components Sector companies for € 20 million, certain Production Systems Sector companies for € 46 million, Magneti Marelli Holding S.p.A. for € 18 million and other minor companies for € 32 million, as well as goodwill from the CNH Global N.V. capital increase effected in 2000 for € 51 million.

As regards the amounts recorded in goodwill and differences on consolidation, amortization is charged over periods ranging from five to twenty years, on the basis of the expected recoverability of these amounts. At the end of the year, however, specific reviews were conducted to verify whether such amounts are recoverable by considering the existing prospects of earnings. From the analyses performed, taking into consideration the changed market conditions, the restructuring plans initiated by certain Sectors of the Group and the consequent impact on the business plans of various Sectors, permanent impairments in value were identified at December 31, 2003 that gave rise to writedowns totaling € 38 million (€ 533 million at December 31, 2002).

Worms & Cie Group

The balance of intangible fixed assets of € 913 million at December 31, 2003 mainly includes the residual difference on consolidation on the purchase of the ex-AWA Group (€ 862 million) which is being amortized over 20 years.

NHT Group

The differences on consolidation regarding the subsidiaries of the NHT Group are amortized over five years; differences on consolidation relating to the companies owning the resorts in the Maldives are amortized on the straight-line basis over the life of the concession rights (from six to 16 years) received from the government for the use of the islands for tourism purposes. It should be pointed out that such concession rights were renewed up to 2015 with an outlay of approximately US\$ 3 million.

The change in the scope of consolidation, equal to € 9 million, is mainly due to the acquisition of the 60% investment in Altamarea V&H Compagnia Alberghiera S.r.l. (€ 2 million) and the line-by-line consolidation of Viaggidea S.p.A. (€ 7 million), after full control was acquired on October 31, 2003.

2) Property, plant and equipment

€ in millions	Balance at		Deprec.	Change in the scope of consol.	Reclass.	Foreign ex change effects	Disposals and Other changes	Accumulated	
	12/31/2002	Addit.						Balance at 12/31/2003	am./writ. 12/31/2003
Land and buildings	4,180	69	(174)	(689)	36	(139)	(168)	3,115	2,175
Plant and machinery	3,728	307	(615)	(119)	288	(93)	(95)	3,401	7,498
Industrial and commercial equipment	2,182	519	(711)	4	306	(81)	(115)	2,104	7,522
Other assets	2,151	487	(379)	(702)	6	(81)	(119)	1,363	1,803
Construction in progress and advances	1,023	778	0	136	(636)	(39)	(434)	828	0
Total property, plant and equipment	13,264	2,160	(1,879)	(1,370)	0	(433)	(931)	10,811	18,998

Details of the composition of property, plant and equipment and the changes during the year, by Group, are as follows:

€ in millions	Balance at 12/31/2002	Addit.	Deprec.	Change in the scope of consol.	Reclass.	Foreign exchange effects	Disposals and Other changes	Balance at 12/31/2003	Accumulated am./writ. 12/31/2003
Fiat Group									
Land and buildings	3,801	60	(150)	(730)	36	(121)	(160)	2,736	1,903
Plant and machinery	3,721	305	(613)	(118)	288	(92)	(98)	3,393	7,492
Industrial and commercial equipment	1,511	475	(623)	3	306	(49)	(119)	1,504	6,297
Other assets	2,095	480	(364)	(507)	6	(78)	(318)	1,314	1,674
Construction in progress and advances	978	691	0	(65)	(636)	(37)	(203)	728	0
Total Fiat Group	12,106	2,011	(1,750)	(1,417)	0	(377)	(898)	9,675	17,366
Worms & Cie Group									
Land and buildings	322	6	(20)	(5)	0	(15)	1	289	252
Industrial and commercial equipment	669	44	(89)	1	0	(31)	5	599	1,224
Other assets	41	6	(13)	6	0	(1)	0	39	114
Construction in progress and advances	39	64	0	0	0	(2)	(33)	68	0
Total Worms & Cie Group	1,071	120	(122)	2	0	(49)	(27)	995	1,590
NHT Group									
Land and buildings	108	1	(4)	(12)	(3)	(4)	(6)	80	17
Plant and machinery	7	1	(1)	(1)	3	(1)	0	8	5
Industrial and commercial equipment	2	0	0	(2)	0	0	1	1	1
Other assets	15	2	(2)	0	0	(3)	0	12	15
Construction in progress and advances	6	25	0	0	0	0	0	31	0
Total NHT Group	138	29	(7)	(15)	0	(8)	(5)	132	38
IFI, IFIL Holdings System and intragroup eliminations	(51)	0	0	60	0	1	(1)	9	4
Total	13,264	2,160	(1,879)	(1,370)	0	(433)	(931)	10,811	18,998

Major changes, by Group, are described below.

Fiat Group

Property, plant and equipment include revaluations required or allowed by national laws, which, net of related accumulated depreciation, amount to € 231 million at December 31, 2003 (€ 288 million at December 31, 2002).

No interest expenses were capitalized in 2003 or in 2002.

The change in the scope of consolidation shows a negative amount of € 1,417 million owing to the sale of the Toro Assicurazioni Group (-€ 582 million), Fraikin (-€ 514 million) and FiatAvio S.p.A. (-€ 326 million), as well as a positive balance due to the inclusion and exclusion of other minor companies in consolidation (€ 5 million).

Reclassifications refer to a reduction in construction in progress and advances on purchases of property, plant and equipment existing at the end of the prior year which were reclassified at the time they were effectively acquired and put into operation.

Disposals and other changes, which have a negative balance of € 898 million, include, in the land and buildings category, € 160 million relating in part to the sale of non-strategic properties. Furthermore, this item includes the writedowns recorded during the year. In fact, as with intangible fixed assets, the estimated recoverable amounts of property, plant and equipment were analyzed, in terms of the value in use or realizable value, based upon the most recently updated company plans, which take into consideration the changed market conditions and the restructuring plans initiated by certain Sectors of the Group. As a result of those analyses, property, plant and equipment were written down by € 351 million (€ 227 million in 2002), divided by Sector as follows: Automobiles € 312 million, Commercial Vehicles € 6 million, Metallurgical Products € 16 million, Automotive Components € 7 million, and other minor companies € 10 million. This item also comprises disposals relating to assets on operating leases of € 289 million.

Other assets include vehicles on operating leases for € 914 million at December 31, 2003 (€ 1,585 million at December 31, 2002), mainly relating to long-term leases. The reduction of € 671 million includes € 466 million due to the sale of Fraikin.

Worms & Cie Group

Property, plant and equipment include assets under finance leases for € 125 million (€ 135 million at December 31, 2002).

The depreciation of property, plant and equipment includes € 11 million of extraordinary depreciation.

NHT Group

The change in the scope of consolidation is principally the result of the first-time line-by-line consolidation of Altamarea V&H Compagnia Alberghiera (€ 4 million), the sale of the subsidiary Blumarini S.p.A., owner of the hotel complex Hotel "Abi D'Oru" in Sardinia (€ 18 million), and the sale of the buildings located in Turin, Milan and Trieste owned by Alpitour (€ 6 million).

The Group has ensured the use of the "Abi d'Oru" complex by signing a 15-year lease contract with the buyer company.

Investments mainly include the costs for the construction work on a new tourist resort in Sicily, in Arenella (province of Siracusa) for € 24 million, as well as the financial charges related specifically to the financing secured for the building work (€ 0.2 million).

Mortgages are carried by financial institutions on certain buildings held by the NHT Group (mainly tourism resorts) for € 6 million.

The residual net book value of monetary revaluations effected in prior years on buildings held by the NHT Group, as allowed by specific laws, amount to € 0.6 million.

The depreciation rates used for property, plant and equipment are within the following ranges:

	Minimum	Maximum
Land and buildings	1%	10%
Industrial and commercial equipment	5%	28%
Plant and machinery	8%	21%
Other assets	4%	33%

3) Financial fixed assets

Investments

€ in millions	Balance at 12/31/2002	Equity in earnings	Equity in losses	Change in the scope of consolid.	Acquisitions and Capitalizations	Foreign exchange effects	Disposals and Other changes	Balance at 12/31/2003
Unconsolidated subsidiaries	627	16	(160)	(23)	8	(28)	48	488
Associated companies	4,154	209	(77)	535	82	(70)	(368)	4,465
Other companies	1,440	1	(8)	(492)	15		(30)	926
Total investments	6,221	226	(245)	20	105	(98)	(350)	5,879

Equity in earnings and Equity in losses include the Group's share of the income or the loss of companies accounted for using the equity method, the amortization of the differences on consolidation and the loss in value of the companies accounted for at cost.

Details of the composition of financial fixed assets and the changes during the year, by Group, are as follows:

€ in millions	Balance at 12/31/2002	Equity in earnings	Equity in losses	Change in the scope of consolid.	Acquisitions and Capitalizations	Foreign exchange effects	Disposals and other changes	Balance at 12/31/2003
IFI and IFIL Holdings System								
Unconsolidated subsidiaries	58	0	(10)	0	0	0	0	48
Associated companies	863	86	(10)	(1)	0	0	(292)	646
Other companies	643	0	0	(1)	0	0	(1)	641
Total investments	1,564	86	(20)	(2)	0	0	(293)	1,335
Fiat Group								
Unconsolidated subsidiaries	558	16	(150)	(14)	7	(28)	46	435
Associated companies	2,722	74	(45)	536	29	(59)	(55)	3,202
Other companies	682	1	(5)	(491)	11	0	59	257
Total investments	3,962	91	(200)	31	47	(87)	50	3,894
Worms & Cie Group								
Unconsolidated subsidiaries	2	0	0	0	0	0	0	2
Associated companies	564	49	(22)	0	53	(11)	(20)	613
Other companies	115	0	(3)	0	4	0	(88)	28
Total investments	681	49	(25)	0	57	(11)	(108)	643
NHT Group								
Unconsolidated subsidiaries	9	0	0	(9)	1	0	2	3
Associated companies	5	0	0	0	0	0	(1)	4
Total investments	14	0	0	(9)	1	0	1	7
Total investments of IFI Group	6,221	226	(245)	20	105	(98)	(350)	5,879

Major changes in investments, by Group, can be summarized as follows.

IFI and IFIL Holdings System

Other changes in associated companies (-€ 292 million) mainly refer to the distribution of reserves and dividends by Eurofind (-€ 264 million) and the sale of the 25% equity interest in Sifalberghi S.r.l. (-€ 7 million).

Fiat Group

The Change in the scope of consolidation can be analyzed as follows:

- investments in unconsolidated subsidiaries: the decrease is due to the line-by-line consolidation of the companies B.D.C. & Co. Société en Commandite Simple (-€ 8 million), New City Car S.A. (-€ 2 million) and other minor companies (-€ 4 million);
- investments in associated companies: the caption includes the effects consequent to the exclusion from the scope of consolidation of the companies now accounted for using the equity method and the investments held by companies that were sold during the year; the change particularly refers to: Fidis Retail Italia S.p.A. (€ 376 million), Naveco Ltd. (€ 122 million), IPI S.p.A. (€ 16 million), Toro Targa Assicurazioni S.p.A. (€ 15 million), Transolver Finance Establecimiento Financiero de Credito S.A. (€ 12 million), Fidis Bank G.m.b.H. (€ 3 million), IN ACTION S.r.l. (€ 2 million), the company Atla S.r.l. owned by FiatAvio S.p.A. (-€ 4 million), investments held by IPI S.p.A. (-€ 5 million) and other minor companies (-€ 1 million);
- investments in other companies: the decrease is mainly due to the exclusion from the scope of consolidation of Capitalia S.p.A. (-€ 481 million), Toro Assicurazioni Group holding and other minor companies (-€ 10 million).

Acquisitions and capitalizations refer principally to the following:

- investments in unconsolidated subsidiaries: capitalization of the company Cofap Companhia Fabricadora de Pecas LTDA (€ 5 million) and other minor companies (€ 2 million);
- investments in associated companies: capitalizations of the companies CNH Capital Europe S.A.S. (€ 10 million), Toro Targa Assicurazioni S.p.A. (€ 9 million), Mako Elektrik Sanay Ve Ticaret A.S. (€ 4 million), and other minor companies (€ 6 million);
- investments in other companies: acquisitions of the companies Gas Turbine Technologies S.p.A. (€ 6 million), IPSE 2000 S.p.A. (€ 3 million) and other minor companies (€ 2 million).

Disposals and Other Changes refer mainly to:

- investments in unconsolidated subsidiaries: line-by-line consolidation of Atlanet S.p.A. (€ 56 million) and other minor companies (-€ 10 million);
- investments in associated companies: sale of E.D.M. S.r.l. (-€ 8 million), Johnson Matthey Argentina S.A. (-€ 3 million) and other companies (-€ 44 million);
- investments in other companies : the increase, net of minor variations for -€ 6 million, is due to the subscription of the Edison S.p.A. capital increase, equal to € 65 million, through the conversion of the rights subscribed to in 2002.

Worms & Cie Group

Acquisitions refer to the purchase of SGS Société Générale de Surveillance shares for € 53 million, which brings the Worms & Cie Group's holding to 24.27% of the outstanding capital stock of SGS.

Disposals and Other Changes refer mainly to the sale of 1.3% of Groupe Danone shares (-€ 88 million).

Investments in unconsolidated subsidiaries

€ in millions	%	12/31/2003	%	12/31/2002	Change
IFI and IFIL Holdings System					
Juventus Football Club S.p.A.	62.0	48	62.0	58	(10)
Fiat Group					
Buc- Banca Unione di Credito	100.0	340	100.0	361	(21)
Leasys S.p.A.	51.0	36	51.0	112	(76)
Fiat Group - sundry unconsolidated subsidiaries		59		85	(26)
		<u>435</u>		<u>558</u>	<u>(123)</u>
Worms & Cie Group - sundry companies	-	2	-	2	0
NHT Group - sundry companies (a)	-	3	-	9	(6)
Total investments in unconsolidated subsidiaries		488		627	(139)

(a) The carrying value at December 31, 2003 includes the goodwill paid on the acquisition of the 30% stake in the company Promoviaggi for € 2 million.

Unconsolidated subsidiaries of the Fiat Group

As allowed by law, the above companies have not been consolidated either because their operations are so dissimilar (BUC – Banca Unione di Credito) or because it would not have been possible to obtain the necessary information for their consolidation on a timely basis without disproportionate expense or because their operations are not significant. Such companies show a negative net financial position of € 297 million (€ 164 million at December 31, 2002).

As regards the investment in Leasys S.p.A., this company is subject to joint control with the other partner, even though the Fiat Group holds 51% of capital stock; like the other principal jointly controlled companies (which, instead are included in the associated companies), this investment is accounted for using the equity method.

Investments in associated companies

€ in millions	12/31/2003	12/31/2002	Change
IFI and IFIL Holdings System			
Eurofind Group	467	676	(209)
Exor Group SA	179	180	(1)
Sifalberghi S.r.l. (a)	0	7	(7)
	646	863	(217)
Fiat Group			
Fiat -GM Powertrain B.V.	1,172	1,189	(17)
Italenergia Bis S.p.A.	512	481	31
Fidis Retail Italia S.p.A. (b)	372	-	372
Tofas Turk Otomobil Fabrikasi A.S.	156	136	20
Sevel S.p.A.	118	125	(7)
Kobelco Construction Machinery Co. Ltd	103	107	(4)
Naveco Ltd. (c)	102	-	102
Rizzoli Corriere della Sera MediaGroup S.p.A. (former H.d.P. S. p.A.)	99	98	1
Consolidated Diesel Company	54	59	(5)
Jiangsu Nanya Auto Co. Ltd	54	55	(1)
Société Européenne de Véhicules Légers du Nord - Sevelnord Société Anonyme	49	47	2
Fiat Group - sundry associated companies	411	425	(14)
	3,202	2,722	480
Worms & Cie Group			
SGS Société Générale de Surveillance S.A.	560	512	48
WORMS & Cie Group - sundry associated companies	53	52	1
	613	564	49
NHT Group - sundry companies			
	4	5	(1)
Total associated companies	4,465	4,154	311

(a) Sold to the Accor Group in August 2003.

(b) Consolidated on a line-by-line basis in 2002.

(c) Consolidated proportionally in 2002.

Associated companies of the IFIL Holdings System

At December 31, 2003, the carrying value of the investment in the Eurofind Group, controlled jointly by the IFIL Group and the Auchan Group, includes the residual difference on consolidation of € 156 million generated by purchases of La Rinascente shares, which is being amortized over 20 years. The reduction in the carrying value of the investment in Eurofind is mainly due to its distribution of profits and reserves at the end of 2003.

The aggregate net indebtedness of Eurofind and the Rinascente Group at December 31, 2003 amounts to € 467 million.

Associated companies of the Fiat Group

The Fiat Group also holds certain companies under joint control, the most important of which are Fiat-GM Powertrain B.V., Sevel S.p.A., Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme and Naveco Ltd. Such companies show a negative net financial position of € 1,093 million (€ 2,480 million at December 31, 2002).

Fiat-GM Powertrain

Fiat-GM Powertrain B.V. is an industrial joint venture for the manufacture of engines and gears for cars that was set up in the second half of 2001 between Fiat and General Motors Corporation (General Motors) under the well-known strategic alliance. The key figures taken from the financial statements of Fiat-GM Powertrain, drawn up in accordance with the accounting principles of the Group for the valuation of the investment using the equity method at December 31, 2003 and 2002 are as follows.

€ in millions	12/31/2003	12/31/2002
Balance sheet data		
Fixed assets	3,250	3,416
Total assets	6,611	6,681
Financial payables	(1,452)	(1,695)
Stockholders' equity	2,344	2,377

€ in millions	2003	2002
Statement of operations data		
Net sales	6,598	6,624
Operating income	296	280
Net income	180	131

In view of the strictly industrial nature of the joint venture and in order to achieve a reading of its industrial performance that is consistent with the past, since 2001 and during the period in which the industrial convergence and the relative synergies are being implemented (estimated at less than three years), the Group's share of the results of the company is included in the consolidated statement of operations as a split between the operating/industrial component and the other non-operating components. In particular, the Group's share of the operating result of the company (€ 147 million in 2003, € 143 million in 2002 and € 47 million in the second half of 2001), determined by the transfer pricing policy adopted, is included in the consolidated statement of operations as an adjustment to the cost of the products purchased from the joint venture, whereas the share of the result in the other non-operating components is allocated to the respective principal captions, without effect on the total net result recorded by the Group. As far as Fiat-GM Powertrain's balance sheet is concerned, with regard to the debt position, there are no commitments or guarantees provided by Fiat.

Italenergia Bis

With reference to the investment in Italenergia Bis S.p.A., during the second half of 2002, the Fiat Group sold a 14% holding to certain other stockholders of the company (Banca Intesa, IMI Investimenti and Capitalia, hereinafter the "Banks") for € 548 million, realizing a gain of € 189 million. The related sales contracts and the contemporaneous agreements with another stockholder of Italenergia Bis (Electricité de France, hereinafter "EDF") provide, among other things, that:

- by virtue of an option acquired in respect of EDF (the so-called EDF Put), Fiat may elect, between March and April 2005, to sell the shares it still holds in Italenergia Bis (223,151,568 shares, equal to 24.6%,) to EDF, at a price corresponding to the value of the investment, as estimated on the basis of the valuations performed by three experts appointed for that purpose. That price, less a premium of € 127 million, payable only in the event the option is exercised, may not be less than a minimum (floor) of € 1,147 million, or € 5.141698 per share;
- in connection with the EDF Put, the Banks (in addition to the put agreements negotiated independently with EDF for their respective initial holdings in Italenergia Bis) obtained a so-called "tag along/drag along" agreement from Fiat, and Fiat arranged a symmetrical Put/Call contract with EDF (conditional upon the prior exercise of the EDF Put by Fiat) that gives rise to two scenarios:
 - a) Fiat independently exercises the EDF Put on its own 24.6% holding and in this case:
 - the Banks exercise the "tag along" under which the Banks each sell their own 4.66% holding to Fiat under the same price conditions as the EDF Put (valuation at fair market value, minimum floor of € 5.141698 per share). Fiat, in turn, sells the acquired shares to EDF, making use of the put clauses in the Put/Call arranged with EDF;
 - the corresponding "drag along" allows Fiat to reacquire the Banks' shares in any case and to surrender them to EDF which in turn has, by means of the call clauses in the Put/Call, the right to ask Fiat to acquire and surrender the shares. In substance, by means of the call, EDF may (providing that Fiat exercised the EDF Put, which is a condition for the Put/Call) acquire the entire original Fiat investment;

- b) Fiat does not independently exercise the EDF Put on its own 24.6% holding and in this case:
- the individual Banks, separately, have the right to request Fiat to exercise its Put on EDF which allows the Banks to exercise the “tag along”, as described above, and to realize a gain;
 - Fiat may elect not to exercise the EDF Put, as instead requested, and the Banks have the right to ask that Fiat purchase from the same Banks their respective 4.66% holdings at the lower of the price determined pursuant to the EDF Put, in accordance with the same criteria and procedures agreed with EDF, and € 6.5 per share;
 - Fiat does not have a call right on the Banks’ holdings which were sold to the Banks definitively.

In conclusion, the 14% holding in Italenergia Bis sold by Fiat is subject to Put options exercisable in 2005 by each of the Banks. Nevertheless, the effects of the sale were considered final and the resulting gain realized in the previous year, in that Fiat had contemporaneously stipulated a put option with EDF that will give it the right, in the event that the Banks ask to purchase said shares, to sell them in turn to EDF at the same price conditions as the EDF Put.

Fidis Retail Italia (“FRI”)

With reference to the associated company Fidis Retail Italia S.p.A. (“FRI”), this company was set up to take over the European activities of the Automobile Sector in the area of consumer financing for retail automobile purchases. To this end, those activities, performed by the various companies operating in the different countries in Europe, were gradually sold to FRI, after obtaining the necessary authorizations from the local regulatory agencies. As envisaged by the Framework Agreement signed on May 27, 2002 by Fiat and the “Money Lending Banks” (Capitalia, Banca Intesa, SANPAOLO IMI and later Unicredito Italiano), on May 27, 2003, the Fiat Group sold 51% of FRI’s shares and, as a result, the relative control, to Synesis Finanziaria S.p.A., an Italian company held equally by the four Banks, at the price of € 370 million. This transaction led to a loss of € 15 million that had already been set aside in a specific reserve for risks in the consolidated financial statements at December 31, 2002, based upon the binding agreements signed by the parties at that time. The sale contract calls for Put and Call options that can be summarized as follows:

- call option by Fiat to purchase 51% of Fidis Retail Italia, held by Synesis Finanziaria, exercisable twice a year (in January and July) up to January 31, 2006 at a price increased *pro rata temporis* over the sales price plus additional payments less any distributions;
- Synesis Finanziaria’s right to ask Fiat to exercise the above purchase option on 51% of Fidis Retail Italia in the event of which, by January 31, 2006, there is a change in control of Fiat or Fiat Auto (also through the sale of a substantial part of the companies owned by Fiat Auto or one of its brands Fiat, Alfa and Lancia) as set forth in the relative stockholders agreement between Fiat, Synesis Finanziaria and the four money lending banks;
- so-called “tag along” option on behalf of Synesis Finanziaria if the same events referred to in the preceding point occur after January 31, 2006;
- so-called “drag along” option on behalf of Fiat Auto in the event of the sale of the investment after January 31, 2006.

As a result of the transaction, FRI was deconsolidated and has repaid all the loans it previously obtained from the centralized treasury department of the Fiat Group.

Lastly, it should be mentioned that previous to the negotiations with the four Money Lending Banks, the control of FRI had been offered to General Motors, which, as established by the Master Agreement, had the “Right of First Refusal”.

Associated companies of the Worms & Cie Group

The carrying value of the investment in SGS Société Générale de Surveillance S.A. includes the difference on consolidation of € 393 million which is being amortized over 20 years (€ 376 million at December 31, 2002). The increase is due to the share purchases made during 2003.

Investments in other companies

€ in millions	12/31/2003	12/31/2002	Change
IFI and IFIL Holdings System			
Sanpaolo IMI S.p.A.	601	601	0
Club Méditerranée S.A.	35 (a)	35 (a)	0
Other unlisted investments	5	7	(2)
	641	643	(2)
Fiat Group			
Mediobanca S.p.A.	93	93	0
Edison S.p.A.	65	0	65
Other unlisted investments	99	108	(9)
Capitalia S.p.A.	0	481	(481)
	257	682	(425)
Worms & Cie Group			
Accor S.A.	23	21	2
Other unlisted investments	5	7	(2)
Groupe Danone S.A.	0	87	(87)
	28	115	(87)
Total other companies	926	1,440	(514)

(a) Net of writedowns of € 86 million made in the previous years.

The carrying value of investments in other listed companies is lower than the market prices at December 31, 2003.

Financial fixed assets – Receivables

€ in millions	12/31/2003				12/31/2002			
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due within one year	Due beyond one year	Total	Of which due beyond 5 years
From associated companies	1	0	1	0	1	0	1	0
From others	18	170	188	129	27	181	208	139
Total receivables	19	170	189	129	28	181	209	139

Details, by Group, are as follows:

€ in millions	12/31/2003				12/31/2002			
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due within one year	Due beyond one year	Total	Of which due beyond 5 years
IFI S.p.A. - receivables from others	0	7	7	0	0	7	7	0
Fiat Group - receivables from others	4	25	29	2	19	28	47	2
Worms & Cie Group - receivables from others	8	124	132	124	0	134	134	134
NHT Group								
Receivables from associated companies	1	0	1	0	1	0	1	0
Receivables from others	6	14	20	3	8	12	20	3
	7	14	21	3	9	12	21	3
Total receivables	19	170	189	129	28	181	209	139

Financial receivables by the Fiat Group held as fixed assets are shown in the financial statements net of the allowances for doubtful accounts of € 5 million (€ 4 million at December 31, 2002), with a provision of € 1 million during the year 2003; Financial receivables recorded in the financial statements at December 31, 2003 approximate their fair values which have been calculated using the present value method, based on a discount rate which reflects market conditions, the duration and the risk of insolvency.

Financial receivables by the Worms & Cie Group include the loan made by ArjoWiggins to the buyers of Appleton Papers Inc. for the remaining period of six years, repayable at the expiry date. The nominal value of the receivable totals US\$ 321 million. The amount recorded (€ 124 million) represents the present value of the loan calculated at an implicit rate of interest of 12%.

Financial receivables by the NHT Group total € 21 million and include loans granted to companies operating hotels and suppliers providing tourist services, earning interest at floating rates based on the Euribor and Libor (€ 11 million), security deposits (€ 8 million) to guarantee exclusive marketing contracts for the tourist resorts in the Maldives and in Tunisia, earning interest on floating rates based on the Euribor and Libor (of which € 3 million is due beyond five years), as well as other receivables (€ 2 million).

Financial fixed assets – Other securities

€ in millions	12/31/2003	12/31/2002	Change
Fiat Group			
Government securities and bonds held by industrial companies	56	134	(78)
Government securities and bonds held by insurance companies	0	2,311	(2,311)
	56	2,445	(2,389)
Worms & Cie Group - Government securities and bonds	23	14	9
IFIL Holdings System - Ocean Club Méditerranée bonds	5	4	1
Total other securities	84	2,463	(2,379)

Other securities of the Fiat Group are shown in the financial statements net of the allowance for writedowns of € 32 million (€ 2 million at December 31, 2002). The writedown refers to the adjustment of the securities to estimated realizable value.

The Ocean Club Méditerranée bonds mature on November 1, 2008 and earn annual interest of 3% and give the right, at maturity, to subscribe to the same number of Club Méditerranée shares at a unit price of € 58 or to receive a total reimbursement of € 5.2 million.

Financial fixed assets – Treasury stock

There were no transactions in treasury stock during the year; the balance at December 31, 2003 is as follows:

	Number of shares	Carrying value	
		Per share (€)	Total (€ in millions)
IFI preferred shares	5,360,300	13.15	70 (a)

(a) Net of writedowns of € 58.9 million made in 2002.

IFI preferred treasury stock in portfolio at December 31, 2003 has a par value of € 5,360 thousand and represents, after the capital stock increase, 3.28% of capital stock and 6.98% of the class of stock.

On the basis of the average market prices for the second half of 2003 (€ 6.41), there is an unrealized loss on IFI preferred shares of € 36 million, which decreases (€ 31 million) when considering the average market prices for the period March 1 to March 17, 2004 (€ 7.439).

Such unrealized loss is not considered representative of a permanent decline in value taking into account that the per share carrying value of IFI preferred shares held is in any case lower than the per share value of the consolidated stockholders' equity of the IFI Group at December 31, 2003 (€ 13.61).

Financial fixed assets – Finance lease contracts receivable

Balance at 12/31/2002	Additions	Financial amortization	Foreign exchange effects	Change in the scope of consolidation	Disposal and other changes	Balance at 12/31/2003	Accumulated amort. and writed. 12/31/2003
2,947	1,112	(528)	(31)	(1,485)	(218)	1,797	1,036

Finance lease contracts receivable refer to vehicles sold by the Automotive Sectors of the Fiat Group under finance leases. The reduction of € 1,150 million compared to December 31, 2002 is principally due to the Change in the scope of consolidation following the sale of the majority interest in Fidis Retail Italia S.p.A.

Finance lease contracts receivable do not include vehicles on operating leases, which are included under Property, plant and equipment.

Other financial fixed assets

These total € 315 million (€ 359 million at December 31, 2002) and refer to the Worms & Cie Group. They comprise:

- the deposit of € 110 million lodged with a leading banking institution which partially earns interest. The deposit was made by the Worms & Cie Group within the framework of the loans given to the buyers of Appleton Papers Inc. in order to guarantee the disbursing banks against the risk of an eventual acceleration of the indemnities connected with the dispute over the environmental risks to the Fox River;
- the deposit of € 92 million, made for the fine levied on Arjo Wiggins Appleton by the European Commission for alleged violations of fair trade practices;
- the deposit of € 111 million made by Arjo Wiggins Appleton to guarantee the commitments under financial lease transactions;
- other receivables of € 2 million.

Additional information is provided in the section "Pending litigation".

4) Current assets - Inventories

€ in millions	12/31/2003			12/31/2002		
	Gross	Allowance	Net	Gross	Allowance	Net
Raw materials and supplies	1,480	(221)	1,259	1,548	(149)	1,399
Work in progress and semifinished products	1,006	(23)	983	1,144	(22)	1,122
Contract work in progress	4,077	0	4,077	5,293	0	5,293
Finished goods and merchandise	4,897	(466)	4,431	4,730	(488)	4,242
Advances to suppliers	5,188	0	5,188	3,824	0	3,824
Total inventories	16,648	(710)	15,938	16,539	(659)	15,880
Advance payments on contract work in progress	(8,448)	-	(8,448)	(8,227)	-	(8,227)
Net inventories	8,200	(710)	7,490	8,312	(659)	7,653

Inventories mainly refer to the Fiat Group (a net amount of € 15,360 million at December 31, 2003).

Advance payments received by the Fiat Group from customers against contract work in progress amount to € 8,448 million (€ 8,227 million at December 31, 2002) and are recorded in Payables (Note 11). Inventories, net of such advance payments received from customers, amount to € 6,912 million (€ 7,050 million at December 31, 2002). Advances to suppliers principally regard the amounts paid by Fiat S.p.A. to the consortiums involved in the T.A.V. project. Contract work in progress decreased mainly as a result of the Change in the scope of consolidation.

5) Current assets - Receivables

An analysis of receivables by type and due date is as follows:

€ in millions	12/31/2003			12/31/2002		
	Due within one year	Due beyond one year	Total	Due within one year	Due beyond one year	Total
Trade receivables	4,653	26	4,679	6,234	60	6,294
Receivables from unconsolidated subsidiaries	76	3	79	55	0	55
Receivables from associated companies	768	0	768	476	1	477
Receivables from tax authorities	1,560	138	1,698	1,833	147	1,980
Receivables from social security agencies	15	0	15	23	0	23
Receivables from employees	35	2	37	39	3	42
Receivables from others	1,990	1,509	3,499	2,306	2,844	5,150
Total receivables	9,097	1,678	10,775	10,966	3,055	14,021

An analysis of receivables by due date, by Group, is as follows:

€ in millions	12/31/2003			12/31/2002		
	Due within one year	Due beyond one year	Total	Due within one year	Due beyond one year	Total
Fiat Group						
Trade receivables	3,733	25	3,758	5,248	60	5,308
Receivables from unconsolidated subsidiaries	73	3	76	54	0	54
Receivables from associated companies	764	0	764	472	0	472
Receivables from tax authorities	1,413	137	1,550	1,639	146	1,785
Receivables from social security agencies	14	0	14	22	0	22
Receivables from employees	33	2	35	36	3	39
Receivables from others	1,808	1,508	3,316	2,120	2,834	4,954
Total	7,838	1,675	9,513	9,591	3,043	12,634
Worms & Cie Group						
Trade receivables	837	1	838	909	0	909
Receivables from tax authorities	52	1	53	117	1	118
Receivables from social security agencies	1	0	1	1	0	1
Receivables from employees	1	0	1	2	0	2
Receivables from others	132	0	132	151	0	151
Total	1,023	2	1,025	1,180	1	1,181
NHT Group						
Trade receivables	83	0	83	76	0	76
Receivables from unconsolidated subsidiaries	2	0	2	1	0	1
Receivables from associated companies	4	0	4	4	0	4
Receivables from tax authorities	14	0	14	10	0	10
Receivables from employees	1	0	1	0	0	0
Receivables from others	50	1	51	24	10	34
Total	154	1	155	115	10	125
IFI, IFIL Holdings System and intragroup eliminations						
Trade receivables	0	0	0	1	0	1
Receivables from unconsolidated subsidiaries	1	0	1	0	0	0
Receivables from associated companies	0	0	0	0	1	1
Receivables from tax authorities	81	0	81	67	0	67
Receivables from employees	0	0	0	1	0	1
Receivables from others	0	0	0	11	0	11
	82	0	82	80	1	81
Total receivables	9,097	1,678	10,775	10,966	3,055	14,021

Receivables from tax authorities principally refer to VAT and income taxes receivable from the Italian tax authorities and include the tax credit relating to the advance payments of income tax on employee severance indemnities paid by Italian companies. The portion of interest accrued on that receivable relating to the current year is recorded in Financial income and expenses.

Other receivables from others include the net debit balance of deferred tax assets, equal to € 1,907 million (€ 3,560 million at December 31, 2002) of which € 1,879 million refers to the Fiat Group, € 23 million to the Worms & Cie Group and € 5 million to the NHT Group. Additional information on these assets is provided in Note 9, reserves for risks and charges, which comments on the income tax reserves.

Receivables due beyond five years, which refer entirely to the Fiat Group, amount to € 12 million (unchanged compared to 2002).

Receivables are presented net of the allowance for doubtful accounts (in reference to trade receivables) for € 567 million. Movements in these allowance accounts in 2003 are as follows:

Balance at 12/31/2002	Provisions	Use and Other changes	Change in scope of consolidation	Balance at 12/31/2003
629	114	(123)	(53)	567

6) Financial assets not held as fixed assets

Investments

Investments in other companies, entirely held by the Fiat Group, amount to € 32 million (€ 810 million at December 31, 2002) and show a decrease of € 778 million mainly due to the sale of the Toro Assicurazioni Group.

Other securities

€ in millions	12/31/2003	12/31/2002	Change
IFIL Holdings System			
Short-term investments of liquidity	427	184	243
700,000 IFIL ordinary shares servicing the stock option plans	2	0	2
	429	184	245
Fiat Group			
4,969,034 Fiat shares, of which 4,834,019 shares servicing the stock option plans	32	22	10
Securities held by the insurance companies	186	6,102	(5,916)
Securities held by the industrial companies	3,659	667	2,992
	3,877	6,791	(2,914)
Worms & Cie Group			
69,947 Worms & Cie shares servicing the stock option plans	1	1	0
Certificates of deposit	0	80	(80)
Mutual funds	36	43	(7)
Commercial paper and other securities	11	6	5
	48	130	(82)
NHT Group - Marketable securities and bonds	5	7	(2)
Total other securities	4,359	7,112	(2,753)

The analysis, by Group, is as follows:

IFIL Holdings System

At December 31, 2003, other securities mainly comprise investments of liquidity in the money market, in time deposits, in short-term Italian government securities and in other short-term financial instruments held by the foreign subsidiaries.

Fiat Group

At December 31, 2003, other securities include short-term bonds and commercial paper (€ 1,480 million) and highly rated liquidity funds of leading international banks (€ 2,365 million), in which mainly the treasury management companies of the Fiat Group have made temporary and highly liquid investments of available cash resources that arose mainly as a result of the significant divestitures by the Group. Additional liquidity (€ 3,211 million) in the form of bank accounts and cash is included in cash.

At December 31, 2002, other securities comprised securities with a broad market issued by debtors with a high credit rating and mainly held by the insurance companies to cover, for the most part, policy liabilities and accruals.

The securities portfolio of € 3,845 million at December 31, 2003 (€ 6,769 million at December 31, 2002) approximates fair value.

Financial receivables

€ in millions	12/31/2003				12/31/2002			
	Due within one year	Due beyond one year	Of which due beyond 5 years	Total	Due within one year	Due beyond one year	Of which due beyond 5 years	Total
	From unconsolidated subsidiaries	475	46	0	521	356	163	0
From associated companies	413	231	0	644	912	401	0	1,313
From others	6,508	3,097	422	9,605	9,223	7,371	935	16,594
Total financial receivables	7,396	3,374	422	10,770	10,491	7,935	935	18,426

Details, by Group, are as follows:

€ in millions	12/31/2003				12/31/2002			
	Due within one year	Due beyond one year	Of which beyond 5 years	Total	Due within one year	Due beyond one year	Of which beyond 5 years	Total
Fiat Group								
From unconsolidated subsidiaries	475	46	0	521	348	163	0	511
From associated companies	413	231	0	644	912	401	0	1,313
From others	6,488	3,097	422	9,585	9,216	7,371	935	16,587
	7,376	3,374	422	10,750	10,476	7,935	935	18,411
Worms & Cie Group								
From others	9	0	0	9	7	0	0	7
NHT Group								
From unconsolidated subsidiaries	0	0	0	0	8	0	0	8
From others	11	0	0	11	0	0	0	0
	11	0	0	11	8	0	0	8
Total financial receivables	7,396	3,374	422	10,770	10,491	7,935	935	18,426

Fiat Group

Financial receivables amounting to € 10,750 million (€ 18,411 million at December 31, 2002), net of allowances for doubtful accounts of € 316 million (€ 523 million at December 31, 2002), decreased by € 7,661 million compared to the end of the prior year. Such reduction is mainly due to the change in the scope of consolidation (€ 6,183 million) particularly as a result of the sale of the retail financing activities of the Automobile Sector.

Movements during the year in the allowance accounts for financial receivables are as follows:

Balance at 12/31/2002	Provisions	Use and Other changes	Change in scope of consolidation	Balance at 12/31/2003
523	188	(115)	(280)	316

The fair value of financial receivables would be approximately € 10,800 million at December 31, 2003 (€ 18,454 million at December 31, 2002); the fair value of financial receivables was determined in accordance with the method indicated in Note 3 - Financial fixed assets – Receivables.

Financial receivables from associated companies of € 644 million at December 31, 2003 (€ 1,313 million at December 31, 2002) decreased by € 669 million due to loan repayments.

Financial receivables from others amount to € 9,585 million at December 31, 2003 (€ 16,587 million at December 31, 2002) of which € 7,914 million at December 31, 2003 (€ 15,615 million at December 31, 2002) consist of financing granted to retail customers as well as dealer networks and suppliers.

Financial receivables from others also include the net value of subordinated securities of € 214 million (€ 602 million at December 31, 2002), subscribed to as part of the securitization of financial receivables; the reduction of € 388 million is chiefly due to the change in the scope of consolidation following the sale of Fidis Retail Italia.

NHT Group

Financial receivables from others amount to € 11 million and include the receivables on the sale of the buildings in Turin and Milan, finalized in October. These receivables are secured by bank sureties issued by leading credit institutions.

7) Accrued income and prepaid expenses

€ in millions	12/31/2003	12/31/2002	Change
Commercial accrued income:			
- Interest and commissions	5	30	(25)
- Other	37	68	(31)
Total commercial accrued income	42	98	(56)
Commercial prepaid expenses:			
- Interest	39	9	30
- Other	356	502	(146)
Total commercial prepaid expenses	395	511	(116)
Total commercial accrued income and prepaid expenses	437	609	(172)
Financial accrued income	327	553	(226)
Financial prepaid expenses	85	118	(33)
Total accrued income and prepaid expenses	849	1,280	(431)

Financial accrued income mainly includes day-to-day interest earned on securities and derivative financial instruments.

8) Stockholders' equity

Statement of changes in the stockholders' equity of the Group

€ in millions	Additional		Revaluation reserves	Legal reserve	Treasury stock		Retained earnings and other reserves	Cumulative		Stockholders' equity
	Capital stock	paid-in capital			valuation reserve	translation adjustments		Net loss for the year		
Balance at December 31, 2002	62	66	81	15	70	2,823	(288)	(803)	2,026	
IFI S.p.A. capital stock increase against payment (a)	101	356							457	
Posting of the consolidation reserve							2		2	
Use of the consolidation reserve							(2)		(2)	
Net adjustments from the translation of foreign currency financial statements								(165)	(165)	
Other changes, net							33		33	
Appropriation of the prior year's loss and reclassifications		(35)					(937)	169	803	
Consolidated net loss - Group								(130)	(130)	
Balance at December 31, 2003	163	387	81	15	70	1,919 (b)	(284)	(130)	2,221	

(a) Includes the sale of unexercised rights for € 0.7 million.

(b) Includes the consolidation reserve for € 152 million.

Capital stock

At December 31, 2003, IFI's capital stock, fully subscribed to and paid-in, amounts to € 163,251,460 and is composed of 86,450,000 ordinary shares and 76,801,460 preferred shares all with a par value of € 1 each.

In accordance with art. 10 of the by-laws, preferred shares have voting rights only for the resolutions set forth in art. 2365 of the Italian Civil Code.

Pursuant to art. 26 of the by-laws, preferred shares have the right to a preference dividend, which is not cumulative from one year to the next, equal to 5.17% of par value (€ 1).

Capital stock may be increased for a period of five years, at one or more times, also in divisible form, up to a maximum of € 561,750,000, by the authority delegated to the Board of Directors in the Extraordinary Stockholders' Meeting on April 22, 2003, under the provisions of art. 2443 of the Italian Civil Code.

Changes in capital stock during the year are detailed as follows:

	Number of shares		
	Ordinary	Preferred	Total
At December 31, 2002	30,875,000	30,875,000	61,750,000
Capital stock increase against payment	55,575,000	45,926,460	101,501,460
At December 31, 2003	86,450,000	76,801,460	163,251,460

On June 27, 2003, by the power vested in it pursuant to art. 2443 of the Italian Civil Code by the Extraordinary Stockholders' Meeting held on April 22, 2003, the Board of Directors of IFI S.p.A. voted to increase the capital stock against payment, and in divisible form, for a maximum amount of par value € 101,501,460, through the issue of:

- 55,575,000 IFI ordinary shares of par value € 1 each, with normal dividend rights, with option rights offered to Giovanni Agnelli e C. S.a.p.az., the sole stockholder of IFI ordinary shares, at the price of € 4.5 each, in a ratio of 9 new ordinary shares for every 5 ordinary shares held;
- maximum 45,926,460 IFI preferred shares of par value € 1 each, with normal dividend rights, with option rights offered to the preferred stockholders at the price of € 4.5 each, in a ratio of 9 new preferred shares for every 5 preferred shares held.

At the end of the rights offering period, 45,412,722 new preferred shares were subscribed to equal to 98.88% of the preferred shares offered. Moreover, Giovanni Agnelli e C. S.a.p.az., the sole stockholder of IFI ordinary shares, subscribed to the 55,575,000 IFI ordinary shares in the rights offering, with an investment of € 250 million.

Following the subsequent offering of the 285,410 unexercised rights on the market (which generated proceeds of € 684 thousand for IFI, recorded as an increase to stockholders' equity), the remaining new 513,738 IFI preferred shares were subscribed to in August.

The capital stock increase was therefore concluded with the subscription of the entire issue of 55,575,000 ordinary shares and the 45,926,460 preferred shares offered for total proceeds of € 457 million (of which € 0.7 million deriving from the sale of unexercised rights).

In execution of the resolution passed by the Stockholders' Meeting of June 3, 1985, a part of the monetary revaluation reserve Law No. 576 of December 2, 1975 was transferred to capital stock (€ 1,325 thousand) which, in the event of distribution, will form part of the taxable income of the Company.

At December 31, 2003, a total of € 83.7 million was booked to reserves in suspension of taxes, of which € 81.4 million was posted to the monetary revaluation reserves, € 2 million to the legal reserve and € 0.3 million to other reserves. In the event of distribution, such amounts will form part of the taxable income of the Company. Deferred taxes have not been provided on these reserves since it is unlikely that they will be distributed.

Reconciliation to the stockholders' equity and the net loss of the parent company IFI S.p.A.

€ in millions	12/31/2003		12/31/2002	
	Net income (loss)	Stockholders' equity	Net income (loss)	Stockholders' equity
Statutory financial statements of IFI S.p.A.	15	1,567	(227)	1,095
Difference between the consolidated stockholders' equity and the stockholders' equity of the parent company at the beginning of the year		931		1,808
Net balance of changes during the year in stockholders' equity of consolidated companies and companies accounted for using the equity method (excluding the results for the year) and translation adjustments		(132)		(305)
Share of earnings of consolidated companies and companies accounted for using the equity method, net of consolidation adjustments	(138)	(138)	(780)	(780)
Elimination of writedowns relating to consolidated companies and accounted for using the equity method	0	0	269	269
Elimination of dividends received from consolidated companies and accounted for using the equity method	(4)	(4)	(71)	(71)
Adjustments to gains on sales of investments	(3)	(3)	(1)	(1)
Consolidation reserve				4
Other consolidation adjustments			7	7
Consolidated financial statements of the IFI Group	(130)	2,221	(803)	2,026

Stockholders' equity – Minority interest

The minority interest in stockholders' equity of € 8,071 million at December 31, 2003 refers to the following holdings in directly owned companies:

€ in millions	12/31/2003			Total	12/31/2002
	%	Capital and reserves	Net income (loss)		
IFIL Group	39	9,588	(1,517)	8,071	2,996
Fiat Group					6,235
Total		9,588	(1,517)	8,071	9,231

9) Reserves for risks and charges

€ in millions	12/31/2003	12/31/2002	Change
Reserve for pensions and similar obligations	1,571	1,527	44
Income tax reserve:			
current income tax reserve	118	220	(102)
deferred income tax reserve	311	1,367	(1,056)
Total income tax reserve	429	1,587	(1,158)
Other reserves:			
Warranty reserve	791	842	(51)
Restructuring reserves	482	743	(261)
Various liabilities and risk reserves	2,711	2,948	(237)
Total other reserves	3,984	4,533	(549)
Insurance policy liabilities and accruals	89	9,605	(9,516)
Other insurance policy liabilities and accruals	0	7,000	(7,000)
Total reserves for risks and charges	6,073	24,252	(18,179)

Reserve for pensions and similar obligations

The reserve for pensions and similar obligations amounted to € 1,571 million (€ 1,527 million at December 31, 2002), includes payable to employees and former employees according to contractual agreements or by law and is determined on an actuarial basis, where applicable.

Income tax reserves

The deferred income tax reserve at December 31, 2003 includes deferred tax liabilities, net of deferred tax assets, which have been offset where possible by the individual consolidated companies. The net debit balance between the deferred income tax reserve and deferred tax assets is recorded in Other receivables from others and is composed as follows:

€ in millions	12/31/2003	12/31/2002	Change
Deferred income tax reserve	311	1,367	(1,056)
Deferred tax assets	(1,907)	(3,569)	1,662
Total	(1,596)	(2,202)	606

The net change of € 606 million compared to December 31, 2002, derives mainly from the reversal, by the Fiat Group, of deferred tax assets for which the recovery was mainly connected to the realization of gains on the sales of investments that took place during 2003.

Overall, the deferred income tax reserve, net of deferred tax assets recorded under Other receivables from others, can be analyzed as follows:

€ in millions	12/31/2003	12/31/2002	Change
Deferred tax liabilities from:			
- Accelerated depreciation	585	841	(256)
- Deferred tax on gains	502	404	98
- Capital investment grants	18	13	5
- Other	682	849	(167)
Total deferred tax liabilities	1,787	2,107	(320)
Deferred tax assets for:			
- Taxed reserves for risks and charges	(1,022)	(1,310)	288
- Inventories	(129)	(162)	33
- Taxed allowances for doubtful accounts	(89)	(190)	101
- Pension funds	(293)	(225)	(68)
- Other	(2,863)	(1,999)	(864)
Total deferred tax assets	(4,396)	(3,886)	(510)
Theoretical tax benefit connected to tax loss carryforwards	(4,431)	(3,662)	(769)
Adjustments for assets whose recoverability is not certain (mainly tax loss carryforwards)	5,444	3,239	2,205
Total deferred income tax reserve, net of deferred tax assets	(1,596)	(2,202)	606

As disclosed in the accounting policies, in recording deferred tax assets, each company in the Group critically evaluated whether the conditions existed for the future recoverability of such assets on the basis of updated strategic plans, accompanied by the related tax plans. For this reason, the total theoretical future tax benefits deriving from positive temporary differences (€ 4,396 million), and tax loss carryforwards (€ 4,431 million), have prudently been reduced for a total of € 5,444 million.

In particular, the deferred income tax reserve net of deferred tax assets includes € 1,322 million of tax benefits connected to tax loss carryforwards. However, a further tax benefit connected to tax loss carryforwards of € 3,109 million has not been recorded in the financial statements.

Deferred taxes of € 72 million (€ 127 million at December 31, 2002) have not been provided by the Fiat Group on temporary differences relating to reserves and provisions in suspension of taxes, since they are not expected to be used in a manner which would warrant their taxation.

Since there is no reasonable certainty of future recovery, IFIL S.p.A. did not book any deferred tax assets on the fiscal 2001, 2002 and 2003 tax losses (approximate total of € 178 million) and on the portions of investment writedowns that, as allowed by existing tax legislation, will be deductible in future years (approximate total of € 266 million).

Since there is no reasonable certainty of future recovery, IFI S.p.A. did not book any deferred tax assets on the fiscal 2003 tax losses (€ 131 million) and on the portions of investment writedowns that, as allowed by existing tax legislation, will be deductible in future years (€ 63 million).

Other reserves

Restructuring reserves

Restructuring reserves amount to € 482 million at December 31, 2003 (€ 743 million at December 31, 2002) and are related to the corporate restructuring programs of the following Sectors:

€ in millions	12/31/2003	12/31/2002	Change
Automobiles	160	320	(160)
Agricultural and construction equipment	83	218	(135)
Commercial vehicles	75	83	(8)
Metallurgical products	24	2	22
Components	64	59	5
Production systems	54	2	52
Services	8	19	(11)
Other sectors	3	27	(24)
Paper sector	11	13	(2)
Total restructuring reserves	482	743	(261)

Various liabilities and risk reserves

The various liabilities and risk reserves amount to € 2,711 million at December 31, 2003 (€ 2,948 million at December 31, 2002) and represent the provisions made by the individual companies mainly for contractual, commercial and litigation risks. The reduction of € 237 million from December 31, 2002 represents the balance between ordinary and extraordinary provisions of € 1,344 million, decreases due to the currency exchange effect of € 99 million and decrease due to uses and other changes of € 1,482 million.

The various liabilities and risk reserves include:

- provisions made by the Worms & Cie Group in 2001 for the litigation pending in relation to the environmental risk concerning the Fox River (€ 82 million) and the fine levied by the European Commission for alleged violations of fair trade practices (€ 184 million);
- provisions made by the Worms & Cie Group for guarantees that certain British banks could ask the Worms & Cie Group to provide on behalf of the ex-AWA Group in relation to four leasing contracts signed by the same AWA Group between 1994 and 1997. The guarantees would serve in the case of an eventual dispute with the British tax authorities over the tax deductibility of accelerated depreciation regarding these same leasing contracts.

Additional information is provided in the section "Pending litigation".

Insurance policy liabilities and accruals

The reduction in all the Insurance policy liabilities and accruals of € 16,516 million is due to the sale of the Toro Assicurazioni Group

10) Reserve for employee severance indemnities

This reserve refers to the liability of the Italian consolidated companies for employees' severance indemnities, calculated in accordance with art. 2120 of the Italian Civil Code.

Movements in the reserve account, in millions of euros, are as follows:

Balance at 12/31/2002	Provisions	Use and Other changes	Balance at 12/31/2003
1,627	248	(543)	1,332

The Use and Other changes column comprise the change in the scope of consolidation (€ 160 million) due to the deconsolidation of the Toro Assicurazioni Group, FiatAvio S.p.A. and Fidis Retail Italia S.p.A.

11) Payables

Payables may be analyzed by due date as follows:

€ in millions	12/31/2003				12/31/2002			
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due within one year	Due beyond one year	Total	Of which due beyond 5 years
Bonds	1,034	8,876	9,910	3,804	1,853	9,165	11,018	3,243
Convertible bonds	1,765	0	1,765	0	0	2,125	2,125	0
Borrowings from banks	3,386	7,108	10,494	117	5,539	9,039	14,578	303
Other financial payables	1,105	300	1,405	152	1,227	407	1,634	173
Advances (a)	2,894	6,272	9,166	0	3,618	5,708	9,326	0
Trade payables	12,561	36	12,597	0	12,919	96	13,015	0
Notes payable	954	1	955	0	1,774	664	2,438	0
Payables to unconsolidated companies	69	0	69	0	68	0	68	0
Payables to associated companies	854	0	854	0	1,117	0	1,117	0
Payables to parent companies	15	0	15	0	39	0	39	0
Taxes payable	914	29	943	2	1,366	24	1,390	0
Social security payable	324	5	329	0	352	2	354	0
Other payables	1,474	31	1,505	0	1,894	331	2,225	0
Total payables	27,349	22,658	50,007	4,075	31,766	27,561	59,327	3,719

(a) Of which advance payments on contract work in progress total € 8,448 million at December 31, 2003 (€ 8,227 million at December 31, 2002).

Payables may be analyzed by type as follows:

€ in millions	12/31/2003				12/31/2002			
	Trade	Financial	Other	Total	Trade	Financial	Other	Total
Bonds	0	9,910	0	9,910	0	11,018	0	11,018
Convertible bonds	0	1,765	0	1,765	0	2,125	0	2,125
Borrowings from banks	0	10,494	0	10,494	0	14,578	0	14,578
Other financial payables	0	1,405	0	1,405	0	1,634	0	1,634
Advances	0	0	9,166	9,166	0	0	9,326	9,326
Trade payables	12,597	0	0	12,597	13,015	0	0	13,015
Notes payable	9	946	0	955	17	2,421		2,438
Payables to unconsolidated companies	22	47	0	69	25	39	4	68
Payables to associated companies	792	57	5	854	1,077	24	16	1,117
Payables to parent companies	0	15	0	15	0	39	0	39
Taxes payable	0	0	943	943	0	0	1,390	1,390
Social security payable	0	0	329	329	0	0	354	354
Other payables	0	0	1,505	1,505	0	0	2,225	2,225
Total payables	13,420	24,639	11,948	50,007	14,134	31,878	13,315	59,327

Payables comprise advances of € 9,166 million at December 31, 2003 (€ 9,326 million at December 31, 2002), including € 8,448 million of advance payments received on contract work in progress (€ 8,227 million at December 31, 2002) against the stage of the completion of work by companies managing long-term contracts.

Payables secured by collateral amount to € 1,245 million (€ 1,631 million in 2002) and include € 1,234 million relating to the Fiat Group, € 6 million relating to the NHT Group and € 5 million to the Worms & Cie Group.

Additional details are provided in the note "Guarantees granted, commitments and other memorandum accounts".

The interest rates and the nominal currencies of medium and long-term financial payables, including the current portion of € 2,767 million at December 31, 2003 (€ 4,807 million at December 31, 2002) are as follows:

€ in millions	less than	from 5%	from 7.5%	from 10%	greater	Total
	5%	to 7.5%	to 10%	to 12.5%	than 12.5%	
Euro and euro-zone currencies	8,432	6,507	78	4	5	15,026
U.S. dollar	562	591	848	0	1	2,002
Japanese yen	304	0	0	0	0	304
Brazilian real	32	580	42	2	194	850
British pound	212	581	0	0	0	793
Canadian dollar	74	0	0	0	0	74
Other	0	1	0	1	0	2
Total 2003 medium and long-term debt	9,616	8,260	968	7	200	19,051
Total 2002 medium and long-term debt	15,764	9,275	873	31	262	26,205

Financial payables with nominal rates greater than 12.5% relate principally to companies of the Fiat Group operating in Brazil.

Details of payables, by Group, are as follows.

Fiat Group

€ in millions	12/31/2003				12/31/2002			
	Due	Due	Total	Of which	Due	Due	Total	Of which
	within one year	beyond one year		due beyond 5 years	within one year	beyond one year		due beyond 5 years
Bonds	1,034	8,576	9,610	3,804	1,853	9,020	10,873	3,243
Convertible bonds	1,765	0	1,765	0	0	2,125	2,125	0
Borrowings from banks	2,697	6,687	9,384	115	4,482	8,558	13,040	300
Other financial payables	809	155	964	34	961	248	1,209	50
Advances	2,877	6,272	9,149	0	3,603	5,707	9,310	0
Trade payables	11,733	36	11,769	0	12,056	96	12,152	0
Notes payable	224	1	225	0	973	664	1,637	0
Payables to unconsolidated companies	68	0	68	0	63	0	63	0
Payables to associated companies	842	0	842	0	1,107	0	1,107	0
Taxes payable	833	28	861	2	1,279	24	1,303	0
Social security payable	283	4	287	0	311	2	313	0
Other payables	1,288	28	1,316	0	1,729	327	2,056	0
Total payables	24,453	21,787	46,240	3,955	28,417	26,771	55,188	3,593

€ in millions	12/31/2003				12/31/2002			
	Trade	Financial	Other	Total	Trade	Financial	Other	Total
Bonds	0	9,610	0	9,610	0	10,873	0	10,873
Convertible bonds	0	1,765	0	1,765	0	2,125	0	2,125
Borrowings from banks	0	9,384	0	9,384	0	13,040	0	13,040
Other financial payables	0	964	0	964	0	1,209	0	1,209
Advances	0	0	9,149	9,149	0	0	9,310	9,310
Trade payables	11,769	0	0	11,769	12,152	0	0	12,152
Notes payable	9	216	0	225	17	1,620	0	1,637
Payables to unconsolidated companies	21	47	0	68	24	39	0	63
Payables to associated companies	789	48	5	842	1,074	17	16	1,107
Taxes payable	0	0	861	861	0	0	1,303	1,303
Social security payable	0	0	287	287	0	0	313	313
Other payables	0	0	1,316	1,316	0	0	2,056	2,056
Total payables	12,588	22,034	11,618	46,240	13,267	28,923	12,998	55,188

As regards the Fiat Group, the decrease in payables (€ 8,948 million) compared to December 31, 2002 is mainly due to the following:

- a decrease in trade payables of € 679 million, including € 685 million for the change in the scope of consolidation;
- a decrease in financial payables of € 6,889 million due to the change in the scope of consolidation (€ 3,836 million mainly as a result of the sale of Fidis Retail Italia) and the effect of foreign exchange rates;
- a decrease in other payables of € 1,380 million mainly due to the change in the scope of consolidation of € 1,076 million.

Financial payables total € 22,034 million at December 31, 2003 (€ 28,923 million at December 31, 2002). Financial payables due within one year amount to € 6,616 million at December 31, 2003 (€ 8,310 million at December 31, 2002) and their carrying values approximate fair value as a consequence of the short-term maturity.

The portion of medium and long-term financial payables due beyond one year amounts to € 15,418 million at December 31, 2003 (€ 20,613 million at December 31, 2002). The scheduled maturities are:

€ in millions	2005	2006	2007	2008	Thereafter	Total
Medium and long-term financial payables due beyond one year	7,443	2,955	643	424	3,953	15,418

The fair value of medium and long-term financial payables due beyond one year would be approximately € 397 million lower than the carrying value at December 31, 2003 (at December 31, 2002, fair value would have been € 2,169 million lower). The fair values of such financial payables take into account the current market cost of funding with similar maturities, and, for bonds, their market prices.

Medium and long-term financial payables of the Fiat Group include financing of approximately € 1,150 million secured from Citigroup and a small group of banks that is guaranteed by the EDF put option (refer to the EDF Put described in Note 3) held by the Fiat Group on its remaining investment (24.6%) in Italergeria Bis and the shares in the same Italergeria Bis pledged by Fiat.

At December 31, 2003, the Group has an unused “committed” line of credit available mainly denominated in U.S. dollars for an equivalent amount of approximately € 2,000 million (approximately € 3,700 million at December 31, 2002). The decrease can principally be ascribed to the maturity of a syndicated credit line of US\$ 1 billion, in addition to the effects of the translation of the credit lines in their original currencies to euros.

Fiat Group’s bonds, including convertible bonds, amount to € 11,375 million (€ 12,998 million at December 31, 2002) and can be analyzed by year of maturity as follows:

€ in millions	2004	2005	2006	2007	2008	Thereafter	Total
EMTN	98	1,426	2,351	181	228	2,769	7,053
Convertible bonds	1,765	-	-	-	-	-	1,765
Other bonds	936	489	-	100	-	1,032	2,557
Total bonds	2,799	1,915	2,351	281	228	3,801	11,375

The bonds issued by the Fiat Group are governed by different terms and conditions according to the following types of bonds:

- Euro Medium Term Notes (EMTN Program): these notes have been issued under a program that is utilized for approximately € 7 billion and guaranteed by Fiat S.p.A. Issuers taking part in the program are Fiat Finance & Trade Ltd. S.A. (for an amount outstanding of € 6,824 million), Fiat Finance North America Inc. (for an amount outstanding of € 148 million) and Fiat Finance Canada Ltd. (for an amount outstanding of € 81 million).
- Convertible bonds: this is a single bond convertible into 32,053,322 General Motors Corp. common stock (“Exchangeable GM”) at a conversion price of US\$ 69.54 per share with coupon interest at 3.25% and maturing on January 9, 2007 for a face value of US\$ 2,229 million, equivalent to € 1,765 million; the subscribers to the Exchangeable GM bond will have the right to ask for early redemption of the bond in cash at its face value with payment on July 9, 2004. The investors may exercise this right during the period which starts 30 business days prior to July 9, 2004 and ends 15 business days prior to July 9, 2004. With reference to the risk, implicit in the bond, of an increase in the General Motors share price above US\$ 69.54, a Total Return Equity Swap agreement was put into place as described in Note 13.
- Other bonds refer to the following issues:
 - . bonds issued by Fiat Finance & Trade Ltd. S.A. with coupon interest at 3.75% and maturing March 31, 2004 for an amount of € 1,000 million and an amount outstanding of € 936 million;
 - . bonds issued by Fiat Finance & Trade Ltd. S.A. with coupon interest at 1.5% and maturing June 27, 2005 for an amount of Japanese yen 40 billion, equivalent to € 296 million;
 - . bonds issued by Case New Holland Inc. (“CNH Inc.”) with coupon interest at 9.25% and maturing August 1, 2011 for an amount of US\$ 1,050 million, equivalent to € 831 million; the bond indenture contains a series of financial covenants that are common in the American high yield bond market;
 - . bonds issued by Case LLC. and Case Credit Corp. for a total amount outstanding of US\$ 624 million, equivalent to € 494 million.

The aforementioned principal bond issues are listed on the Italian stock exchange and the Luxembourg stock exchange. The offering circulars and prospectuses relating to the listings on the stock exchanges are available on the Group’s website at www.fiatgroup.com under “Shareholders and Investors – Financial Publications”.

The majority of the bonds issued by the Fiat Group contain commitments (“covenant”) by the issuer and in some cases by Fiat, as the guarantor, that, in international practice, are common for bond issues of this type when the issuers are in the same industrial segment in which the Group operates, such as, in particular: (i) the so-called negative pledge clause which requires that the benefit of any real present or future guarantees given as collateral on the assets of the issuer and/or Fiat, on other bonds and other credit instruments should be extended to these bonds, to the same degree, (ii) the so-called pari passu clause, on the basis of which obligations cannot be undertaken which are senior to the bonds issued, (iii) the obligation of providing periodical disclosure, (iv) for some of the bond issues, the so-called cross-default clauses whereby the bonds become immediately due and payable when certain

defaults arise in respect of other financial instruments issued by the Group and (v) other clauses generally present in issues of this type.

The bonds issued by Case New Holland Inc. ("CNH Inc.") with coupon interest at 9.25% and maturing on August 1, 2011 for an amount of US\$ 1,050 million, equivalent to € 831 million, contain, moreover, financial covenants common to the high yield American bond market which place restrictions, among other things, on the possibility of the issuer and certain companies of the CNH group to secure new debt, pay dividends or buy-back treasury stock, realize certain investments, conclude transactions with associated companies, give collateral on its assets, conclude sale and leaseback transactions, sell certain fixed assets or merge with other companies and financial covenants which impose a maximum limit on further indebtedness by the CNH group companies which can not exceed a specific ratio of cash flows to dividend payments and financial expenses. Such covenants are subject to various exceptions and limitations and, in particular, some of these would no longer be binding should the bonds be assigned an investment grade rating by Standard & Poor's Rating Services and/or Moody's Investors Service.

Fiat Group's major bond issues outstanding at December 31, 2003 are the following:

In millions	Currency	Face value	Coupon	Maturity	Amount outstanding € in millions
Euro Medium Term Notes					
Fiat Fin. North America	USD	69	5.020%	Oct. 19, 2004	55
Fiat Fin. North America	EUR	100	5.125%	Feb. 21, 2005	70
Fiat Finance & Trade	EUR	155	Indexed	July 5, 2005	155
Fiat Finance & Trade	EUR	130	Indexed	July 5, 2005	130
Fiat Finance & Trade	EUR	500	6.125%	August 1, 2005	500
Fiat Finance & Trade	EUR	300	6.125%	August 1, 2005	300
Fiat Finance & Trade	GBP	125	7.000%	Oct. 19, 2005	170
Fiat Finance & Trade (a)	EUR	1,700	5.750%	May 25, 2006	1,700
Fiat Finance Canada	EUR	100	5.800%	July 21, 2006	81
Fiat Finance & Trade (a)	EUR	500	5.500%	December 13, 2006	500
Fiat Finance & Trade (a)	EUR	1,000	6.250%	February 24, 2010	1,000
Fiat Finance & Trade (a)	EUR	1,300	6.750%	May 25, 2011	1,300
Fiat Finance & Trade (a)	EUR	617	(b)	(b)	617
Other (c)					475
Total Euro Medium Term Notes					7,053
Convertible bonds					
Fiat Fin. Luxembourg (d)	USD	2,229	3.250%	July 9, 2004	1,765
Total convertible bonds					1,765
Other bonds					
Fiat Finance & Trade (a)	EUR	1,000	3.750%	March 31, 2004	936
Fiat Finance & Trade	JPY	40,000	1.500%	June 27, 2005	296
CASE LLC	USD	243	7.250%	August 1, 2005	193
CASE CREDIT Corp.	USD	127	6.750%	October 21, 2007	100
CNH Inc.	USD	1,050	9.250%	August 1, 2011	831
CASE LLC	USD	254	7.250%	January 15, 2016	201
Total other bonds					2,557
Total bonds					11,375

(a) Bonds listed on the Mercato Obbligazionario Telematico of the Italian stock exchange (EuroMot). Furthermore, the majority of the bonds issued by the Fiat Group are also listed on the Luxembourg stock exchange.

(b) "Fiat Step-Up Amortizing 2001-2011" bonds repayable at face value in five equal annual installments each for 20% of the total issued" (€ 617 million) due beginning from the sixth year (November 7, 2007) by reducing the face value of each bond outstanding by one-fifth. The last installment will be repaid on November 7, 2011. The bonds pay coupon interest equal to: 4.40% in the first year (Nov. 7, 2002), 4.60% in the second year (Nov. 7, 2003), 4.80% in the third year (Nov. 7, 2004), 5.00% in the fourth year (Nov. 7, 2005), 5.20% in the fifth year (Nov. 7, 2006), 5.40% in the sixth year (Nov. 7, 2007), 5.90% in the seventh year (Nov. 7, 2008), 6.40% in the eighth year (Nov. 7, 2009), 6.90% in the ninth year (Nov. 7, 2010), 7.40% in the tenth year (Nov. 7, 2011).

(c) Bonds with amounts outstanding equal to or less than the equivalent of € 50 million.

(d) Bonds convertible into General Motors Corp. common stock.

The Fiat Group intends to repay the issued bonds in cash at maturity by utilizing available liquid resources. To this end, available liquidity at the end of 2003 totals € 7 billion. The Fiat Group also has available unused committed credit lines for more than € 2 billion.

Moreover, the companies in the Fiat Group may from time to time buy back bonds on the market that were issued by the Fiat Group also for purposes of their cancellation. Such buy-backs, if made, will depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

Medium and long-term financial payables of the Fiat Group also include the € 3 billion Mandatory Convertible facility stipulated in execution of the Framework Agreement, dated May 27, 2002, with Capitalia, BancaIntesa, SANPAOLO IMI and Unicredito Italiano (Money Lending Banks) for the purpose of providing the Fiat Group with the financial support it needs to implement its strategic and industrial plans. The facility was secured on September 24, 2002 from a syndicate of banks, including the Money Lending Banks, in which BNL, Monte dei Paschi di Siena, ABN Amro, BNP Paribas, Banco di Sicilia and Banca Toscana (hereinafter "the Banks") also participated. The main features of the Mandatory Convertible facility are listed in the following paragraphs.

The facility has a term of three years and expires on September 16, 2005 and is repayable with a new issue of Fiat S.p.A. ordinary shares. Moreover, Fiat may elect to repay the facility in cash at an earlier date, even partially, every six months, provided that, even after repayment, its rating is at least equal to investment grade level. Any residual liability for principal will be repaid with Fiat S.p.A. ordinary shares, which the Banks have agreed to underwrite and offer pre-emptively to all Fiat stockholders. The issue price per share will be the average of € 14.4409 (the adjusted value compared to the original value of € 15.50 in accordance with the rules established by the AIAF – Italian Association of Financial Analysts – following the Fiat S.p.A. capital increase) and the average stock market price in the last three or six months, depending on the case, preceding the repayment date. The same formula will also be applied in the event of an earlier repayment date.

The capital stock increase should be approved at the expiration of the three-year term of the facility, for an amount equal to the outstanding balance of the facility.

Conditions giving rise to an earlier expiration date of the facility include the occurrence of an event that creates a serious crisis for the company, such as the request for a court-appointed administrator or other proceedings of composition with creditors, a bankruptcy filing, or one of the causes of business dissolution set forth in the previous Article 2448 now Article 2484 of the Italian Civil Code. In addition, the Banks in the facility arrangement have the right to demand early repayment of the entire amount of the facility and proceed with the conversion of the debt into capital in the following cases:

- Fiat Group companies have not fulfilled their duty to repay liquid and current financial obligations of an aggregate amount of more than € 1 billion;
- the independent auditors have issued a negative opinion on the consolidated financial statements, unless new auditors, who must have accepted the assignment within 30 days, issue a favorable opinion no later than 60 days thereafter;
- Fiat becomes the target of a take-over bid in accordance with Articles 106 and 107 of the Consolidated Law on Financial Intermediation by third parties.

Lastly, the Banks also have the right but not the obligation to demand early repayment of a portion of the amount of the facility, up to a maximum of € 2 billion, after 24 months have elapsed from the signing of the agreement (and, therefore, beginning from July 26, 2004), in the event that the Group's debt is not rated "investment grade" by at least one of the leading international rating agencies and, after 18 months have elapsed from the signing of the agreement (January 26, 2004), in the event that the level of net and/or gross financial indebtedness (respectively in the definitions of "Net financial position" and "Total financial liabilities" used by the Group and detailed in the Report on Operations) is more than 20% higher than the corresponding level established by the Financial Objectives stipulated in the facility agreement.

The aforementioned financial objectives refer, in particular, to the reduction of net indebtedness in the Net Financial Position to less than € 3 billion by the date the Board of Directors of Fiat approves the 2002 annual financial statements and the maintenance of that level until the expiration of the facility. Pursuant to the agreement, the proceeds are considered which are generated by the transactions related to the sale of the investment in Italoenergia Bis S.p.A., including those connected with the Citigroup facility of € 1,150 million, described previously, and the financial effects arising from binding contracts for the sale of assets (investments, companies, plant and equipment, etc.), comprising those not yet executed. The agreement also states that gross indebtedness must be reduced by € 12 billion, compared to March 31, 2002, by the date the Board of Directors approves the 2002 annual financial statements and must be maintained at less than € 23.6 billion until the expiration of the facility.

The Fiat Group confirms its observance of the financial objectives established with the Money Lending Banks in the Mandatory Convertible facility agreement in terms of reducing the net indebtedness position to € 3 billion, and reducing gross indebtedness to € 23.6 billion.

At December 31, 2003, the ratings assigned to the Fiat Group by the major rating agencies are the following:

	Short-term	Medium-term
Moody's Investors Service (a)	Not Prime	Ba3
Standard & Poor's Rating Services (a)	B	BB-
Fitch Ratings	B	BB

(a) For purposes of the Mandatory Convertible facility, the most important rating agencies are Standard & Poor's and Moody's.

The ratings of the Fiat Group represented in the table refer to the non-investment grade category.

Should this condition persist, beginning from July 26, 2004, the Banks will have the right but not the obligation to demand early repayment of the facility and proceed with the conversion of the debt into capital for an amount of up to € 2 billion.

Worms & Cie Group

€ in millions	12/31/2003				12/31/2002			
	Due within one year	Due beyond one year	Of which due Total beyond 5 years		Due within one year	Due beyond one year	Of which due Total beyond 5 years	
Borrowings from banks	277	6	283	1	315	114	429	3
Other financial payables	283	129	412	118	261	134	395	123
Advances	13	0	13	0	11	0	11	0
Trade payables	707	0	707	0	740	0	740	0
Notes payable	730	0	730	0	801	0	801	0
Taxes payable	69	0	69	0	74	0	74	0
Social security payable	38	0	38	0	39	0	39	0
Other payables	166	3	169	0	147	3	150	0
Total payables	2,283	138	2,421	119	2,388	251	2,639	126

€ in millions	12/31/2003				12/31/2002			
	Trade	Financial	Other	Total	Trade	Financial	Other	Total
Borrowings from banks	0	283	0	283	0	429	0	429
Other financial payables	0	412	0	412	0	395	0	395
Advances	0	0	13	13	0	0	11	11
Trade payables	707	0	0	707	740	0	0	740
Notes payable		730	0	730		801		801
Taxes payable	0	0	69	69	0	0	74	74
Social security payable	0	0	38	38	0	0	39	39
Other payables	0	0	169	169	0	0	150	150
Total payables	707	1,425	289	2,421	740	1,625	274	2,639

Worms & Cie issued treasury bills for approximately € 1.2 billion which carry an A-2 rating from Standard & Poor's. The bills allow the Group to finance itself on the market with 1 to 3-month issues at competitive rates.

The risk of liquidity connected with this type of financing is covered by 1 to 5-year committed credit lines from leading banking institutions for more than 100% of the issued amounts.

NHT Group

€ in millions	12/31/2003				12/31/2002			
	Due within	Due beyond	Total	Of which due	Due within	Due beyond	Total	Of which due
	one year	one year			one year	one year		
Borrowings from banks	129	52	181	1	102	47	149	0
Other financial payables	13	16	29	0	5	25	30	0
Advances	4	0	4	0	4	1	5	0
Trade payables	119	0	119	0	121	0	121	0
Notes payable	0	0	0	0	0	0	0	0
Payables to unconsolidated subsidiaries	1	0	1	0	5	0	5	0
Payables to associated companies	12	0	12	0	9	0	9	0
Taxes payable	11	1	12	0	10	0	10	0
Social security payable	2	0	2	0	2	0	2	0
Other payables	12	0	12	0	12	0	12	0
Total payables	303	69	372	1	270	73	343	0

€ in millions	12/31/2003				12/31/2002			
	Trade	Financial	Other	Total	Trade	Financial	Other	Total
Borrowings from banks	0	181	0	181	0	149	0	149
Other financial payables	0	29	0	29	0	30	0	30
Advances	0	0	4	4	0	0	5	5
Trade payables	119	0	0	119	121	0	0	121
Payables to unconsolidated subsidiaries	1	0	0	1	1	0	4	5
Payables to associated companies	3	9	0	12	2	7	0	9
Taxes payable	0	0	12	12	0	0	10	10
Social security payable	0	0	2	2	0	0	2	2
Other payables	0	0	12	12	0	0	12	12
Total payables	123	219	30	372	124	186	33	343

Financial payables of the NHT Group include short-term credit lines for € 108 million at annual average interest rates ranging between 3.04% and 5%, medium and long-term loans for a total of € 62 million received from highly rated credit institutions at floating rates based on the Euribor and Libor and bank overdrafts for € 11 million at market rates.

Financial payables also include loans received from the financial companies Andrei S.a.r.l. and Teckneme S.r.l. for a total of € 29 million (of which € 12 million is due on September 30, 2004, € 4 million in October 2005 and € 13 million in September 2006, at floating rates based on the Euribor).

IFI and IFIL Holdings System

€ in millions	12/31/2003				12/31/2002			
	Due within	Due beyond	Total	Of which due beyond 5 years	Due within	Due beyond	Total	Of which due beyond 5 years
	one year	one year			one year	one year		
Bonds	0	300	300	0	0	145	145	0
Borrowings from banks	283	363	646	0	640	320	960	0
Trade payables	2	0	2	0	2	0	2	0
Payables to associated companies	0	0	0	0	1	0	1	0
Payables to parent company	15	0	15	0	39	0	39	0
Taxes payable	1	0	1	0	3	0	3	0
Social security payable	1	1	2	0	0	0	0	0
Other payables	8	0	8	0	7	0	7	0
Total payables	310	664	974	0	692	465	1,157	0

€ in millions	12/31/2003				12/31/2002			
	Trade	Financial	Other	Total	Trade	Financial	Other	Total
Bonds	0	300	0	300	0	145	0	145
Borrowings from banks	0	646	0	646	0	960	0	960
Trade payables	2	0	0	2	2	0	0	2
Payables to associated companies	0	0	0	0	1	0	0	1
Payables to parent companies	0	15	0	15	0	39	0	39
Taxes payable	0	0	1	1	0	0	3	3
Social security payable	0	0	2	2	0	0	0	0
Other payables	0	0	8	8	0	0	7	7
Total payables	2	961	11	974	3	1,144	10	1,157

IFIL S.p.A. financial payables include:

- bonds 2002/2005, issued for € 200 million (of which € 55 million issued in February 2003), subscribed to by primary institutional investors, bear interest at floating rates payable quarterly and are indexed against the Euribor. The bonds are repayable by a one-time payment at maturity on December 20, 2005. For purposes of fixing the interest rate on part of the bonds, interest rate swaps and zero cost collars for € 145 million were put into place;
- bonds 2003/2006 issued for € 100 million following the resolution passed by the Board of Directors' Meeting on December 2, 2003, subscribed to by primary institutional investors; the bonds bear interest at floating rates payable quarterly and are indexed against the Euribor. The bonds are repayable by a one-time payment at maturity on December 19, 2006;
- loans due at the end of October 2005 for € 150 million. Interest rate swaps guarantee a fixed rate for the entire period of the loans. These loans are classified as payables due beyond one year on account of the residual loan period and the period of the hedging contracts. Such payables are not due beyond five years;
- other short-term payables for € 217 million. The company has irrevocable lines of credit available against these borrowings totaling € 710 million, of which € 410 million is due beyond one year.

IFI S.p.A. financial payables include:

- Borrowings from banks due within one year amounted to € 66 million (€ 212 million at December 31, 2002). Against these borrowings, the company has irrevocable lines of credit available totaling € 515 million, all due beyond one year.
- Borrowings from banks due beyond one year of € 213 million relate to loans bearing interest at floating rates payable semiannually and are indexed against the Euribor plus a spread commensurate with the best market conditions.
- Interest rate swaps and zero cost collars are used to ensure fixed interest rates over the period of the loans on an amount of € 170 million at December 31, 2003.
- Loans are classified as due beyond one year on the basis of the residual period of the loan and the period of the hedging contracts.
- The loan granted by the parent company Giovanni Agnelli e C S.p.A. bearing interest at a monthly floating market rate totals € 15 million (€ 39 million at December 31, 2002).

12) Accrued expenses and deferred income

Details are as follows:

€ in millions	12/31/2003	12/31/2002	Change
Commercial accrued expenses:			
- interest and commissions	71	54	17
- other	528	552	(24)
Totale commercial accrued expenses	599	606	(7)
Commercial deferred income:			
- interest	64	76	(12)
- other	711	873	(162)
Total commercial deferred income	775	949	(174)
Total commercial accrued expenses and deferred income	1,374	1,555	(181)
Financial accrued expenses	598	794	(196)
Financial deferred income	364	1,137	(773)
Total accrued expenses and deferred income	2,336	3,486	(1,150)

Financial accrued expenses include interest expense on financial payables for the portion relating to the current year.

Financial deferred income includes deferred interest income on the portfolio of the financial services companies. The change from December 31, 2002 is principally due to the change in the scope of consolidation for € 751 million.

13) Guarantees granted, commitments and other memorandum accounts

Guarantees granted

€ in millions	12/31/2003	12/31/2002	Change
Fiat Group	6,430	5,642	788
Worms & Cie Group	86	203	(117)
NHT Group	73	72	1
IFI S.p.A.	32	98	(66)
Total guarantees granted	6,621	6,015	606

Fiat Group

Guarantees granted are detailed as follows:

- suretyships total € 3,060 million (€ 1,638 million at December 31, 2002). The increase of € 1,422 million refers to guarantees that are still being provided to third parties which had previously been granted for the debt of companies in the Fiat Group that are now controlled by Fidis Retail Italia, which was deconsolidated;
- Other unsecured guarantees of € 3,075 million (€ 3,373 million at December 31, 2002) include commitments for receivables and bills discounted with recourse in the amount of € 2,203 million (€ 2,518 million at December 31, 2002). The receivables and bills discounted with recourse refer to trade receivables and other receivables for € 2,144 million (€ 2,505 million at December 31, 2002) and financial receivables for € 59 million (€ 13 million at December 31, 2002). The volume of receivables discounted with recourse in 2003 was € 15,341 million (€ 20,743 million in 2002);
- Other secured guarantees for € 35 million.

Although not included in the memorandum accounts, receivables and bills discounted by the Group without recourse having due dates beyond December 31, 2003 amount to € 9,852 million (€ 13,794 million in 2002 with due dates beyond December 31, 2002). Receivables and bills discounted without recourse refer to trade receivables and other receivables for € 4,638 million (€ 4,537 million at December 31, 2002) and financial receivables for € 5,214 million (€ 9,257 million at December 31, 2002). The discounting of financial receivables principally refers to securitization transactions involving accounts receivables from the final (retail) customers of the financial services companies. The accounting treatment for securitization transactions is disclosed in the Accounting Principles. The volume of receivables and bills discounted without recourse in 2003 was € 33,298 million (€ 30,502 million in 2002).

In summary, the discounted receivables and bills at December 31, 2003 are as follows:

€ in millions	12/31/2003			12/31/2002		
	Trade receivables and other receivables	Financial receivables	Total	Trade receivables and other receivables	Financial receivables	Total
With recourse	2,144	59	2,203	2,505	13	2,518
Without recourse	4,638	5,214	9,852	4,537	9,257	13,794

The reduction from 2002 is due to the change in the scope of consolidation.

Worms & Cie Group

Guarantees granted by the Worms & Cie Group amount to € 86 million (€ 203 million at December 31, 2002) and mainly include sureties issued to third parties.

NHT Group

Guarantees granted by the NHT Group amount to € 73 million (€ 72 million at December 31, 2002). These include guarantees provided in favor of Gecas Ltd (€ 33 million) for lease obligations by Neos relating to three B737-800 aircraft with a residual value of around US\$ 28.6 million.

For purposes of information, the total value of the three aircraft is equal to approximately US\$ 138 million.

NHT Group also issued sureties on behalf of tourist bodies, financial offices and public entities for € 34 million and mortgages are carried on the buildings of the Group to secure loans recorded in the financial statements for € 6 million.

IFI S.p.A.

At December 31, 2003, guarantees granted amount to € 32 million (€ 98 million at December 31, 2002) and refer to suretyships granted in the past by IFI in favor of Federazione Italiana Giuoco Calcio – Lega Nazionale Professionisti (F.I.G.C. - L.N.P.) on behalf of Juventus Football Club.

The reduction of € 66 million from December 31, 2002 is due to sureties that expired (€ 44 million) or were reduced (€ 22 million) during the year.

The sureties, remunerated at market rates, have varying annual expiry dates between 2004 and 2005.

Commitments

Commitments total € 33,527 million (€ 50,641 million at December 31, 2002) and include commitments related to derivative financial instruments of € 22,507 million (€ 39,926 million at December 31, 2002), other commitments of € 10,690 million (€ 10,216 million at December 31, 2002) and commitments to purchase property, plant and equipment for € 330 million (€ 499 million at December 31, 2002).

Commitments related to derivative financial instruments

€ in millions	Fiat Group	Worms & Cie Group	NHT Group	IFI and IFIL	Total
Contracts to hedge foreign exchange risks	4,830		25		4,855
Contracts to hedge interest rate exposure	14,142	550		465	15,157
Contracts for combined hedging of foreign exchange and interest rate risks	848	669			1,517
Equity swaps relating to the General Motors transaction	978				978
Total 2003	20,798	1,219	25	465	22,507
Total 2002	38,535	650	81	660	39,926

Fiat Group

The decrease in the nominal amounts of the above derivative financial contracts compared to December 31, 2002 is largely due to extraordinary transactions during the period which led to the deconsolidation of outstanding positions and the early closing of certain loans and the relative hedges.

The Fiat Group maintains that such values, reflecting the notional principal amounts of the contracts, are not subject to risks that may derive from the non-fulfillment by the counterparties insofar as the contracts are entered into with several primary national and international financial institutions. Approximately 48% of the contracts outstanding at December 31, 2003 will expire during 2004 and the remainder in the period 2005-2022, of which 13% will expire after 2008. The consolidated statement of operations includes the effects both of the contracts that expired in 2003 and the provisions for the contracts expiring after December 31, 2003, as stated in the Accounting Policies.

The Group's financial policy attaches particular importance to the management and control of financial risks in that they can significantly impact profits. The Fiat Group has adopted a series of guidelines regarding the management of exchange rate and interest rate exposure.

The policy allows derivative financial instruments to be used only for managing exchange and interest rate risks connected to balance sheet flows and assets and liabilities, and not for speculative purposes.

In 2003, foreign exchange risk management followed the aforementioned policy and maintained the character of selective risk management. The reduction in exchange exposure, substantially originating from the positive balance between exports and imports, was based on the expected trend in exchange rates and the need to hedge the exchange levels of reference without completely foregoing the benefits deriving from a favorable trend in the rates. Again this year, the management of exchange risks was based principally on a combination of currency options.

In 2003, the management of interest rate exposure also followed the aforementioned guidelines which state that derivative financial instruments should be used to reach a fixed exposure level and minimize financing costs, and to ensure a correct matching of financing and investments by the financial services companies.

The derivative financial instruments principally relate to foreign exchange forward contracts, currency swaps and currency options or, as regards interest rate risks, interest rate swaps, forward rate agreements and options on interest rates, as well as interest rate and currency swaps for the combined management of currency and interest rate risks.

A comparison of the carrying values and the fair values of derivative financial instruments by contract type is set forth below:

€ in millions	12/31/2003			12/31/2002		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Foreign exchange risk management instruments	(3)	59	62	75	118	43
Interest rate risk management instruments	138	319	181	107	343	236
Foreign exchange risk and interest rate risk management instruments	174	176	2	99	84	(15)
Equity swaps	(1)	439	440	-	23	23
Total	308	993	685	281	568	287

The fair value of these derivative financial instruments was estimated based on year-end market prices for instruments with similar characteristics and maturities.

The changes in the financial statement amounts for foreign exchange transactions and for combined foreign exchange and interest rate transactions can mainly be ascribed to a different mix of the outstanding transactions at the end of the year compared to the prior year, in addition to the trend of the euro/U.S. dollar exchange rate. The fair value of the equity swaps is the result of the positive trend in the General Motors share price.

The difference between the "Carrying value" and "Fair Value" is mainly due to the accounting principles adopted for the valuation of the financial instruments designated as hedges. As disclosed in the Accounting Policies, it is not possible to completely adopt IAS 39 under current Italian law since all derivative financial instruments would have to be recorded at fair value in the financial statements, including those designated as hedges. The latter, instead, have been valued symmetrically with the underlying hedged item. Therefore, where the hedged item has not been adjusted to fair value in the financial statements, the hedging financial instruments have also not been adjusted. Similarly, where the hedged item has not yet been recorded in the financial statements (hedging of future flows), the valuation of the hedging instrument at fair value is deferred.

At December 31, 2003, the integral adoption of IAS 39 would have had an effect on the balance sheet, on one hand, for the adjustment of derivative financial instruments to arrive at fair value with a positive effect of € 685 million (positive effect of € 287 million at December 31, 2002), and, on the other hand, for the adjustment of the hedged balance sheet items (mainly payables) with a net negative effect (due to the trend in interest rates) of € 262 million (€ 405 million at December 31, 2002) and, for the part relating to the hedging of future flows, a lower accumulated value of reserves in stockholders' equity of € 22 million (€ 188 million at December 31, 2002), net of the amount set aside for deferred income taxes. The integral adoption of IAS 39 would have led to positive effects on the net result for the year of approximately € 272 million, net of tax charges

With particular regard to the previously mentioned equity swap agreements, the amount at December 31, 2003 of € 978 million includes, for € 916 million, the notional amount of the equity swaps stipulated at the same time as the sale of the General Motors shares and which was put into place to hedge the risk, implicit in the Exchangeable bonds described previously, of an increase in the General Motors share price above the conversion price (Note 11). It also comprises the equity swaps stipulated to hedge the risk of an increase in the Fiat share price above the exercise price of the stock options assigned to Mr Giuseppe Morchio as described in the following paragraphs.

With regard to the equity swaps on General Motors shares, in fact, the Exchangeable bonds issued at the start of 2002 are convertible into the same number of General Motors shares as once held by the Fiat Group (32,053,422 shares). The option exercise price implicit in the bonds coincides with the pre-sale unit carrying value, in U.S. dollars, of the General Motors shares in the consolidated financial statements of Fiat, prior to the sale made in 2002, of US\$ 69.54 per share. Accordingly, at the time the bonds were issued the risk of an increase in the General Motors share price above US\$ 69.54 per share was covered by the shares held by Fiat. At the time of the sale of the General Motors shares by Fiat in December 2002, in order to hedge the above-mentioned risk implicit in the Exchangeable bonds, Fiat contemporaneously stipulated with the bank acquiring the shares a "Total Return Equity Swap" derivative contract (hereinafter "Equity Swaps") relating to the same number of

General Motors shares and having the following main characteristics.

- in line with the expiry of the Exchangeable bonds, at maturity, Fiat will settle with the counterparty bank the price variances between the initial General Motors share price (US\$ 36.11 per share) and the final share price, cashing in on a positive share price performance or paying for a negative performance;
- throughout the duration of the bonds, Fiat will pay the counterparty variable interest applied on the notional value of the contract (equal to the sale price of US\$ 1,157 million);
- any dividends distributed by General Motors on the sold shares will be repaid to Fiat by the counterparty;
- as a guarantee for the payment of the above-mentioned variance, if negative, Fiat deposited a remunerated amount in an account with the bank. Such collateral will be adjusted in relation to the relative exposure of the two parties and at December 31, 2003 amounts to € 183 million (€ 221 million at December 31, 2002);
- at the closing of the Equity Swaps, Fiat will not possess any rights to repurchase the sold shares;
- the Equity Swaps can be settled at an earlier date, in whole or in part, at any time.

In accordance with accounting principles, the aforementioned Equity Swaps, despite being entered into for hedging purposes, cannot be treated in hedge accounting and accordingly is defined as a trading derivative financial instrument. It follows that, in accordance with the principle of prudence, if during the period of the contract General Motors shares perform positively, the positive fair value of the instrument is not recorded in the statement of operations; if, instead, the performance is negative, the negative fair value of the instrument is recorded immediately as a cost within financial expenses. At December 31, 2003, the Equity Swaps have a positive fair value of € 439 million (€ 23 million at December 31, 2002) that has not been recorded in the financial statements.

As regards the Equity Swaps on Fiat shares, the Board of Directors resolved in 2003 to assign options to Mr Giuseppe Morchio, as the only variable component of his compensation for the post of CEO, for the purchase of 13,338,076 Fiat ordinary shares at a price of € 5.623 per share, which can be exercised from March 27, 2004 to March 27, 2010. The right to purchase a maximum amount of 20% of the total matures in each of the first five years. Two-thirds of the options that will mature from March 27, 2005 to 2008 can be exercised only upon reaching preestablished profit objectives during the period of reference. The risk of a significant increase in the Fiat share price above the exercise price of these options is covered, with reference to 3,338,076 shares, by treasury stock in portfolio, whereas with reference to the remaining 10,000,000 shares, the aforementioned "Total Return Equity Swap" agreement was put into place with a reference price of € 6.173 per share and expiring on August 31, 2004. In accordance with accounting principles, the aforementioned Equity Swaps, despite being entered into for hedging purposes, cannot be treated in hedge accounting and accordingly is defined as a trading derivative financial instrument. It follows that, in accordance with the principle of prudence, if during the period of the contract the Fiat shares perform positively, the positive fair value of the instrument is not recorded in the statement of operations; if instead, the performance is negative, the negative fair value of the instrument is recorded immediately as a cost within financial expenses. At December 31, 2003, the Equity Swaps have a negative fair value of € 1 million that has therefore been recorded in the financial statements.

Worms & Cie Group

Commitments regarding derivative financial instruments of the Worms & Cie Group mainly include agreements to hedge exchange and interest rate risks expiring between 2004 and 2006.

NHT Group

Commitments regarding derivative financial instruments of the NHT Group include contracts stipulated by Alpitour to hedge exchange rate risks on future purchases of services in U.S. dollars.

IFI and IFIL S.p.A.

Commitments by IFIL (€ 295 million) include interest rate swaps stipulated on loans of € 150 million maturing October 2005. The instruments guarantee the Company a fixed interest rate for the entire period of the loan contracts. For purposes of fixing the interest rate on part of IFIL bonds 2002-2005, interest rate swaps and zero cost collars for € 145 million were put into place.

Commitments by IFI (€ 170 million) refer to transactions hedging interest rate risk on bank debt maturing in 2005 and 2007 put into place with leading banking institutions.

The transactions in derivative financial instruments by IFI and IFIL are exclusively used to hedge the risk of interest rate fluctuations and thus are not valued separately.

Other commitments

€ in millions	12/31/2003	12/31/2002	Change
Fiat Group	10,350	9,884	466
Worms & Cie Group	134	94	40
NHT Group	37	31	6
IFI and IFIL Holdings System	169	207	(38)
Total other commitments	10,690	10,216	474

Fiat Group

Other commitments amounted to € 10,350 million at December 31, 2003 (€ 9,884 million at December 31, 2002) and include commitments for the execution of works in the amount of € 8,011 million (€ 7,718 million at December 31, 2002) under the contracts between Fiat S.p.A., as General Contractor, and Treno Alta Velocità T.A.V. S.p.A. for the design and construction of a high-speed railway lines between Bologna - Florence and Turin - Milan. The increase of € 293 million compared to December 31, 2002 relates to the agreements reached during 2003 regarding the Florence-Bologna section, concerning alterations to the network (€ 28 million), urgent improvement work (€ 26 million) and monetary adjustments (€ 46 million) and agreements relating to the Turin-Novara sub-line, concerning alterations (€ 129 million) and monetary adjustments (€ 64 million). Fiat S.p.A. in turn assigned the design and construction of these works to the CAV.E.T. and CAV.TO.MI consortiums. In order to guarantee the contractual advances and the proper execution of the works, Fiat S.p.A. granted bank suretyships to T.A.V. S.p.A. totaling € 1,566 million. Similarly, as called for by the contract, the CAV.E.T. and CAV.TO.MI consortiums granted bank suretyships to Fiat S.p.A. for € 617 million and € 889 million respectively. Consequently, the guarantees granted are substantially covered by the guarantees received.

Other commitments and important contractual rights

Relations with General Motors

Although they are not included in the memorandum accounts, the following comments are intended to summarize the options held by the Fiat Group deriving from the relationships with General Motors. On the basis of the Agreement ("Master Agreement") signed on March 13, 2000, by which 20% of the Automobile Sector was sold to General Motors, the Fiat Group had reserved itself a Put option at fair market value with General Motors on its remaining investment in Fiat Auto Holdings B.V. (80% in 2000, now 90% following the capital increase later described), exercisable during the period between January 24, 2004 and July 24, 2009. General Motors has claimed that the sale of certain financial activities by Fiat Auto and the recapitalization of Fiat Auto Holdings, put into place by Fiat, violate the Master Agreement and, as a result, the Put option. Fiat maintains that the two transactions are entirely legitimate and do not violate the Master Agreement nor other rights held by General Motors. Fiat considers the Put binding and exercisable according to the clauses of the Master Agreement. On October 26, 2003, Fiat and General Motors announced agreements regarding the strategic alliance in progress. A first agreement ("Amendment") pushes back the period in which the Put option can be exercised by one year. The new period in which the Put option can be exercised goes from January 24, 2005 to July 24, 2010. The second agreement ("Standstill Agreement") precludes the parties from bringing legal action regarding the Master Agreement until December 15, 2004, preserving their respective rights. As for the aforementioned recapitalization of Fiat Auto Holdings, the Stockholders' Meeting of this company held on April 23, 2003 resolved a recapitalization plan for € 5 billion offering its stockholders the possibility of paying for their share of the capital increase over a period of 18 months. Fiat, during the year, subscribed to the recapitalization for € 3 billion, whereas General Motors has not yet subscribed to its share of the capital increase and stated that at this time it does not plan to participate. Consequently, the current percentage ownership of Fiat in Fiat Auto Holdings rose to 90%. For purposes of completing the disclosure, it should be pointed out that the Master Agreement (Section 8.07) calls for certain residual options in favor of General Motors in the event of a change in the control of Fiat following the purchase of more than 50% of Fiat's voting rights by another party or several parties in concert among each other. In this very remote eventuality, General Motors would have the right to demand that Fiat exercise the Put option on Fiat's investment in Fiat Auto Holdings, if the change in control was hostile, or, even if it was not hostile, to sell its investment in Fiat Auto Holdings to Fiat at a price equal to fair market value or, up to July 24, 2004, at US\$ 2.4 billion, if higher. Such eventuality is considered extremely unlikely partly in view of the onerous obligations that would be placed upon the acquirer of control on the basis of the laws on takeover bids.

Lastly, it should be pointed out that Fiat and General Motors have stated that discussions are underway to redefine the structure of the strategic alliance so that the parties might continue their industrial cooperation in constructive

terms and settle unresolved issues. At the present time, it is not possible to determine what if any effects the discussions could have on the assets and liabilities reflected in the consolidated financial statements.

Ferrari and Maserati

A summary is presented below of the rights arising in 2002 from the purchase of 34% of the capital stock of Ferrari for € 775 million by Mediobanca S.p.A., within the framework of a consortium set up for the acquisition and placement of the Ferrari shares. Fiat realized a gain of € 671 million on this sale, net of selling expenses. The sales contract sets out the following principal elements:

- Mediobanca assumed the responsibility of sole Global Coordinator in charge of coordinating and leading the consortium;
- Mediobanca cannot sell its Ferrari shares to another group in the automobile industry as long as the Fiat Group maintains a 51% controlling interest in Ferrari. Barring certain specific assumptions, the Fiat Group can not reduce its investment in Ferrari below 51% until the end, depending on the case, of the third or fourth year subsequent to signing the contract;
- Fiat holds a call option that allows it to repurchase the Ferrari shares at any time before June 30, 2006 (the original date of June 30, 2005 was extended by one year during the course of 2003, by virtue of the payment of a premium of € 16 million), except during the five months subsequent to the presentation of an IPO application to the competent authorities. The option exercise price is equal to the original price at which the shares were sold plus interest during the period based on the BOT yield plus 4%;
- Mediobanca, moreover, does not hold any put option to resell the purchased Ferrari shares to Fiat, even in the event that the IPO does not occur or is not completed;
- Fiat may share, in declining percentages, in any gain realized by Mediobanca and the other members of the consortium in the event of an IPO.

Ixfin

At the end of 2003 the Fiat Group signed an agreement with the Ixfin group which had previously purchased Magneti Marelli Sistemi Elettronici from the Mekfin group, to which Fiat had sold that business in 2002. Ixfin Magneti Marelli Sistemi Elettronici is considered as a strategic supplier of both Fiat Auto and other automotive groups that were formerly customers of Magneti Marelli. In order that Ixfin Magneti Marelli Sistemi Elettronici could regularly meet the commitments undertaken with its customers and pursue development strategies for its business, a decision was taken to sign the aforementioned agreement, in the context of which, besides obtaining a series of guarantees:

- Magneti Marelli Holding S.p.A. signed a contract for the beneficial interest in the shares of Ixfin Magneti Marelli Sistemi Elettronici, valid until December 31, 2004, by which it is entitled to the voting rights and all the other administrative rights;
- Fiat Netherland Holding (at one time a Magneti Marelli Sistemi Elettronici stockholder and therefore a creditor company for the balance of the sale price) acquired a Call option (transferable) from the Ixfin group that is exercisable at any time up to December 31, 2004 for the purchase of Ixfin Automotive, the direct parent company of Ixfin Magneti Marelli Sistemi Elettronici, or, alternatively, Ixfin Magneti Marelli Sistemi Elettronici itself. The purchase price of the opted shares is € 45 million; furthermore, in the event the Call option is exercised, Fiat Netherland Holding will assume the debt that the group of sellers has with Ixfin Magneti Marelli Sistemi Elettronici and with the other companies that would be acquired for a total of € 53 million. The price that would eventually be paid in total if the Call option is exercised would thus be equal to € 98 million.

The consolidated financial statements of the Fiat Group at December 31, 2003 show € 25 million in Other receivables for the amount paid in December as an advance on the possible exercise of the Call option. Moreover, other receivables due from the parent companies of Ixfin Magneti Marelli Sistemi Elettronici have been written down in the consolidated financial statements of the Fiat Group at December 31, 2003. Expenses were incurred for such writedowns in the amount of € 24 million.

Teksid

Teksid S.p.A. is the object of a Put and Call contract with the partner Norsk Hydro concerning the subsidiary Meridian Technologies Inc. (held 51% by the Teksid Group and 49% by the Norsk Hydro Group). In particular, should there be a strategic deadlock in the management of the company (namely in all those cases in which a unanimous vote in favor is not reached by the directors on the board as regards certain strategic decisions disciplined by the contract between the stockholders), the following rights would arise:

- Put Option of Norsk Hydro with Teksid on the 49% holding: the sale price would be commensurate with the initial investment made in 1998, revalued pro rata temporis, net of dividends paid.

- Call Option of Teksid with Norsk Hydro on the 49% holding (exercisable whenever Norsk Hydro renounces its right to exercise the Put Option described above): the sale price would be the highest value between the initial investment made by Norsk Hydro in 1998, calculated according to the criteria expressed previously, and 140% of the Fair Market Value (in this regard, an increase of 2% per year is established in the event the option is exercised from the start of 2008 until 2013, thus up to 150% of the relative value).

It should be pointed out that so far the conditions that would give rise to the strategic deadlock are considered to be quite remote.

Fiat S.p.A. is subject to a put contract with Renault (in reference to the original investment of 33.5% in Teksid, now 19.52%). In particular, Renault would acquire the right to exercise a sale option on the treasury stock to Fiat, in the following cases:

- in the event of nonfulfilment in the application of the protocol of the agreement and admission to receivership or any other redressment procedure;
- in the event Renault's investment in Teksid falls below 15% or Teksid decides to invest in a structural manner outside the foundry sector;
- should Fiat be the object of the acquisition of control by another car manufacturer.

The exercise price of the option is established as follows:

- for 6.5% of the share capital of Teksid, the initial investment price increased pro rata temporis;
- for the remaining amount of share capital of Teksid, the share of the accounting net equity.

End-of-life vehicles

In September 2000, the European Union issued Directive 2000/53/CE relative to end-of-life vehicles. This Directive, among other things, provides that, in the future, vehicle manufacturers will have to bear all, or a significant part of, the costs arising from the collection, treatment and recovery of end-of-life vehicles. The above Directive is currently being introduced into the national legislation of the individual member states and will be applicable for all vehicles placed on the market starting from July 2002; beginning January 2007 all vehicles on the market will be covered, even those placed before July 2002. The Directive was introduced in Italy in June 2003 and in the major markets (Germany, the Netherlands, Belgium, France, Spain, Slovenia, Portugal, Austria and Norway). Fiat Auto is pursuing a strategy aimed at zero service cost for the manufacturer by promoting networks for the disposal of the vehicles or taking part in networks set up by other competitors, which, in the majority of cases, is made possible by the creation of a process that is economically self-sustained by the recovery value of the spare parts. Consequently, no liabilities are recognized for the Group.

Worms & Cie Group

Commitments of the Worms & Cie Group principally refer to lease obligations for € 134 million.

NHT Group

These include sales commitments for travel bookings made by the tour operators of the Group for € 37 million.

On December 15, 2000, the Extraordinary Stockholders' Meeting of Alpitour S.p.A. voted to vest the Board of Directors with the power to increase capital stock by a maximum amount of € 767,500 to service a stock option plan on behalf of the directors, managers and cadres of Alpitour and the companies of the Group.

The regulations of the stock option plan, approved by resolution of the Board of Directors on December 15, 2000, state that the aforementioned capital increase of € 767,500 will occur by issue of a maximum 1,535,000 new ordinary shares of par value € 0.50 each. The options under the plan, which carries a period of 68 months, will accrue in annual lots expiring October 31, of each year and will be offered at a price equal to € 6.73 per share. The options granted can be exercised within six months of the approval of the financial statements ended October 31, 2005.

The shares purchased in execution of the above plan can be sold to Alpitour at a price, established by the Board of Directors, calculated on the basis of the economic performance of the company.

The first tranche of options granted during 2002/2003, referring to the financial statements for the year ended October 31, 2002, was not exercised by the beneficiaries of the stock option plans.

IFI and IFIL Holdings System

These refer to the commitments by Ifil Investissements with Mediobanca for the purchase of 9.53% of the capital stock of Eurofind, carried out in January 2004 with an investment of € 116 million and with TUI for the purchase of 10% of capital stock of NHT New Holding for Tourism, carried out in January 2004 with an investment of € 46 million.

Ifil Investissements, which already holds 14.3% of the capital stock of Euromedia Luxembourg One, has a commitment to purchase additional shares for a total equivalent amount of US\$ 3.75 million, corresponding to approx. € 3 million.

IFI S.p.A., as part of the stock option plans for the managers of the IFI Group, has commitments to sell 47,500 IFIL ordinary shares (€ 0.4 million).

Other commitments of IFI S.p.A. include the residual commitment for the subscription of Emittenti Titoli's capital stock increase (€ 0.1 million) and the remaining payments (€ 3 million) under the commitment with Tlcom Capital Partners.

Pending litigation

IFIL S.p.A.

By notification on May 8, 2003, inferring illegal acts due to a conflict of interest and the unlawful valuation of the contributions in kind, the stockholder K Capital contested the resolution to increase IFIL's capital stock reserved for Istituto Finanziario Industriale S.p.A. passed by the Extraordinary Stockholders' Meeting of IFIL held on April 23, 2003 and sought compensation from IFIL for (alleged) damages (not quantified) suffered as a result of the unlawful conduct (allegedly) by IFI.

At the next hearing, scheduled for April 7, 2004, the judge will rule on the preliminary inquiries that might be presented by the litigants.

Both of the above complaints (request to declare the stockholders' resolution null and void and to seek an unspecified sum of compensation for damages) appear to be inadmissible and groundless and therefore at this time the Company does not believe that any contingent liabilities or losses will arise as a consequence.

Earlier, the appeal filed under ex article 2378, paragraph 4, of the Italian Civil Code by which the stockholder K Capital had sought the suspension of the execution of the resolution was denied by the Turin Court, by decree filed on June 9, 2003.

Fiat Group

Fiat S.p.A. and certain of its subsidiaries are involved in various legal actions and disputes. However, the settlement of such actions and disputes should not give rise to significant losses or liabilities which have not already been set aside in specific risk reserves.

Worms & Cie Group

Fox River

The United States Fish and Wildlife department, in 1997, brought suit against Appleton Papers Inc., NCR Corporation and five other paper manufacturers for the alleged contamination of the Fox River.

This event took place during the 1970s when the company was owned by the NCR Corporation. At the time of the acquisition of Appleton Papers Inc. by Arjo Wiggins Appleton, in 1978, an agreement was signed with NCR Corporation for purposes of sharing the costs of the indemnities that could be charged to Appleton Papers Inc.

Since 1997, studies are being conducted to establish the feasibility of decontaminating the Fox River and to determine the share of responsibility. During the first half of 2001, Appleton Papers Inc. and NCR Corporation reached an agreement with the pertinent American authorities concerning the contamination of the Fox River. This agreement consists of the commitment to pay a sum of US\$ 40 million over four years to finance the research project for its decontamination. This payment will be charged against the indemnities that are due.

In 2003, the "Department of Natural Resources" of Wisconsin (the state in which the pollution occurred) and the federal government published a long-term action plan for the complete reclamation of the river at an estimated total cost of US\$ 400 million to be borne by the industries.

In July 2003, a ruling by a Supreme Court of Justice of the State of Wisconsin gave the industries which had signed insurance contracts covering environmental risks prior to 1986 the possibility of claiming the guarantees provided in these same contracts.

Appleton Papers Inc., which had signed such a contract, has an interest in that decision because it would require some of the insurance companies to assume a portion of the costs to decontaminate the Fox River. Reviews are currently underway to establish the portions of the costs that will be taken up by the insurance companies.

In view of the way the dispute was evolving, the Worms & Cie Group, based on an evaluation by experts, had set aside a sum of US\$ 125 million in 2001. Such provision had been calculated on the basis of the best estimate for decontamination expenses to be borne by the Group.

The events described above have not caused any significant change in the evaluation of the risk. Accordingly, at December 31, 2003, the reserve is equal to US\$ 104 million, net of research costs paid.

European Commission

The inquiry by the Commission ended with notification of a fine in July 2000, on which Arjo Wiggins Appleton submitted its comments on the subject. On December 20, 2001, the Commission levied a fine of € 184 million on Arjo Wiggins Appleton which, in keeping with the principle of prudence, the company entirely accrued in the 2001 financial statements.

During the first half of 2002, the Company decided to oppose this ruling, which it maintains is out of proportion to the facts of the case. Since the appeal does not suspend the obligation to pay the fine, the Company, in compliance with existing regulations, has decided to fulfill this obligation partly through a deposit of € 92 million and partly by providing a bank guarantee of the same amount.

The proceedings before the Court of the European Community in the first instance are still pending". Accordingly, at December 31, 2003, the provision has been calculated on the basis of the maximum potential risk.

Juventus Football Club

On October 27, 2003, F.I.F.A., following proceedings initiated by Juventus Football Club S.p.A. in September 2003, ordered the Fulham Football Club Ltd. to pay, within 30 days of notification, the balance of the sum of € 3.3 million (secured by a guarantee issued by an individual) due since August on the purchase of the player Edwin Van der Sar. The English Club filed an appeal and the F.I.F.A. appeal body ruled in favor of Juventus Football Club S.p.A. on February 29, 2004. Fulham Football Club Ltd opposed the decision and appealed to the Court of Arbitration for Sport of Lausanne. Since first and second rulings were handed down in its favor and in view of the fact that Juventus Football Club S.p.A. is in any case backed by the aforementioned guarantee issued by an individual, the receivable is considered collectible and has not been written down.

As regards the investigation by the judiciary against the Chief Executive Officer and company physician concerning the alleged improper use of medicines by Juventus Football Club S.p.A. players, a number of investigative hearings were held in the period July - December 2003 and these will continue in the coming months.

In the framework of judicial investigations begun by the Procura della Repubblica of Rome into the football sector, on February 26, 2004, the Guardia di Finanza confiscated documents at the offices of F.I.G.C. – Federazione Italiana Giuoco Calcio, LNP – Lega Nazionale Professionisti and all clubs registered in the Serie A and Serie B Championships in the seasons from 1999/2000 to 2003/2004 regarding matters that could be considered useful for the enquiries underway on how accounts were drafted and how clubs registered for the championships in the same years.

Group assets held by third parties

Group assets held by third parties, basically in reference to the Fiat Group, amount to € 4,706 million (€ 20,846 million at December 31, 2002), a decrease of € 16,140 million compared to December 31, 2002.

Fiat Group assets held by third parties include securities deposited with banks and other financial institutions totaling € 1,042 million (€ 17,558 million at December 31, 2002). Such securities in 2002 were primarily held by the Toro Assicurazioni Group.

This item also includes tangible fixed assets, products and goods of some Automotive Sectors held by outside suppliers for processing totaling € 3,454 million (€ 3,199 million at December 31, 2002).

IFIL S.p.A. assets held by third parties include the value of 10,400,000 SANPAOLO IMI shares equal to € 113.6 million under a stock-lending contract signed by IFIL. The transaction made it possible to improve the return on the investment.

IFI S.p.A. assets held by third parties (€ 34 million) include the value of 3,418,242 Exor Group ordinary shares and 3,010 Deutsche Morgan Grenfell shares deposited with banks.

NOTES TO THE CONSOLIDATED STATEMENT OF OPERATIONS

14) Value of production – Revenues from sales and services and change in contract work in progress

In 2003, revenues from sales and services and change in contract work in progress amount to € 52,434 million, compared to € 61,015 million in 2002, a decrease of 14%. They include revenues from sales and services of € 53,509 million (€ 60,793 million in 2002) and the negative change in contract work in progress of € 1,075 million (positive change of € 222 million in 2002).

The distribution of revenues from sales and services and the change in contract work in progress by business sector (net or intragroup transactions) is as follows:

€ in millions	2003	2002	Change	
			amount	%
Net revenues by operating sector				
Fiat Group				
- Automobiles	19,839	21,908	(2,069)	(9)
- Agricultural and construction equipment	9,410	10,502	(1,092)	(10)
- Commercial vehicles	8,206	8,816	(610)	(7)
- Ferrari and Maserati	1,250	1,194	56	5
- Components	2,087	2,085	2	0
- Production systems	1,756	1,763	(7)	(0)
- Metallurgical products	735	1,411	(676)	(48)
- Aviation (a)	625	1,532	(907)	(59)
- Insurance (b)	1,654	4,834	(3,180)	(66)
- Services	1,019	1,005	14	1
- Publishing and communications	372	346	26	8
- Other companies	318	253	65	26
Total Fiat Group	47,271	55,649	(8,378)	(15)
Worms & Cie Group - mainly paper manufacturing and distribution				
	4,214	4,426	(212)	(5)
NHT Group - Tourism				
	946	938	8	1
IFI and IFIL Holdings System				
	3	2	1	
Total net revenues of the Group	52,434	61,015	(8,581)	(14)

(a) The Aviation Sector's revenues are included up to July 1, 2003.

(b) The Insurance Sector's revenues are included up to May 2, 2003.

Net revenues from sales and services and change in contract work in progress by area of destination may be analyzed as follows:

€ in millions	2003	2002	Change
Net revenues by destination - Fiat Group			
Italy	16,381	20,120	(3,739)
Europe (excluding Italy)	18,884	21,072	(2,188)
North America	5,920	7,411	(1,491)
Mercosur	2,595	3,268	(673)
Other areas	3,491	3,778	(287)
Total	47,271	55,649	(8,378)
Net revenues by destination - Worms & Cie Group			
Italy	285	287	(2)
Europe (excluding Italy)	2,621	2,635	(14)
North America	396	566	(170)
Other areas	912	938	(26)
Total	4,214	4,426	(212)
Net revenues by destination - NHT Group			
Italy	840	833	7
Europe (excluding Italy)	72	60	12
Other areas	34	45	(11)
Total	946	938	8
IFI, IFIL Holdings System and intragroup eliminations	3	2	1
Total net revenues of the Group	52,434	61,015	(8,581)

Other income and revenues

Details of other income and revenues, by Group, are as follows:

€ in millions	2003	2002	Change
Fiat Group			
Revenue grants	52	47	5
Capital gains	187	290	(103)
Prior period income	423	518	(95)
Investment grants	78	114	(36)
Other income	949	1,183	(234)
Total - Fiat Group	1,689	2,152	(463)
Worms & Cie Group			
Revenue grants	1	0	1
Other income	37	10	27
Total - Worms & Cie Group	38	10	28
NHT Group			
Capital gains	0	1	(1)
Prior period income	1	1	0
Other income	8	7	1
Total - NHT Group	9	9	0
IFI and IFIL Holdings System	1	19	(18)
Total other income and revenues	1,737	2,190	(453)

Fiat Group

Capital gains from the sale of fixed assets of € 187 million mainly relate to disposals of Fiat Group non-strategic activities as a consequence of the policy to reduce invested capital. The gains realized on the sale of non-strategic buildings total € 157 million (€ 159 million in 2002).

15) Costs of production

€ in millions	2003	2002	Change
Fiat Group	50,858	58,854	(7,996)
Worms & Cie Group	4,125	4,292	(167)
NHT Group	937	932	5
IFI and IFIL Holdings System	28	45	(17)
Total costs of production	55,948	64,123	(8,175)

As regards the Fiat Group:

- the costs of production show a decrease of 13.6% compared to 2002. On a comparable consolidation basis, the decrease would be 5.3%;
- raw materials, supplies and merchandise amount to € 28,392 million in 2003 and, as a percentage of revenues, on a comparable consolidation basis, would be 63% (62.5% in 2002);
- services amount to € 8,505 million in 2003, with a decrease of 14% compared to 2002 and, as a percentage of revenues, represent 18%, compared to 17.8% in 2002. On a comparable consolidation basis, services as a percentage of revenues would be 18.4% (18.7% in 2002). Services include advertising costs, external information technology and telecommunication service costs, external maintenance costs and transportation costs.

Personnel

Personnel costs consist of the following:

€ in millions	2003	2002	Change
Salaries and wages	5,341	6,039	(698)
Social security contributions	1,409	1,520	(111)
Employee severance indemnities	248	259	(11)
Employee pensions and similar obligations	188	105	83
Other costs	340	398	(58)
Total personnel costs	7,526	8,321	(795)

Details of personnel costs, by Group, are as follows:

€ in millions	2003	2002	Change
Fiat Group			
Salaries and wages	4,707	5,457	(750)
Social security contributions	1,249	1,365	(116)
Employee severance indemnities	244	256	(12)
Employee pensions and similar obligations	185	100	85
Other costs	303	376	(73)
Total Fiat Group	6,688	7,554	(866)
Worms & Cie Group			
Salaries and wages	577	529	48
Social security contributions	146	141	5
Employee pensions and similar obligations	4	4	0
Other costs	34	20	14
Total Worms & Cie Group	761	694	67
NHT Group			
Salaries and wages	50	46	4
Social security contributions	13	12	1
Employee severance indemnities	3	3	0
Other costs	1	1	0
Total NHT Group	67	62	5
IFI and IFIL Holdings System			
Salaries and wages	7	7	0
Social security contributions	1	2	(1)
Employee severance indemnities	2	1	1
Other costs	0	1	(1)
Total IFI and IFIL Holdings System	10	11	(1)
Total personnel costs	7,526	8,321	(795)

Personnel costs of the Fiat Group amount to € 6,688 million in 2003, a decrease of 11.5% compared to 2002, mostly due to the effects of the change in the scope of consolidation. On a comparable consolidation basis, the decrease would be 5%. Personnel costs are equal to 14.1% of revenues (13.6% in 2002). Personnel costs as a percentage of revenues, on a comparable consolidation basis, would be 14.5% (14.3% in 2002).

An analysis of the average number of employees by category is provided as follows:

	2003	2002
- Managers and white-collar	72,106	79,654 (a)
- Blue-collar	120,444	129,487 (b)
Total	192,550	209,141

(a) Including 116 persons in companies consolidated proportionally by the Fiat Group in 2002.

(b) Including 320 persons in companies consolidated proportionally by the Fiat Group in 2002.

An analysis of the average number of employees, by Group, is provided as follows:

	2003	2002
Fiat Group	174,242	190,405
Worms & Cie Group	14,961	15,711
NHT Group	3,268	2,930
IFI and IFIL Holdings System	79	95
Total	192,550	209,141

Fiat Group

The average number of employees in 2003 is equal to 174,242, a decrease of 16,163 employees compared to 2002. That reduction is partly due to employees who left the Group, also in connection with employee reduction plans, and partly to the change in the scope of consolidation mainly as a result of the sale of FiatAvio S.p.A., the Toro Assicurazioni Group, the Fraikin activities and the retail financing activities of the Automobile Sector.

Provisions for risks

Provisions for risks of € 1,164 million (€ 1,138 million in 2002) mainly refer to the Fiat Group and relate to adjustments made to the vehicle warranty reserve for € 490 million in 2003 and € 435 million in 2002, mainly in the Automotive Sectors, and to other reserves connected with industrial risks for € 673 million (€ 703 million in 2002).

Other operating costs

An analysis of other operating costs, by Group, is as follows:

€ in millions	2003	2002	Change
Fiat Group			
Losses on sale of fixed assets	47	86	(39)
Prior period expenses	226	297	(71)
Indirect and other taxes	147	229	(82)
Sundry expenses	608	692	(84)
Total Fiat Group	1,028	1,304	(276)
Worms & Cie Group			
Indirect and other taxes	40	43	(3)
Sundry expenses	38	49	(11)
Total Worms & Cie Group	78	92	(14)
NHT Group			
Prior period expenses	1	1	0
Indirect and other taxes	3	3	0
Sundry expenses	0	1	(1)
Total NHT Group	4	5	(1)
IFI and IFIL Holdings System			
Indirect and other taxes	3	3	0
Sundry expenses	1	0	1
Total IFI and IFIL Holdings System	4	3	1
Total other operating costs	1,114	1,404	(290)

Insurance claims and other insurance costs

Insurance claims and other insurance costs amount to € 1,367 million (€ 4,045 million in 2002) and refer to insurance companies in the Fiat Group. The decrease from 2002 is due to the sale of the Toro Assicurazioni Group.

16) Financial income and expenses

Investment income

Details of investment income, by Group, are as follows:

€ in millions	2003	2002	Change
Fiat Group			
Dividends	12	103	(91)
Tax credit on dividends	5	22	(17)
Gains on sale of investments held in current assets	5	31	(26)
Total Fiat Group	22	156	(134)
Worms & Cie Group			
Dividends	5	8	(3)
Total Worms & Cie Group	5	8	(3)
IFI and IFIL Holdings System			
SANPAOLO IMI Dividends	21	40	(19)
Tax credit on dividends	12	14	(2)
Total IFI and IFIL Holdings System	33	54	(21)
Total investment income	60	218	(158)

In 2002, dividends received by the Fiat Group included dividends received on General Motors shares (€ 68 million).

The Gains on sale of investments held in current assets by the Fiat Group decreased mainly on account of the change in the scope of consolidation due to the sale of the Toro Assicurazioni Group.

Tax credits are shown net of those relating to dividends from companies consolidated line-by-line or accounted for using the equity method, which are reclassified as a reduction of current income taxes.

Other financial income

Details are as follows:

€ in millions	2003	2002	Change
Other financial income from:			
- receivables held as fixed assets from others	5	8	(3)
- securities held as fixed assets other than equity investments	0	156	(156)
- securities held as current assets other than equity investments	127	160	(33)
Other income from:			
- unconsolidated subsidiaries	8	26	(18)
- associated companies	7	23	(16)
- others:			
. bank and other interest	252	268	(16)
. customer interest and lease income	42	50	(8)
. discounts and other income	61	75	(14)
. income from derivative financial instruments	997	1,532	(535)
. foreign exchange gains, net	64	0	64
Total others	1,416	1,925	(509)
Total other income	1,431	1,974	(543)
Total other financial income	1,563	2,298	(735)

Interest and other financial expenses

€ in millions	2003	2002	Change
Interest and other financial expenses from:			
- unconsolidated subsidiaries	3	3	0
- associated companies	6	3	3
- parent companies	1	1	0
- others:			
. bond interest	673	677	(4)
. bank interest	277	222	55
. interest on trade and other payables	18	71	(53)
. interest on notes payable	14	40	(26)
. discounts and other expenses	443	476	(33)
. expenses from derivative financial instruments	994	1,310	(316)
. interest on other financial payables	187	246	(59)
. losses on sale of securities	8	51	(43)
. foreign exchange losses, net	0	105	(105)
Total interest and other financial expenses - others	2,614	3,198	(584)
Total interest and other financial expenses	2,624	3,205	(581)

Fiat Group

The following analysis of "Other financial income" and "Interest and other financial expenses" present the amounts shown in the related captions on the statement of operations and also the amounts of income and expenses of the Group's financial companies presented in the captions on the statement of operations under "Revenues from sales and services" and "Interest and other expenses of financial services companies", respectively. The last line in the table shows "Other financial income" and "Interest and other financial expenses" as presented on the statement of operations, excluding the financial activities.

€ in millions	2003	2002	Change
Other financial income from:			
- receivables held as fixed assets from others	3	2	1
- securities held as fixed assets other than equity investments	0	156	(156)
- securities held as current assets other than equity investments	119	147	(28)
Other income from:			
- unconsolidated subsidiaries	8	25	(17)
- associated companies	34	38	(4)
- others:			
. bank and other interest	266	264	2
. customer interest and lease income	1,166	2,010	(844)
. discounts and other income	81	124	(43)
. income from derivative financial instruments	1,132	1,603	(471)
. foreign exchange gains, net	47	0	47
Total others	2,692	4,001	(1,309)
Total other income	2,734	4,064	(1,330)
Total other financial income	2,856	4,369	(1,513)
of which:			
Other financial income, excluding financial services companies	1,504	2,219	(715)

€ in millions	2003	2002	Change
Interest and other financial expenses from:			
- unconsolidated subsidiaries	3	2	1
- associated companies	6	2	4
- others:			
. bond interest	681	769	(88)
. bank interest	558	656	(98)
. interest on trade and other payables	18	71	(53)
. interest on notes payable	49	106	(57)
. interest on other financial payables	185	273	(88)
. discounts and other expenses	534	635	(101)
. expenses from derivative financial instruments	1,115	1,492	(377)
. losses on sale of securities	8	44	(36)
. foreign exchange losses, net	0	111	(111)
Total interest and other financial expenses - others	3,148	4,157	(1,009)
Total interest and other financial expenses	3,157	4,161	(1,004)
of which:			
Interest and other financial expenses, excluding financial services companies	2,489	3,046	(557)

Other financial income of € 2,856 million in 2003 (€ 4,369 million in 2002) when shown net of Interest and other financial expenses of € 3,157 million (€ 4,161 million in 2002) results in a net negative balance of € 301 million (a net positive balance of € 208 million in 2002). The decrease in the net balance of € 509 million derives almost entirely from the deconsolidation of the Toro Assicurazioni Group, FiatAvio S.p.A. and the retail activities of Fiat Auto and Fraikin.

Foreign exchange gains, net, of € 47 million (foreign exchange losses, net, of € 111 million in 2002) represent the balance between foreign exchange gains of € 2,519 million in 2003 (€ 2,446 million in 2002) and foreign exchange losses of € 2,472 million in 2003 (€ 2,557 million in 2002).

The Losses on sale of securities amounts to € 8 million and include losses of € 6 million in 2003 on the sale of investments not held as fixed assets.

Discounts and other expenses include receivables discounting and securitization expenses of € 280 million in 2003 (€ 261 million in 2002).

Worms & Cie Group

€ in millions	2003	2002	Change
Other financial income from:			
- receivables held as fixed assets from others	2	0	2
- securities held as current assets other than equity investments	3	4	(1)
Other income from:			
- associated companies	0	6	(6)
- others:			
. bank and other interest	24	45	(21)
. discounts and other income	3	6	(3)
. foreign exchange gains, net	23	13	10
Total others	50	64	(14)
Total other income	50	70	(20)
Total other financial income	55	74	(19)

€ in millions	2003	2002	Change
Interest and other financial expenses from:			
- others:			
. bank interest	49	63	(14)
. discounts and other expenses	21	26	(5)
Total interest and other financial expenses	70	89	(19)

NHT Group

€ in millions	2003	2002	Change
Other financial income from:			
- receivables held as fixed assets from others	1	1	0
- securities held as current assets other than equity investments	1	0	1
Bank and other interest	2	5	(3)
Total other financial income	4	6	(2)

€ in millions	2003	2002	Change
Interest and other financial expenses from:			
- others:			
. bank interest	11	11	0
. interest on other financial payables	2	1	1
. discounts and other expenses	2	3	(1)
. foreign exchange losses, net	6	7	(1)
Total interest and other financial expenses	21	22	(1)

IFI and IFIL Holdings System

€ in millions	2003	2002	Change
Other financial income from:			
- securities held as current assets other than equity investments	4	8	(4)
- unconsolidated subsidiaries	0	1	(1)
Bank and other interest	1	3	(2)
Total other financial income	5	12	(7)

€ in millions	2003	2002	Change
Interest and other financial expenses from:			
- unconsolidated subsidiaries	0	1	(1)
- parent companies	1	1	0
- others:			
. bond interest	9	0	9
. bank interest	24	40	(16)
. discounts and other expenses	7	2	5
. expenses from derivative financial instruments	9	11	(2)
. losses on sale of securities	0	7	(7)
Total interest and other financial expenses	50	62	(12)

17) Adjustments to financial assets

€ in millions	2003	2002	Change
Revaluations:			
- equity investments	229	112	117
- financial fixed assets other than equity investments	0	1	(1)
- securities held in current assets other than equity investments	15	7	8
Total revaluations	244	120	124
Writedowns:			
- equity investments	(306)	(895)	589
- financial fixed assets other than equity investments	(1)	(59)	58
- securities held in current assets other than equity investments	(9)	(45)	36
- financial receivables	(6)	(20)	14
Total writedowns	(322)	(1,019)	697
Total adjustments to financial assets	(78)	(899)	821

Details, by Group, are as follows:

Fiat Group

€ in millions	2003	2002	Change
Revaluations:			
- equity investments	91	68	23
- securities held in current assets other than equity investments	14	7	7
Total revaluations	105	75	30
Writedowns:			
- equity investments	(263)	(809)	546
- financial fixed assets other than equity investments	(1)	(84) ^(a)	83
- securities held in current assets other than equity investments	(8)	(45)	37
- financial receivables	(5)	(18)	13
Total writedowns	(277)	(956)	679
Total adjustments to financial assets	(172)	(881)	709

(a) This refers to the writedown of treasury stock held by the Fiat Group, eliminated on consolidation by IFI.

Revaluations and writedowns of equity investments also include the share of the earnings and losses of companies accounted for using the equity method and the amortization of the differences on consolidation included in the carrying value of the investments.

Revaluations of equity investments in 2003 include the share of the earnings of the following companies: BUC -Banca Unione di Credito € 11 million, other companies in the Automobile Sector € 20 million; various companies of CNH Global N.V. € 24 million and other companies € 36 million.

Revaluations of equity investments in 2002 included the share of the earnings of the following companies: other companies of CNH Global N.V. € 33 million, companies in the Automobile Sector € 15 million and other various companies € 20 million.

Writedowns of equity investments include the share of the losses of the companies valued using the equity method and the permanent impairments in value of the companies valued at cost, for the following: Italennergia Bis S.p.A. € 24 million (€ 211 million in 2002), Atlanet S.p.A. € 56 million (€ 31 million in 2002), other companies of CNH Global N.V. € 9 million (€ 5 million in 2002), companies in the Automobile Sector € 112 million (€ 81 million in 2002), companies of Toro Assicurazioni for the first four months € 48 million (€ 198 million in 2002) and other companies € 14 million.

In 2002, writedowns also referred to Capitalia S.p.A. € 124 million, Lingotto S.p.A. € 30 million, Trucks & Bus Company € 17 million and other companies of the Fiat Group € 112 million.

Worms & Cie Group

€ in millions	2003	2002	Change
Revaluations:			
- equity investments	51	25	26
- financial fixed assets other than equity investments	0	1	(1)
- securities held in current assets other than equity investments	1	0	1
Total revaluations	52	26	26
Writedowns:			
- equity investments	(23)	(21)	(2)
- securities held in current assets other than equity investments	(1)	0	(1)
- financial receivables	(1)	(2)	1
Total writedowns	(25)	(23)	(2)
Total adjustments to financial assets	27	3	24

Revaluations of equity investments in 2003 include the share of the earnings of Pechel Industries € 13 million and Société Générale de Surveillance € 36 million and revaluations of equity investments held in current assets € 2 million.

Writedowns refer to the amortization of the difference on consolidation included in the carrying value of the investment in Société Générale de Surveillance.

IFI and IFIL Holdings System

€ in millions	2003	2002	Change
Revaluations - equity investments	87	19	68
Writedowns:			
- equity investments	(20)	(63)	43
- financial fixed assets other than equity investments	0	(59)	59
Total writedowns	(20)	(122)	102
Total adjustments to financial assets	67	(103)	170

Revaluations of equity investments in 2003 refer to the earnings of the Eurofind Group (€ 82 million) and Exor Group (€ 5 million).

Writedowns include the loss of Juventus Football Club for € 10 million (-€ 22 million in 2002), and the amortization of the differences on consolidation included in the carrying value of the investment in Eurofind (€ 10 million).

In 2002, the caption included the writedown on the investment in Club Méditerranée for € 34 million, amortization of the difference on consolidation for € 7 million and the writedown of IFI treasury stock for € 59 million.

NHT Group

Writedowns of equity investments in 2002 amounted to € 2 million.

18) Extraordinary income and expenses

€ in millions	2003	2002	Change
Extraordinary income			
Gains on disposals of investments and other fixed assets	2,080	1,378	702
Other income:			
- prior period income	36	8	28
- other income	161	158	3
Total other income	197	166	31
Total extraordinary income	2,277	1,544	733
Extraordinary expenses			
Losses on disposals of investments and other fixed assets	(56)	(1,241)	1,185
Taxes relating to prior years	(27)	(80)	53
Other expenses:			
- extraordinary provisions to reserves	(609)	(1,016)	407
- other extraordinary expenses	(1,003)	(1,406)	403
- prior period expenses	(49)	(40)	(9)
Total other expenses	(1,661)	(2,462)	801
Total extraordinary expenses	(1,744)	(3,783)	2,039
Total extraordinary income and expenses	533	(2,239)	2,772

Details of extraordinary income and expenses, by Group, are as follows:

Fiat Group

€ in millions	2003	2002	Change
Extraordinary income			
Gains on disposals of investments and other fixed assets	1,826	1,081	745
Other income:			
- prior period income	32	8	24
- other income	159	146	13
Total other income	191	154	37
Total extraordinary income	2,017	1,235	782
Extraordinary expenses			
Losses on disposals of investments and other fixed assets	(50)	(1,239)	1,189
Taxes relating to prior years	(26)	(79)	53
Other expenses:			
- extraordinary provisions to reserves	(585)	(980)	395
- other extraordinary expenses	(969)	(1,381) ^(a)	412
- prior period expenses	(40)	(40)	0
Total other expenses	(1,594)	(2,401)	807
Total extraordinary expenses	(1,670)	(3,719)	2,049
Total extraordinary income and expenses	347	(2,484)	2,831

(a) Net of extraordinary expenses of € 19 million eliminated on consolidation (line-by-line) by IFI.

Gains on disposals of investments and other fixed assets amount to € 1,826 million and relate to the gains on the following: sale of the Toro Assicurazioni Group € 427 million (€ 390 million net of the expenses and provisions connected with the transaction, classified as other extraordinary expenses), sale of the Automobile Sector's Retail financing activities in Brazil € 103 million, sale of the 55.95% investment in IPI S.p.A. € 15 million, sale of the 50.1% investment in IN ACTION S.r.l. € 8 million, sale of Fiat Avio € 1,266 million (€ 1,258 million net of the expenses connected with the transaction) and other € 7 million.

Gains on disposals of investments and other fixed assets amounted to € 1,081 million in 2002. They included the gains on the following: sale of 34% di Ferrari S.p.A. € 714 million (€ 671 million net of the expenses associated with the transaction, classified as extraordinary expenses), sale of the After Market business of Magneti Marelli € 26 million, sale of 14% of Italenergia Bis S.p.A. € 189 million, sale of the investment in Europ Assistance Holding S.A. € 83 million, sale of 50% of Targasys S.r.l. a S.U. € 36 million, sale of the residual stock of Sinport Sinergie Portuali S.p.A. € 14 million and sales of other minor investments € 19 million.

Other extraordinary income of € 159 million (€ 146 million in 2002) refers to nonrecurring income of the individual companies of the Fiat Group mainly for the release of extraordinary reserves that proved in excess of requirements.

Losses on disposals of investments and other fixed assets amount to € 50 million in 2003 (€ 1,239 million in 2002). In 2002 the item included losses on the following: sale of General Motors shares € 1,049 million, sale of the Aluminum Business Unit of Teksid € 24 million (€ 100 million including the net provisions and expenses associated with the sale, classified as other extraordinary expenses), sale of the Electronic Systems Business Unit of Magneti Marelli € 150 million (of which € 36 million arose at the time of sale and € 114 million afterwards from post-sales price adjustments and later settlement agreements), sale of Viasat S.p.A. € 3 million and other investments € 13 million.

Other extraordinary expenses amounting to € 1,594 million in 2003 include principally expenses and provisions for risks in relation to corporate restructuring transactions of the Fiat Group of € 658 million, other extraordinary writedowns of assets on the basis of changes in market prospects and the consequent new business plans of € 215 million, provisions for the remaining commitments connected with the IPSE initiative of € 47 million, expenses and provisions recorded in reference to relations existing with the IXFIN Group of € 53 million, incidental costs and other provisions connected with the sale of the Toro Assicurazioni Group of € 37 million, incidental costs and other provisions connected with other sales which took place in 2003 and in prior years of € 102 million, damages caused by flooding at the Termoli factory of € 71 million and, lastly, commissions paid to Mediobanca for the extension of the commitments undertaken by Mediobanca itself under the "Ferrari" contract of € 16 million. Other extraordinary expenses also include prior years' expenses of the Fiat Group of € 40 million.

Other extraordinary expenses of € 2,420 million in 2002 included principally expenses and provisions for risks in relation to corporate restructuring transactions of € 1,026 million, other extraordinary writedowns of assets on the basis of changes in the market prospects and the consequent new business plans of € 216 million and on the basis of the estimated realizable value indicated in the subsequently signed agreement for the sale of the Fraikin business of € 210 million. They also included additional extraordinary expenses and provisions for future risks and charges totaling € 968 million, of which the most significant are: expenses and provisions recorded for permanent impairments in value on investments in the telecommunications sector (€ 95 million), those recorded in respect of the sales contract for the Aluminum Business Unit of Teksid (€ 76 million) and those related to the incidental charges associated with the sale of Ferrari S.p.A. (€ 43 million).

Other expenses under extraordinary expenses, by Sector, are as follows:

€ in millions	2003	2002	Change
Automobiles	711	853	(142)
Agricultural and construction equipment	142	18	124
Commercial vehicles	170	466	(296)
Metallurgical products	67	149	(82)
Automotive components	86	363	(277)
Production systems	140	144	(4)
Services	31	202	(171)
Other companies	247	225	22
Total other expenses	1,594	2,420	(826)

Worms & Cie Group

€ in millions	2003	2002	Change
Extraordinary income			
Gains on disposals of investments and other fixed assets	115	290	(175)
Other income	0	9	(9)
Total extraordinary income	115	299	(184)
Extraordinary expenses			
Losses on disposals of investments and other fixed assets	(6)	0	(6)
Other expenses:			
- extraordinary provisions to reserves	(22)	(32)	10
- other extraordinary expenses	(28)	(24)	(4)
- prior period expenses	(9)	0	(9)
Total other expenses	(59)	(56)	(3)
Total extraordinary expenses	(65)	(56)	(9)
Total extraordinary income and expenses	50	243	(193)

Gains mainly refer to the sale of the 1.3% equity interest in Groupe Danone (€ 111 million). In 2002, gains mainly related to the sale of the 1.44% stake in Groupe Danone (€ 246 million) and the 0.59% interest in the Accor Group (€ 31 million).

NHT Group

€ in millions	2003	2002	Change
Extraordinary income			
Gains on disposals of investments and other fixed assets	9	0	9
Other income	0	3	(3)
Total extraordinary income	9	3	6
Extraordinary expenses			
Taxes relating to prior years	(1)	0	(1)
Other extraordinary expenses	(3)	(1)	(2)
Total extraordinary expenses	(4)	(1)	(3)
Total extraordinary income and expenses	5	2	3

Gains relate to the sale of the buildings located in Turin, Milan and Trieste for € 7 million and the sale of the investment in Blumarini Hotel for € 2 million.

IFI and IFIL Holdings System

€ in millions	2003	2002	Change
Extraordinary income			
Gains on disposals of investments and other fixed assets	130	7	123
Other income			
- prior period income	4	0	4
- other income	2	0	2
Total other income	6	0	6
Total extraordinary income	136	7	129
Extraordinary expenses			
Losses on disposals of investments and other fixed assets	0	(2)	2
Taxes relating to prior years	0	(1)	1
Other expenses:			
- extraordinary provisions to reserves	(2)	(4)	2
- other extraordinary expenses	(3)	0	(3)
Total other expenses	(5)	(4)	(1)
Total extraordinary expenses	(5)	(7)	2
Total extraordinary income and expenses	131	0	131

The gains relate to the sale of the 25% interest in Sifalberghi (€ 25 million), the portion of gains deferred in prior years by the subsidiary Toro Assicurazioni (€ 93 million) and the dilution generated by the disposal of Fiat treasury stock held by Toro Assicurazioni, sold by the same Fiat (€ 12 million).

19) Income taxes

Income taxes recorded in the consolidated statement of operations are as follows:

€ in millions	2003	2002	Change
Current taxes, net of tax credits	206	331	(125)
Deferred taxes	500	(746)	1,246
Total income taxes	706	(415)	1,121

Due to the loss before taxes for the year 2003, the comparison between the effective tax rate of the Group and the theoretical rate has no significance.

It should be noted that income taxes include the IRAP tax which has a different taxable base than income before taxes.

The reconciliation between the tax charge recorded in the consolidated financial statements and the theoretical tax charge, calculated on the basis of the theoretical tax rates in effect in Italy, is the following:

€ in millions	2003	2002
Theoretical income taxes	(395)	(1,852)
Utilization of tax loss carryforwards	(57)	(70)
Tax effect of permanent differences	78	(327)
Tax effect of difference between foreign tax rates and theoretical Italian tax rates	(48)	9
Deferred tax assets not provided	955	1,588
Other differences	45	93
Income taxes recorded in financial statements excluding IRAP (current and deferred income taxes)	578	(559)
IRAP	128	144
Income taxes recorded in financial statements (current and deferred income taxes)	706	(415)

In order to render the reconciliation between income taxes recorded in the financial statements and theoretical income taxes more meaningful, the IRAP tax is not taken into consideration. Since the IRAP tax has a taxable basis that is different from income before taxes, it generates distortions between one year and another. Accordingly, the theoretical income taxes were determined applying only the tax rate in effect in Italy (IRPEG equal to 34% in 2003) to the income before taxes.

In 2003, as a result of the loss reported by the Group, the effective tax rate is not significant.

20) Net sales and revenues, operating income (loss), depreciation and amortization, capital expenditures by segment

€ in millions	Net sales and revenues			Operating income (loss)	Depreciation and amortization	Capital expenditures	Total assets
	Third parties	Intersegment (a)	Total				
2003							
Fiat Group							
Automobiles	19,839	171	20,010	(979)	962	1,100	20,908
Agricultural and construction equipment	9,410	8	9,418	229	450	217	12,928
Commercial vehicles	8,206	234	8,440	81	304	210	9,108
Ferrari and Maserati	1,250	11	1,261	32	85	193	965
Components	2,087	1,119	3,206	32	173	148	2,418
Production systems	1,756	537	2,293	2	56	18	4,125
Metallurgical products	735	109	844	12	49	56	739
Aviation (b)	625	0	625	53	41	33	0
Insurance (c)	1,654	0	1,654	44	16	0	0
Services	1,019	797	1,816	45	30	7	1,892
Publishing and communications	372	11	383	10	7	3	251
Other companies and eliminations (d)	318	(2,997)	(2,679)	(71)	96	26	9,377
Total Fiat Group	47,271	0	47,271	(510)	2,269	2,011	62,711
Worms & Cie Group - mainly paper manufacturing and distribution							
	4,214	0	4,214	179	149	120	4,962
NHT Group - Tourism							
	946	0	946	9	11	29	633
IFI and IFIL Holdings System							
	3	0	3	(73)	43	0	1,735
Total of the Group	52,434	0	52,434	(395)	2,472	2,160	70,041
2002							
Fiat Group							
Automobiles	21,908	239	22,147	(1,343)	959	1,116	30,026
Agricultural and construction equipment	10,502	11	10,513	163	541	431	14,434
Commercial vehicles	8,816	320	9,136	102	424	587	10,846
Ferrari and Maserati	1,194	14	1,208	70	77	176	897
Components	2,085	1,203	3,288	(16)	190	148	2,752
Production systems	1,763	557	2,320	(101)	64	20	4,763
Metallurgical products	1,411	128	1,539	27	93	78	857
Aviation	1,532	2	1,534	210	69	130	3,206
Insurance	4,834	82	4,916	147	47	14	19,041
Services	1,005	960	1,965	67	42	14	3,306
Publishing and communications	346	14	360	3	8	3	227
Other companies and eliminations (d)	253	(3,530)	(3,277)	(91)	100	54	2,166
Total Fiat Group	55,649	0	55,649	(762)	2,614	2,771	92,521
Worms & Cie Group - mainly paper manufacturing and distribution							
	4,426	0	4,426	212	128	109	5,383
NHT Group - Tourism							
	938	0	938	5	12	15	632
IFI and IFIL Holdings System							
	2	0	2	(75)	81	0	1,413
Total of the Group	61,015	0	61,015	(620)	2,835	2,895	99,949

- (a) Intersegment net revenues include revenues between Group companies consolidated line-by-line and reporting to different Sectors. Intersegment sales are accounted for at transfer prices that are substantially in line with market conditions.
- (b) The Aviation Sector's revenues are included up to July 1, 2003.
- (c) The Insurance Sector's revenues are included up to May 2, 2003.
- (d) Operating losses of other companies amount to € 137 million in 2003 and € 105 million in 2002.

21) Other information

Research and development expenses

Fiat Group

Each year, significant expenditures are borne by the Group for research and development programs that generally cover a period of several years and which are charged to income in the year incurred.

In 2003, research and development costs expensed directly to income during the year totaled € 1,747 million (€ 1,748 million in 2002).

For the most important projects, the Fiat Group has applied for financing to the Italian government and the European Community under related legislation.

At the end of 2003, there were multiyear research and innovation projects that are being examined or for which incentives are being paid, by the above authorities, which show estimated expenditures in the relative applications amounting to approximately € 898 million (an amount which also comprises projects on which the balance of the incentives was received in the same year). The Group filed/received low-rate loans for € 142 million and grants for € 394 million in respect of these projects which could also give rise to receipts for incentives in future years. The amounts received during 2003, referring to the aforementioned expenditures, totaled € 27 million in low-rate loans and € 54 million in grants, for a cumulative total at December 31, 2003 of € 45 million in low-rate loans and € 132 million in grants.

The average interest rate on financing received for research and innovation at December 31, 2003 for the Fiat Group was 2.27% (2.49% for outstanding financing at December 31, 2002).

Worms & Cie Group

In 2003, research and development costs expensed directly to income during the year totaled € 16 million (€ 14 million in 2002).

Maintenance costs

Maintenance costs charged to income in 2003 and 2002 amounted to € 510 million and € 637 million respectively, Details, by Group, are as follows:

€ in millions	2003	2002	Change
Fiat Group	435	556	(121)
Worms & Cie Group	71	77	(6)
NHT Group	4	4	0
Total	510	637	(127)

Advertising costs

Advertising costs charged to income amounted to € 982 million and to € 1,170 million, respectively in 2003 and 2002, Details, by Group, are as follows:

€ in millions	2003	2002	Change
Fiat Group	921	1,106	(185)
Worms & Cie Group	43	44	(1)
NHT Group	18	20	(2)
Total	982	1,170	(188)

22) Emoluments to directors and statutory auditors

In accordance with art. 38 of Legislative Decree 127/91, the amount of emoluments to which the Directors and Statutory Auditors of IFI S.p.A. are entitled for carrying out these functions also in other companies included in the scope of consolidation are as follows:

€ in thousands	IFI S.p.A.	Subsidiaries	Total
Directors	977	4,258	5,235
Statutory auditors	146	147	293
Total	1,123	4,405	5,528

In 2002, the emoluments amounted to € 11,199 thousand, of which € 3,170 thousand were paid by IFI and € 8,029 thousand by subsidiaries.

23) Statement of cash flows for the year ended at December 31, 2003

€ in millions	2003	2002
A) Cash at January 1	3,733	2,569
B) Cash flows provided by (used in) operating activities		
Net result before minority interest	(1,647)	(4,032)
Amortization and depreciation	2,472	2,861
Net change in reserve for employee severance indemnities	(135)	(69)
Change in deferred income taxes	422	(884)
Net gains on disposal of fixed assets	(2,080)	(163)
Revaluations and writedowns of equity investments	649	1,543
Dividends received from unconsolidated subsidiaries	41	151
Change in current assets and liabilities		
- trade receivables	174	775
- net inventories	(381)	1,326
- trade payables	(28)	(104)
- other payables, receivables, accruals and deferrals	(587)	(44)
- reserves for income taxes and other reserves	(281)	459
- change in the scope of consolidation and others	(91)	(508)
Total cash flows provided by (used in) operating activities	(1,472)	1,311
C) Cash flows provided by (used in) investment activities		
Investments in:		
- property, plant and equipment	(2,160)	(2,895)
- equity investments	(333)	(1,200)
- tangible assets and deferred charges	(515)	(563)
Investment grants	134	90
Proceeds from the sale of fixed assets	4,413	3,920
Net change in financial receivables	1,149	2,430
Change in securities in current assets and fixed assets	(3,063)	256
Change in securities of insurance companies net of policy liabilities and accruals	0	430
Other changes	3,262	(160)
Total cash flows provided by (used in) investment activities	2,887	2,308
D) Cash flows provided by (used in) financing activities		
Increase in borrowings	2,602	12,536
Repayment of borrowings	(6,976)	(10,273)
Net change in short-term borrowings	789	(5,149)
Increase in capital stock	1,972	921
Purchase of treasury stock	(20)	(187)
Distribution of profits and reserves	(54)	(303)
Total cash flows provided by (used in) financing activities	(1,687)	(2,455)
E) Total change in cash	(272)	1,164
F) Cash at December 31	3,461	3,733

24) Translation of foreign financial statements

The principal exchange rates used in 2003 and 2002 to translate foreign currency financial statements into euros are the following:

	2003		2002	
	Average	At 12/31/2003	Average	At 12/31/2002
U.S. dollar	1.131	1.263	0.944	1.049
British pound	0.692	0.705	0.628	0.651
Swiss franc	1.521	1.558	1.467	1.452
Polish zloty	4.398	4.717	3.854	4.020
Brazilian real	3.474	3.649	2.765	3.705
Argentine peso	3.335	3.713	2.957	3.534

Turin, March 30, 2004

For the Board of Directors
The Chairman
Umberto Agnelli





S.p.A.

BALANCE SHEET - ASSETS	12/31/2003	12/31/2002	Change
(in euros)			
FIXED ASSETS			
Property, plant and equipment			
Industrial and commercial equipment	10,524	36,080	(25,556)
Financial fixed assets			
Investments in subsidiaries	1,676,161,514	1,255,425,418	420,736,096
Investments in associated companies	102,559,055	102,559,055	0
Investments in other companies	923,658	89,527,881	(88,604,223)
Total investments	1,779,644,227	1,447,512,354	332,131,873
Receivables - from others	6,678,274	6,678,274	0
Treasury stock	70,477,224	70,477,224	0
Total financial fixed assets	1,856,799,725	1,524,667,852	332,131,873
TOTAL FIXED ASSETS	1,856,810,249	1,524,703,932	332,106,317
CURRENT ASSETS			
Receivables from (a)			
subsidiaries	1,013,246	979,302	33,944
associated companies	54,483	107,178	(52,695)
other receivables			
due within one year	17,531,223	16,678,149	853,074
due beyond one year	33	43	(10)
Total receivables	18,598,985	17,764,672	834,313
Cash and banks			
Bank and post office accounts	53,690	226,202	(172,512)
Cash on hand	10,255	3,507	6,748
Total cash and banks	63,945	229,709	(165,764)
TOTAL CURRENT ASSETS	18,662,930	17,994,381	668,549
ACCRUED INCOME AND PREPAID EXPENSES	49,425	81,772	(32,347)
TOTAL ASSETS	1,875,522,604	1,542,780,085	332,742,519

(a) Unless otherwise indicated, these receivables are due within one year.



S.p.A.

BALANCE SHEET - LIABILITIES AND STOCKHOLDERS' EQUITY	12/31/2003	12/31/2002	Change
(in euros)			
STOCKHOLDERS' EQUITY			
Capital stock	163,251,460	61,750,000	101,501,460
Additional paid-in capital	386,346,907	65,613,812	320,733,095
Revaluation reserve			
Revaluation reserve Law No. 74 of February 11, 1952	156,734	156,734	0
Revaluation reserve Law No. 576 of December 2, 1975	16,939,786	16,939,786	0
Revaluation reserve Law No. 72 of March 19, 1983	64,265,310	64,265,310	0
Total revaluation reserves	81,361,830	81,361,830	0
Legal reserve	14,788,912	14,788,912	0
Treasury stock valuation reserve	70,477,224	70,477,224	0
Other reserves			
Extraordinary reserve	736,081,101	638,155,696	97,925,405
Reserve for purchase of treasury stock	100,000,000	197,908,497	(97,908,497)
Reserve under D.P.R. No. 597, art. 55 of September 29, 1973	0	91,043	(91,043)
Merger surplus reserve	0	191,627,798	(191,627,798)
Retained earnings	0	11,156	(11,156)
Total other reserves	836,081,101	1,027,794,190	(191,713,089)
Net income (loss)	14,666,264	(226,935,639)	241,601,903
TOTAL STOCKHOLDERS' EQUITY	1,566,973,698	1,094,850,329	472,123,369
RESERVES FOR RISKS AND CHARGES			
Income tax reserve	5,571,990	13,235,053	(7,663,063)
Other reserves	2,700,000	2,500,000	200,000
TOTAL RESERVES FOR RISKS AND CHARGES	8,271,990	15,735,053	(7,463,063)
RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES	1,300,802	2,311,349	(1,010,547)
PAYABLES ^(a)			
Borrowings from banks			
due within one year	66,261,713	211,675,034	(145,413,321)
due beyond one year	212,700,000	170,000,000	42,700,000
Trade payables	1,218,963	727,012	491,951
Payables to subsidiaries	372,803	4,737,735	(4,364,932)
Payables to parent company	15,175,589	39,273,847	(24,098,258)
Taxes payable	178,644	279,014	(100,370)
Social securities payable			
due within one year	334,990	179,604	155,386
due beyond one year	452,512	0	452,512
Other payables			
due within one year	1,001,600	891,123	110,477
due beyond one year	0	500,000	(500,000)
TOTAL PAYABLES	297,696,814	428,263,369	(130,566,555)
ACCRUED EXPENSES AND DEFERRED INCOME	1,279,300	1,619,985	(340,685)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,875,522,604	1,542,780,085	332,742,519

(a) Unless otherwise indicated, these payables are due within one year.



S.p.A.

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	12/31/2003	12/31/2002	Change
(in euros)			
GUARANTEES GRANTED			
Sureties issued on behalf of subsidiaries	32,002,828	97,681,354	(65,678,526)
GUARANTEES RECEIVED - from third parties	726,255	726,255	0
COMMITMENTS	173,517,351	203,529,748	(30,012,397)
OTHER MEMORANDUM ACCOUNTS			
Securities held in deposit by third parties	34,190,193	34,189,346	847
Third-party assets held by the company	0	566,634	(566,634)
TOTAL OTHER MEMORANDUM ACCOUNTS	34,190,193	34,755,980	(565,787)



S.p.A.

STATEMENT OF OPERATIONS	Year 2003	Year 2002	Change
(in euros)			
VALUE OF PRODUCTION			
Revenues from sales and services	1,060,113	1,730,816	(670,703)
Other income and revenues	456,781	820,803	(364,022)
TOTAL VALUE OF PRODUCTION	1,516,894	2,551,619	(1,034,725)
COSTS OF PRODUCTION			
Raw materials, supplies and merchandise	(53,856)	(53,144)	(712)
Services	(4,478,347)	(9,389,023)	4,910,676
Leases and rentals	(803,326)	(888,580)	85,254
Personnel			
salaries and wages	(1,715,921)	(2,614,294)	898,373
social security contributions	(520,723)	(777,158)	256,435
employee severance indemnities	(233,737)	(490,329)	256,592
other costs	(243,196)	(284,924)	41,728
	(2,713,577)	(4,166,705)	1,453,128
Amortization, depreciation and writedowns			
amortization of intangible fixed assets	0	(6,175)	6,175
depreciation of property, plant and equipment	(25,556)	(15,342)	(10,214)
	(25,556)	(21,517)	(4,039)
Other operating costs			
donations to charities and cultural organizations	(356,750)	(699,450)	342,700
other	(1,253,890)	(797,946)	(455,944)
	(1,610,640)	(1,497,396)	(113,244)
TOTAL COSTS OF PRODUCTION	(9,685,302)	(16,016,365)	6,331,063
FINANCIAL INCOME AND EXPENSES			
Investment income			
Dividends and tax credits relating to:			
subsidiaries	0	86,931,729	(86,931,729)
associated companies	4,443,715	14,459,164	(10,015,449)
other companies	202,500	14,730,938	(14,528,438)
	4,646,215	116,121,831	(111,475,616)
Gains on sale of investment in subsidiaries	3,578,011	1,048,311	2,529,700
Gains on sale of investments in other companies	19,044,882	0	19,044,882
	27,269,108	117,170,142	(89,901,034)
Other financial income			
income other than the above	10,968	10,306	662
Interest and other financial expenses from			
subsidiaries	(65,897)	(786,820)	720,923
parent company	(655,645)	(813,581)	157,936
other companies	(14,496,498)	(16,502,673)	2,006,175
	(15,218,040)	(18,103,074)	2,885,034
TOTAL FINANCIAL INCOME AND EXPENSES	12,062,036	99,077,374	(87,015,338)
VALUATION ADJUSTMENTS			
Writedowns of financial fixed assets	0	(304,771,787)	304,771,787
EXTRAORDINARY INCOME AND EXPENSES			
Income	4,084,521	19,683	4,064,838
Expenses	(881,319)	(36,545)	(844,774)
TOTAL EXTRAORDINARY INCOME AND EXPENSES	3,203,202	(16,862)	3,220,064
INCOME (LOSS) BEFORE TAXES	7,096,830	(219,176,021)	226,272,851
INCOME TAXES	7,569,434	(7,759,618)	15,329,052
NET INCOME (LOSS)	14,666,264	(226,935,639)	241,601,903

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

STRUCTURE AND CONTENT OF THE STATUTORY FINANCIAL STATEMENTS

The statutory financial statements for the year ended December 31, 2003 are expressed in euros and have been prepared in accordance with the provisions of the Italian Civil Code in force prior to the changes introduced by Legislative Decree No. 6 dated January 17, 2003 (reform of the law on corporations and cooperatives), as stated therein.

The balance sheet and statement of operations show the changes in the individual captions on the face of the statements. In the Notes, prepared in accordance with the provisions of art. 2427 of the Italian Civil Code, the comments are limited to the principal changes. Unless otherwise indicated, all amounts in the notes are expressed in thousands of euros. In the "Annexes", which are an integral part of these notes, information is shown which is either required by current laws or presented as additional disclosure for purposes of clarity and completeness of the financial statements, including the information requested by Recommendation No. 94001437 dated February 23, 1994 issued by the National Commission for Corporations and the stock exchange (Consob).

As stated in point 5 of art. 2428 of the Italian Civil Code, subsequent events after the end of the year are commented in the Report on Operations.

SIGNIFICANT ACCOUNTING POLICIES

Pursuant to article 2423 bis of the Italian Civil Code, the financial statements have been prepared on the basis of the general principle of prudence, using the accrual basis of accounting and according to the going-concern concept. The accounting policies have been applied on a basis consistent with the prior year and such principles are in compliance with those laid down in article 2426 of the Italian Civil Code.

Furthermore, there were no departures from paragraph 4 of article 2423 of the Italian Civil Code in preparing these financial statements.

Property, plant and equipment

These are stated at cost of acquisition, including accessory charges, net of accumulated depreciation. Depreciation is calculated on a straight-line basis each year over the estimated useful lives of the assets.

In view of the nature of the property, plant and equipment, depreciation is calculated at the ordinary depreciation rates plus the rates for allowable accelerated depreciation. For property, plant and equipment purchased during the year, these rates are reduced by half. Purchases of assets of below € 516 are entirely depreciated in the year of purchase.

Financial fixed assets

Financial fixed assets are valued at cost of acquisition, including accessory charges, determined using the LIFO method.

The cost of acquisition of the investments in IFIL and in Exor Group has been revalued in previous years as allowed by monetary revaluation laws. If, at the balance sheet date, the investment value is determined to have suffered a permanent impairment in value to below the cost of acquisition as defined above, it is written down to the lower value.

Should the reasons for the writedowns no longer apply, the value of the financial fixed assets will be reinstated up to the limit of the cost of acquisition; for financial fixed assets prior to the enactment of Legislative Decree 127/91, this limit is represented by the amounts recorded in the financial statements at March 31, 1993.

Receivables

Receivables are stated at estimated realizable value and include, where applicable, accrued interest earned and collectible at the end of the year.

Accrued income and prepaid expenses

These are income and expenses, common to two or more years, calculated on the accrual principle with the matching of costs and revenues of the year.

Employee severance indemnities

Employee severance indemnities, revalued on the basis of indexes, and determined in accordance with labor legislation and contracts, reflects the liability in respect of all employees. This liability is calculated in reference to the years of service and the employee's annual salary, in accordance with art. 2120 of the Italian Civil Code.

The reserve also includes the liability pursuant to the company agreements dated December 23, 1999.

Payables

Payables are recorded at nominal value and include, where applicable, accrued interest payable at the end of the year.

Guarantees, commitments and other memorandum accounts

Derivative financial instruments used to hedge exchange and interest rate risks and, in general, the fluctuations in the value of assets and liabilities, are recorded under "Commitments". Such contracts form part of the results for the year on the basis of the accrual principle.

Commitments relating to the performance of contracts are recorded under memorandum accounts on the basis of the nominal value to which they refer.

Securities held in deposit by third parties are shown at their nominal value.

Dividends

Dividends are recorded in the year in which they are declared. The related tax credit is recorded at the time the dividends are received.

Financial income and expenses

Financial income and expenses are recorded in the financial statements based on the accrual concept. As for financial instruments used to hedge interest rate risk, the interest differentials are recognized in the statement of operations based on the accrual concept.

Extraordinary income and expenses

Extraordinary income and expenses are generated by events unrelated to ordinary activities or by income and expenses relating to prior years.

Income taxes

L'Irpeg and Irap taxes for the current year are calculated on the basis of existing tax legislation prior to the amendments to Legislative Decree No. 344 of December 12, 2003.

Deferred taxes are calculated on temporary differences between the results for book and tax purposes and deferred tax liabilities are recorded in a specific reserve in liabilities; any deferred tax assets are recorded in "Other receivables" only if there is reasonable certainty of their future recovery. Deferred tax assets and liabilities are offset where allowed by law.

Transactions denominated in foreign currency

Transactions in currencies other than the euro are recorded at the exchange rates agreed with the counterparts or, in their absence, at the exchange rate as of the date of transaction.

Receivables and payables in currencies other than the euro are adjusted to the year-end exchange rate with a contra-entry in the statement of operations.

ANALYSIS OF THE INDIVIDUAL ITEMS OF THE BALANCE SHEET

Property, plant and equipment

The analysis of the changes in 2003 is summarized as follows:

€ in thousands	Depreciation rates	Original cost	Acc. Depreciation	Net book value
Plant and machinery				
Balance at December 31, 2002		5	(5)	0
Balance at December 31, 2003		5	(5)	0
Industrial and commercial equipment:				
- Motor vehicles	50			
Balance at December 31, 2002		143	(111)	32
Increase (Depreciation)			(21)	(21)
(Decrease) Disposal, retirements, etc.		(100)	100	0
Balance at December 31, 2003		43	(32)	11
- Office furniture	12			
Balance at December 31, 2002		144	(140)	4
Increase (Depreciation)			(4)	(4)
(Decrease) Disposal, retirements, etc.		(7)	7	0
Balance at December 31, 2003		137	(137)	0
- Office equipment				
Balance at December 31, 2002		50	(50)	0
(Decrease) Disposal, retirements, etc.		(1)	1	0
Balance at December 31, 2003		49	(49)	0
Total industrial and commercial equipment		229	(218)	11

Financial fixed assets – Investments

Details of investments and the percentage holdings of the classes of capital stock are summarized in the following table:

€ in thousands	12/31/2003		12/31/2002	
	%	Carrying value	%	Carrying value
Subsidiaries				
IFIL S.p.A. (ordinary shares)	62.03	1,676,162	53.73	572,118
Fiat S.p.A. (ordinary shares)	-	0	17.99	560,995
Fiat S.p.A. (preferred shares)	-	0	18.96	101,143
Fiat S.p.A. (warrants 2007 on ordinary shares)	-	0	-	0
Juventus Football Club S.p.A.	-	0	62.01	11,725
Soiem S.p.A.	-	0	50.10	9,444
		1,676,162		1,255,425
Associated companies - Exor Group S.A. (ordinary shares)	29.29	102,559	25.01	102,559
Other companies				
Deutsche Morgan Grenfell Capital Italy S.A.	-	549	-	537
Emittenti Titoli S.p.A.	8.78	371	8.78	371
Sundry consortiums	-	3		3
SANPAOLO IMI S.p.A.	-	0	1.13	88,617
		923		89,528
Total investments		1,779,644		1,447,512

Changes during the year in investments are presented below:

€ in thousands	Balance at 12/31/2002	Changes during the year			Balance at 31/12/2003
		Contribution to IFIL	Conversion of shares	Additions	
Subsidiaries					
IFIL S.p.A. (ordinary shares)	572,118	522,703	272,046	309,295	1,676,162 ^(a)
IFIL S.p.A. (savings shares)	0	271,844	(272,046)	202	0
Fiat S.p.A. (ordinary shares)	560,995	(560,995)			0
Fiat S.p.A. (preferred shares)	101,143	(101,143)			0
Fiat S.p.A. (warrants 2007 on ordinary shares)	0	0			0
Juventus Football Club S.p.A.	11,725	(11,725)			0
Soiem S.p.A.	9,444	(9,444)			0
	1,255,425	111,240	0	309,497	1,676,162
Associated companies - Exor Group S.A. (ordinary shares)	102,559				102,559
Other companies					
Deutsche Morgan Grenfell Capital Italy S.A.	537			12	549
Emittenti Titoli S.p.A.	371				371
Sundry consortiums	3				3
SANPAOLO IMI S.p.A.	88,617	(88,617)			0
	89,528	(88,617)		12	923
Total	1,447,512	22,623	0	309,509	1,779,644

(a) Net of writedowns of € 73.5 million made in 2002.

The changes during the year, more fully described in the Report on Operations under "Major events in 2003" and "Analysis of IFI S.p.A. statutory results", are presented below.

IFI contributed the following investments and warrants to the subsidiary IFIL:

	Number	% of class of stock	Contribution value			
			Accounting value		Economic value	
			Per share (€)	Total (€ thd)	Per share (€)	Total (€ thd)
Fiat ordinary shares	77,944,334	17.99%	7.197	560,995	8.869	691,288
Fiat preferred shares	19,582,500	18.96%	5.165	101,144	5.165	101,144
Warrants 2007 on Fiat ordinary shares	11,216,334	-	0.319	3,578	0.319	3,578
SANPAOLO IMI ordinary shares	16,300,000	1.13%	6.605	107,661	6.605	107,661
Juventus Football Club	74,992,103	62.01%	0.156	11,725	1.823	136,711
Soiem	18,286,500	50.10%	0.516	9,444	0.633	11,572
TOTAL				794,547		1,051,954

The economic value of the contribution was calculated (with the exception of Soiem, which is unlisted and valued at net asset value) on the basis of the average official market prices in the period between September 2, 2002 and February 28, 2003 and resulted in a total of € 1,051,954 thousand.

In accordance with the provisions of art. 3 of Legislative Decree No. 358 of October 8, 1997, the Fiat ordinary shares, the Juventus Football Club shares and the Soiem shares (representing investments in subsidiaries or affiliates) were contributed with a view to the continuity of the accounting values recorded in the financial statements of IFI S.p.A. for the year ended December 31, 2002, whereas the SANPAOLO IMI ordinary shares, the Fiat preferred shares and the Fiat 2007 warrants on ordinary shares were contributed at economic value, with a total gain € 22,623 thousand.

In exchange for this contribution, based upon the economic value of IFIL determined for purposes of the transaction, IFIL issued to IFI 167,450,949 ordinary shares at the accounting per share price of approximately € 3.122 and 119,635,991 savings shares at the accounting per share price of approximately € 2.272. The par value of the IFIL shares issued amounted to € 287,086,940, plus € 507,460,128 of additional paid-in capital, for a total of € 794,547,068.

In May 2003, IFI then exercised the right to voluntarily convert all the 119,750,000 IFIL savings shares held for 101,787,500 IFIL ordinary shares, without payment of any cash differential.

The additions derive from the following transactions:

- in April and May 2003, IFI purchased 1,807,150 IFIL ordinary shares and 114,009 IFIL savings shares on the market for a total investment of € 4,388 thousand;
- in July 2003, after having purchased 810,126 rights, IFI subscribed to 233,861,025 IFIL ordinary shares under the rights offering for a total investment of € 304,205 thousand;
- in August 2003, IFI also purchased 450,000 IFIL ordinary shares on the market for an outlay of € 904 thousand.

Further details on the variations in investments are provided in Annex 1. The list of investments, which presents additional data and information required by article 2427 of the Italian Civil Code, is provided in Annex 2.

Based upon the average stock market prices for the second half of 2003 (€ 2.325), IFIL ordinary shares show an unrealized loss of € 179 million. Such unrealized loss is not considered representative of a permanent decline in value in that it refers to a controlling institutional investment, which, furthermore, based upon the average market prices for the period March 1 – 17, 2004 (€ 2.836) shows an unrealized gain of about € 150 million.

The per share carrying value of IFIL ordinary shares (€ 2.604), moreover, is lower than the per share value of the consolidated stockholders' equity of the IFIL Group at December 31, 2003 (€ 3.68).

Additional details are provided in Annex 3.

Financial fixed assets – Receivables from others

The receivable from TLcom I at December 31, 2003 amounts to € 6,678 thousand (unchanged compared to the prior year).

Financial fixed assets – Treasury stock

No transactions in treasury stock were entered into during the year. The balance at December 31, 2003 includes the following:

	Number of shares	Carrying value	
		Per share (€)	Total (€ in thousands)
IFI preferred shares	5,360,300	13.15	70,477 (a)

(a) Net of writedowns of € 58.9 million made in 2002.

IFI preferred shares in portfolio at December 31, 2003 have a par value of € 5,360 thousand and represent, after the capital increase, 3.28% of capital stock and 6.98% of the class of stock.

Based upon the average stock market prices for the second half of 2003 (€ 6.41), IFI preferred shares show an unrealized loss of € 36 million, which would be reduced to € 31 million based upon the average market prices for the period March 1 – 17, 2004 (€ 7.439).

Such unrealized loss is not considered representative of a permanent decline in value taking also into account that the per share carrying value of IFI preferred shares is in any case lower than the per share value of the consolidated stockholders' equity of the IFI Group at December 31, 2003 (€ 13.61).

Additional details are provided in Annex 3.

Current assets – Receivables from subsidiaries

€ in thousands	12/31/2003	12/31/2002	Change
Fiat Sava S.p.A.	620	620	0
IFIL S.p.A.	201	73	128
Juventus Football Club S.p.A.	159	263	(104)
Welcome Travel Group S.p.A.	22	0	22
Soiem S.p.A.	11	10	1
Neos S.p.A.	0	8	(8)
Fiat Auto S.p.A.	0	5	(5)
Total receivables from subsidiaries	1,013	979	34

Current assets – Receivables from associated companies

€ in thousands	12/31/2003	12/31/2002	Change
Exor Group S.A.	54	107	(53)

The above receivables from subsidiaries and associated companies originated from the performance of services and cost recoveries for personnel on loan.

Current assets – Other receivables

€ in thousands	12/31/2003	12/31/2002	Change
Receivables from the tax authorities for prior years' taxes, refunds requested	17,200	0	17,200
Receivables from the tax authorities for current and prior years' taxes, carried forward	113	16,431	(16,318)
Deferred tax assets	22	40	(18)
Sundry	196	207	(11)
Total other receivables	17,531	16,678	853

There are no receivables due beyond five years.

The changes in receivables from the tax authorities are as follows:

€ in thousands	
Balance at December 31, 2002	16,431
Adjustment of prior years' receivable on tax return	4,065
Sales to Group companies	(2,588)
Allowable portion of IRPEG receivable used to compensate current income taxes	(464)
VAT credit used	(207)
Arising in 2003 (taxes and withholdings)	76
Balance at December 31, 2003	17,313

Capital stock

At December 31, 2003, the capital stock of IFI S.p.A., fully subscribed to and paid-in, amounts to € 163,251,460 and is composed of 86,450,000 ordinary shares and 76,801,460 preferred shares of par value € 1 each.

In accordance with art. 10 of the by-laws, preferred shares have voting rights only for the resolutions set forth in art. 2365 of the Italian Civil Code.

Pursuant to art. 26 of the by-laws, preferred shares have the right to a preference dividend, which is not cumulative from one year to the next, equal to 5.17% of par value (€ 1).

Capital stock may be increased for a period of five years, at one or more times, also in divisible form, up to a maximum of € 561,750,000, by the authority delegated to the Board of Directors in the Extraordinary Stockholders' Meeting on April 22, 2003 pursuant to art. 2443 of the Italian Civil Code.

Changes in capital stock in 2003 are summarized below:

	Number of shares		Total
	Ordinary shares	Preferred shares	
At December 31, 2002	30,875,000	30,875,000	61,750,000
Capital stock increase against payment	55,575,000	45,926,460	101,501,460
At December 31, 2003	86,450,000	76,801,460	163,251,460

On June 27, 2003, by the power vested in it pursuant to art. 2443 of the Italian Civil Code by the Extraordinary Stockholders' Meeting held on April 22, 2003, the Board of Directors of IFI S.p.A. voted to increase the capital stock against payment, and in divisible form, for a maximum amount of par value € 101,501,460, through the issue of:

- 55,575,000 IFI ordinary shares of par value € 1 each, with normal dividend rights, with option rights offered to Giovanni Agnelli e C. S.a.p.az., the sole stockholder of IFI ordinary shares, at the price of € 4.5 each, in a ratio of 9 new ordinary shares for every 5 ordinary shares held;
- maximum 45,926,460 IFI preferred shares of par value € 1 each, with normal dividend rights, with option rights offered to the preferred stockholders at the price of € 4.5 each, in a ratio of 9 new preferred shares for every 5 preferred shares held.

At the end of the rights offering period, 45,412,722 new preferred shares were subscribed to, equal to 98.88% of the preferred shares offered. Moreover, Giovanni Agnelli e C. S.a.p.az., the sole stockholder of IFI ordinary shares, subscribed to the 55,575,000 IFI ordinary shares in the rights offering, with an investment of € 250,087 thousand.

Following the subsequent offering of the 285,410 unexercised rights on the market (which generated proceeds of € 684 thousand recorded as an increase to stockholders' equity), the remaining 513,738 new IFI preferred shares were subscribed to in August.

The capital stock increase was therefore concluded with the subscription of the entire issue of 55,575,000 ordinary shares and the 45,926,460 preferred shares offered for total proceeds of € 457,440 thousand (of which € 684 thousand deriving from the sale of unexercised rights).

In execution of the resolution passed by the Stockholders' Meeting of June 3, 1985, a part of the monetary revaluation reserve Law No. 576 of December 2, 1975 was transferred to capital stock (€ 1,325 thousand) which, in the event of distribution, will form part of the taxable income of the Company.

Reserves

The statement of changes in stockholders' equity is presented in Annex 4.

At December 31, 2003, untaxed reserves are recorded for a total amount of € 83,716 thousand, of which € 81,362 thousand are in the monetary revaluation reserves, € 2,032 thousand in the legal reserve and € 322 thousand in other reserves. In the event of distribution, these reserves would form part of the taxable income of the Company.

In a view of the unlikelihood of their distribution, no deferred taxes have been set aside in respect of such reserves.

Reserves for risks and charges

These amounted to € 8,272 thousand, of which € 5,572 thousand for taxes and € 2,700 thousand for the risk of writedowns and financial receivables.

Reserve for employee severance indemnities

This reserve refers to the liability for employee severance indemnities, calculated in accordance with art. 2120 of the Italian Civil Code, as well as the liability in respect of employees arising from the December 23, 1999 agreement.

Details of the changes are as follows:

€ in thousands	Employee Sever. Indem.	Agreement 12/23/1999	Total
Balance at December 31, 2002	2,012	299	2,311
Provisions	156	78	234
Payments	(772)	(86)	(858)
Transfers to and from other Group companies	(330)	(56)	(386)
Balance at December 31, 2003	1,066	235	1,301

Borrowings from banks

€ in thousands	12/31/2003	12/31/2002	Change
due within one year	66,262	211,675	(145,413)
due beyond one year	212,700	170,000	42,700
Total borrowings from banks	278,962	381,675	(102,713)

Borrowings from banks due within one year amounted to €66,262 thousand (€211,675 thousand at December 31, 2002). Against these borrowings, the company has irrevocable lines of credit available totaling €515 million, all due beyond one year.

Borrowings from banks due beyond one year of €212,700 thousand relate to loans bearing interest at variable rates payable semi-annually and are indexed against the Euribor plus a spread commensurate with the best market conditions.

Interest rate swaps and zero cost collars are used to ensure fixed interest rates over the period of the loans on an amount of €170 million at December 31, 2003.

Loans are classified as due beyond one year on the basis of the residual period of the loan and the period of the hedging contracts.

Borrowings from banks due beyond one year are payable within five years.

Payables to subsidiaries

€ in thousands	12/31/2003	12/31/2002	Change
For loans received:			
- Soiem S.p.A.	0	3,559	(3,559)
- Juventus Football Club S.p.A.	0	589	(589)
	0	4,148	(4,148)
For services received:			
- Soiem S.p.A.	313	408	(95)
- IFIL S.p.A.	0	88	(88)
- Fiat Auto S.p.A.	11	45	(34)
- Sundry	49	49	0
	373	590	(217)
Total payables to subsidiaries	373	4,738	(4,365)

Payables to parent company

Payables to parent company amount to € 15,176 thousand (€ 39,274 thousand at December 31, 2002) and refer to the loan granted by the parent company Giovanni Agnelli e C S.a.p.a.z. which bears interest at the monthly variable market rate.

Taxes payable

Taxes payable amount to € 179 thousand (€ 279 thousand in 2002) and relate to withholding taxes payable on self-employment, employment and other income.

The Company has agreed its tax years up to December 31, 1998.

The Company took advantage of the tax amnesty (Law 289/2002 as amended) opting to apply art. 8 (simple supplement) relating to the years 1997-2001. The company also used the amnesty to close pending and potential tax litigation relating to prior years (art. 15 and 16 of Law 289/2002). The total cost incurred amounted to € 94 thousand.

Social security payable

€ in thousands	12/31/2003	12/31/2002	Change
INPS solidarity fund (MD No. 158 dated 4/28/2000)	679 (a)	0	679
INPS social security contributions on salaries and unused vacation and holidays	109	180	(71)
Total social security payable	788	180	608

(a) Of which € 453 thousand beyond one year.

Ministerial Decree No. 158 dated April 28, 2000, established, at INPS, the "Solidarity Fund for the support of earnings, employment and professional reconversion and requalification of credit personnel". Financial and asset management of the Fund is administered autonomously. The Fund provides, in exceptional circumstances, for the issue of checks to support earnings at the request of the employer and up until the right accrues for the years-of-service or old age pension by employees who accrue the requisites within a maximum period of 60 months from the date of termination of the working relationship. The above liabilities (€ 679 thousand in total) represent the extraordinary contribution that IFI must pay to cover the exceptional checks that are due to former employees, including related social security contributions.

Other payables

€ in thousands	12/31/2003	12/31/2002	Change
Extraordinary compensation for the former Managing Director	500 (a)	1,000	(500)
IFI Board of Statutory Auditors fees	178	168	10
Extraordinary compensation for the Deputy Chairman	150 (a)	0	150
Stockholders for dividends not yet collected	107	131	(24)
Sundry	67	92	(25)
Total other payables	1,002	1,391	(389)

(a) To be paid in 2004.

Accrued expenses and deferred income

Accrued expenses and deferred income amount to € 1,279 thousand (€ 1,620 thousand at December 31, 2002) and include interest expenses on borrowings from banks (€ 727 thousand) and expenses on interest rate swaps and zero cost collars (€ 552 thousand) accrued to December 31, 2003.

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

Guarantees granted – Sureties issued on behalf of subsidiaries

At December 31, 2003, sureties granted by IFI amounted to € 32,003 thousand and refer to F.I.G.C., Federazione Italiana Giuoco Calcio – Lega Nazionale Professionisti, on behalf of the Juventus Football Club.

The reduction of € 65,679 thousand from December 31, 2002 is due to the sureties that expired (€ 44,186 thousand) or were reduced (€ 21,493 thousand) during the year.

The sureties, remunerated at market rates, have varying annual expiry dates between 2004 and 2005.

Guarantees received - from third parties

These total € 726 thousand and represent sureties received from Banca Intesa issued to the Tax Administration (VAT office) on behalf of IFI, expiring December 31, 2003.

Commitments

€ in thousands	12/31/2003	12/31/2002	Change
Commitments with leading banking institutions relating to transactions to hedge interest rate fluctuations on bank debt due in 2005 and 2007 (a)	170,000	200,000	(30,000)
Residual commitment to invest in TLcom I	3,000	3,000	0
Commitment to sell 47,500 IFIL ordinary shares	424	424	0
Residual commitment to subscribe to Emittenti Titoli's capital increase	93	93	0
Residual commitment to invest in Deutsche Morgan Grenfell	0	12	(12)
Total commitments	173,517	203,529	(30,012)

(a) The transactions in derivative financial instruments are used exclusively to hedge the risk of interest rate fluctuations and thus are not valued separately.

Other memorandum accounts – Securities held in deposit by third parties

The amount of € 34,190 thousand refers to 3,418,242 Exor Group ordinary shares and 3,010 Deutsche Morgan Grenfell shares deposited at banks.

ANALYSIS OF THE INDIVIDUAL ITEMS OF THE STATEMENT OF OPERATIONS

Value of production – Revenues from sales and services

€ in thousands	2003	2002	Change
For services rendered to subsidiaries and associated companies:			
- Fiat Sava S.p.A.	620	620	0
- Juventus Football Club S.p.A.	223	277	(54)
- Exor Group S.A.	92	274	(182)
For services rendered to third parties	125	560	(435)
Total revenues from sales and services	1,060	1,731	(671)

The services rendered to Fiat Sava consist of the custody of receivables (€ 1,332.3 million) which guarantee the circulation of interest-bearing Sava Fiat bonds (the 2003 bond issue amounts to € 589.7 million).

Value of production – Other income and revenues

€ in thousands	2003	2002	Change
For cost recoveries incurred on behalf of subsidiaries:			
- IFIL S.p.A.	201	222	(21)
- Soiem S.p.A.	10	10	0
- Juventus Football Club S.p.A.	0	83	(83)
	211	315	(104)
For fees for post held by IFI staff in the following companies:			
- SANPAOLO IMI S.p.A.	99	196	(97)
- Fiat S.p.A.	20	117	(97)
- Welcome Travel Group S.p.A.	20	0	20
- Atlanel S.p.A.	0	34	(34)
- Alpitour S.p.A.	0	24	(24)
- Sundry	0	28	(28)
	139	399	(260)
Sundry	107	107	0
Total other income and revenues	457	821	(364)

Costs of production – Raw materials, supplies and merchandise

These costs total € 54 thousand and regard the purchases of stationery and supplies, printed forms and gifts.

Costs of production – Services

Services total € 4,478 thousand and include nonrecurring expenses of € 1,760 thousand, of which € 1,460 thousand relate to costs incurred under the Reorganization Plan of the Group and capital stock increases and € 300 thousand regard extraordinary compensation to a Director.

Details of the main services are as follows:

€ in thousands	2003	2002	Change
Consulting and services rendered by			
- Third parties	1,750	3,858	(2,108)
- Soiem S.p.A. (subsidiary)	444	675	(231)
- IFIL S.p.A.	0	88	(88)
	2,194	4,621	(2,427)
Fees to Corporate Boards			
- Board of Directors	977	3,025	(2,048)
- Board of Statutory Auditors	146	144	2
	1,123	3,169	(2,046)
Office management and security	384	363	21
Bank charges	208	268	(60)
Maintenance, transport and car insurance	183	171	12
Travel expenses	136	507	(371)
Mailing, telephone and similar expenses	131	153	(22)
Other expenses	45	41	4
Audit fees	42	38	4
Employee expenses	32	58	(26)
Total services	4,478	9,389	(4,911)

Costs of production – Leases and rentals

These amount to € 803 thousand (€ 889 thousand in 2002) and include the rent on the Turin headquarters (€ 537 thousand to the subsidiary company Soiem S.p.A.), leases and expenses of the Rome headquarters (€ 68 thousand), leases for office machines, for cars for service use and other rentals (€ 198 thousand).

Costs of production – Personnel

These total € 2,714 thousand (€ 4,167 thousand in 2002) and show a net decrease of € 1,453 thousand due to a reduction in number of employees.

Other personnel costs include the contribution (€ 95 thousand) to the Corporate Employee Benefits Fund – Pension Fund, administered separately from the balance sheet, in which IFI S.p.A. and other companies in the Group participate. The purpose of this Fund, which is non-profit, is to pay benefits that are a supplement to the obligatory public system, either directly or by taking out insurance policies, in conformity with the provisions of the collective labor contracts, agreements or company regulations. The technical equilibrium between benefits and contributions is ensured by the company partners in the Fund.

At year-end 2003, employees numbered 11 (28 in 2002).
The average number of employees in 2003 was 18, summarized by category as follows:

	2003	2002	Change
Managers/management staff	6	10	(4)
Clerks	10	16	(6)
Messengers	2	5	(3)
Average number of employees	18	31	(13)

Costs of production – Other operating costs

Other operating costs total € 1,611 thousand (€ 1,497 in 2002) and show an increase of € 114 thousand compared to 2002. Details are as follows:

€ in thousands	2003	2002	Change
Indirect taxes and duties	831 ^(a)	508	323
Donations to non-profit and cultural organizations	357	699	(342)
Notary and corporate charges	152	81	71
Publication of annual, first-half and quarterly financial statements	86	72	14
Ads	81	13	68
Association dues	46	67	(21)
Books, newspapers and magazines	40	42	(2)
Sundry	18	15	3
Total other operating costs	1,611	1,497	114

(a) Including nonrecurring expenses relating to nondeductible VAT for € 282 thousand.

Donations to non-profit and cultural organizations in 2003 were paid from the portion of 2001 profits to which the Board of Directors is entitled, according to the by-laws, and which is waived.

Investment income – Dividends and tax credits

Details are as follows:

€ in thousands	2003			2002		
	Dividends	Tax credits	Total	Dividends	Tax credits	Total
Subsidiaries						
Fiat S.p.A. (ordinary shares)	0	0	0	24,163	13,075	37,238
Fiat S.p.A. (preferred shares)	0	0	0	6,070	3,285	9,355
IFIL S.p.A. (ordinary shares)	0	0	0	24,917	14,016	38,933
Juventus Football Club S.p.A.	0	0	0	900	506	1,406
	0	0	0	56,050	30,882	86,932
Associated companies						
Exor Group S.A. (ordinary shares)	4,444	0	4,444	14,459	0	14,459
Other companies						
Emittenti Titoli S.p.A.	130	72	202	137	77	214
SANPAOLO IMI S.p.A.	0	0	0	9,291	5,226	14,517
	130	72	202	9,428	5,303	14,731
Total	4,574	72	4,646	79,937	36,185	116,122

Investment income – Gains on sale of investments in subsidiaries and other companies

The gains refer to sales of:

€ in thousands	2003	2002	Change
Subsidiaries:			
- 11,216,334 warrants 2007 on Fiat ordinary shares	3,578 (a)	0	3,578
- 1,257,102 Juventus Football Club S.p.A. shares	0	1,048	(1,048)
Other companies:			
- 16,300,000 SANPAOLO IMI S.p.A. shares	19,045 (a)	0	19,045
Total gains on sales of investments in subsidiaries and other companies	22,623	1,048	21,575

(a) Generated by the contribution of investments to IFIL.

Other financial income – Income other than the above

These total € 11 thousand (€ 10 thousand at December 31, 2002) and refer to interest income on receivables from banks.

Interest and other financial expenses

Details are as follows:

€ in thousands	2003	2002	Change
Interest expense on loans from subsidiaries			
- Soiem S.p.A.	48	80	(32)
- Juventus Football Club S.p.A.	18	707	(689)
	66	787	(721)
Interest expense on loans from parent company			
- Giovanni Agnelli e C. S.a.p.az	656	814	(158)
Other			
- interest expenses on borrowings from banks	10,008	13,353	(3,345)
- expenses relating to hedges of interest rate fluctuations	3,647	1,835	1,812
- sundry bank charges	641	814	(173)
- accrual for sundry financial risks	200	500	(300)
Total interest and other financial expenses	15,218	18,103	(2,885)

Extraordinary income and expenses

Details are as follows:

€ in thousands	2003	2002	Change
Income			
Release of excess income taxes set aside in the prior year	4,065	0	4,065
Sundry	19	20	(1)
Total extraordinary income	4,084	20	4,064
Expenses			
Solidarity fund for the support of earnings (MD 158 of 4/28/2000) (a)	(772)	0	(772)
Employee reduction incentives	(89)	0	(89)
Sundry	(20)	(37)	17
Total extraordinary expenses	(881)	(37)	(844)

(a) Payment will terminate in 2008.

Income taxes

Details are as follows:

€ in thousands	2003	2002	Change
Deferred income taxes - Release of deferred taxes provided in prior years and adjustments to conform to the change in tax rates	7,569	1,381	6,188
Current Irpeg taxes	0	(8,917)	8,917
Equalization tax - Irpeg (19%)	0	(224)	224
Total income taxes	7,569	(7,760)	15,329

The taxable base for the year 2003 was a negative figure on account of the writedowns on financial fixed assets recorded at the end of 2002 which became deductible.

Since there is no reasonable certainty of future recovery, no deferred tax assets have been booked on the fiscal 2003 tax losses (€ 131 million) and on the portions of investment writedowns that, as allowed by existing tax legislation, will be deductible in future years (€ 63 million).

Other information – Compensation to Directors, Statutory Auditors and General Managers
(Art. 78 of Consob resolution No. 11971 dated May 14, 1999 and subsequent amendments)

All amounts in the following table are expressed in thousands of euros:

Name	Post held	Term of office	Expiration of term of office (a)	Compensation for post held in company preparing the financial statements (b)	Non-monetary benefits	Bonuses and other incentives	Other compensation
Directors in office							
Agnelli Umberto	Chairman	3/3 - 12/31 (c)	2005	250			1,655 (d)
Gabetti Gianluigi	Deputy Chairman	1/1 - 12/31	2005	250		300 (e)	1,777 (d)
Avogadro di Collobiano Annibale	Director	3/3 - 12/31	2005				
Elkann Jonh Philip	Director	3/3 - 12/31	2005		1		136 (d)
							54 (f)
Galateri di Genola Gabriele	Director	1/1 - 12/31 (g)	2005	77			35 (d)
Nasi Andrea	Director	1/1 - 12/31	2005				
Rattazzi Lupo	Director	5/29 - 12/31	2005				
Grande Stevens Franzo	Director	1/1 - 12/31	2005				412 (d)
Teodorani-Fabbri Pio	Director	1/1 - 12/31	2005	100 (h)			8 (d)
Directors no longer in office							
Agnelli Giovanni	Chairman	1/1 - 1/24					
Agnelli Susanna	Director	1/1 - 5/29					
Camerana Carlo	Director	1/1 - 1/6					
Fresco Paolo	Director	1/1 - 6/21					215 (d)
Total Board of Directors				677	1	300	4,292
Board of Statutory Auditors							
Ferrero Cesare	Chairman	1/1 - 12/31	2005	62			125 (d)
Giorgi Giorgio	Statutory Auditor	1/1 - 12/31	2005	42			23 (d)
Jona Celesia Lionello	Statutory Auditor	1/1 - 12/31	2005	42			
Total Board of Statutory Auditors				146			148
General Manager							
Marrone Virgilio	General Manager	1/1 - 12/31	-		43		415 (f)
							18 (d)

(a) The term of office expires in concurrence with the Stockholders' Meeting that will approve the financial statements for the year ended December 31, 2005.

(b) The amounts indicated refer to special compensation correlated to the post and functions carried out.

(c) Deputy Chairman and Managing Director until March 2, 2003.

(d) Compensation for the posts held in subsidiaries.

(e) Extraordinary compensation.

(f) Employment income.

(g) Managing Director until April 13, 2003.

(h) Compensation as the person in charge of IFI headquarters in Rome.

IFI – Other information – Stock options

The Company uses stock option plans to strengthen relations between management and the Group and to boost motivation to create value for the Company.

At December 31, 2003, the Board of Directors of the subsidiary IFIL has three stock option plans.

The first, destined to managers and directors of IFIL and IFI, was voted by the IFIL Board of Directors on April 1998. The plan involves a maximum number of 500,000 IFIL ordinary shares of par value € 1, which can be granted for subscription at a price of € 8.93 each.

The plan allows the granting of a maximum number of shares for a variable amount of between one and two times the annual gross salary of each beneficiary as of the date of April 1998.

The options, accrue in equal amounts each year between 1998 and 2003, can be exercised by the beneficiaries in the first four months of 2003 and 2004.

In total, the options granted, net of those expired in the meantime, relate to 220,700 shares, equal to 0.02% of the actual outstanding capital stock.

In May 2000, the IFIL Board of Directors voted a second stock option plan destined for the managers and directors of IFIL and IFI, for a maximum number of 2,700,000 IFIL ordinary shares, of par value € 1 each. The options can be granted in annual amounts each year between 2000 and 2004 and can be exercised by the beneficiaries beginning from 2002 up to 2006.

There were 2,691,500 options equal to 0.25% of actual capital stock granted under this plan in the period 2000 to 2003 (net of those expired in the meantime) (of which in 2000, 522,000 options exercisable at an average price of € 7.088 each; in 2001, 525,450 options at € 6.88 each; in 2002, 844,050 options at € 5.09 each; in 2003, 800,000 options exercisable at a price of € 1.85 each).

In September 2003, the IFIL Board of Directors voted a third stock option plan destined solely for the managers and directors of IFIL and IFI, for a maximum number of 700,000 IFIL ordinary shares, of par value € 1 each. There were 532,000 options equal to 0.05% of actual capital stock granted under this plan, of par value € 2.28 each.

In the event of termination of employment with Group companies (excluding retirement) the options not yet accrued or exercisable are forfeited.

During 2003, no options were exercised.

With regard to these plans, there were no transactions entered into to favor either the purchase or subscription of shares pursuant to ex art. 2358 of the Italian Civil Code.

Thus far, the Board of Fiat S.p.A. has approved stock option plans offered to about 900 managers of the Group's Italian and foreign companies who are qualified as "Direttore" or have been included in the Management Development Program for high-potential managers. Plan regulations share these common features:

- options are granted to individual managers on the basis of objective parameters that take into account the level of responsibility assigned to each person and his or her performance.
- if employment is terminated or an employee's relationship with the Group is otherwise severed, options that are not exercisable become null and void. However, vested options may be exercised within 30 days from the date of termination, with certain exceptions.
- the option exercise price, which is determined based on the average stock market price for the month preceding the option grant, can vary as a result of transactions affecting the Company's capital stock. It must be paid in cash upon the purchase of the underlying shares.
- the options are normally exercisable starting one year after they are granted and for the following eight years, but during the first four years, exercise is limited to annual tranches, which may be accumulated, of no more than 25% of the total granted.

A total of 1,045,943 options were granted in 2003, and expire in 2010. For the first three years their exercise is subject to limits, which include the achievement of predetermined objectives. In consideration of the options previously granted under the aforesaid plans and that have since expired upon termination of employment, a total of 12,697,743 shares represent treasury stock to be assigned to the holders of options pursuant to the conditions envisaged in the specific Regulations.

On December 15, 2000, the Extraordinary Stockholders' Meeting of Alpitour S.p.A. voted to vest the Board of Directors with the power to increase capital stock by a maximum amount of € 767,500 to service a stock option plan on behalf of the directors, managers and cadres of Alpitour and the companies of the Group.

The regulations of the stock option plan, approved by resolution of the Board of Directors on December 15, 2000, state that the aforementioned capital increase of € 767,500 will occur by issue of a maximum 1,535,000 new ordinary shares of par value € 0.50 each. The options under the plan, which carries a period of 68 months, will accrue in annual lots expiring October 31, of each year and will be offered at a price equal to € 6.73 per share. The options granted can be fully exercised within six months of the approval of the financial statements ended October 31, 2005.

The shares purchased in execution of the above plan can be sold to Alpitour at a price, established by the Board of Directors, calculated on the basis of the economic performance of the company.

The first tranche of options granted during 2002/2003, referring to the financial statements for the year ended October 31, 2002, was not exercised by the beneficiaries of the stock option plans.

Stock options granted to Directors and General Managers

(Art. 78 of Consob resolution No. 11971 dated May 14, 1999 and subsequent amendments)

Name Post held	Company	Options held at the beginning of the year			Options granted during the year			Options expired	Options held at the end of the year		
		Number of options	Average exercise price	Exercise period (months/year)	Number of options	Average exercise price	Exercise period (months/year)	during the year Number of option	Number of options	Average exercise price	Exercise period (months/year)
Gabetti Gianluigi											
Deputy Chairman	IFIL ord.				532,000	2.28	1/05-12/06		532,000	2.28	1/05-12/06
Galateri di Genola Gabriele											
Director	Fiat ord.	400,000	12.96	6/03 - 6/10				400,000 (a)	0		
	IFIL ord.	746,600	6.53	3/04 - 12/06					746,600	6.53	3/04 - 12/06
	Alpitour	153,500	6.73	10/03 - 10/05					153,500	6.73	08/06
Marrone Virgilio											
General Manager	IFIL ord.	206,450	6.60	3/04 - 12/06	60,000	1.85	01/05-12/06		266,450	5.53	3/04 - 12/06
Fresco Paolo											
Director (b)	Fiat ord.	2,250,000	20.614	7/01 - 1/10					2,250,000	20.614	7/01 - 1/10

(a)Options expired, since the director left office.

(b)No longer in office.

During the year, no options were exercised.

Turin, March 30, 2004

For the Board of Directors
The Chairman
Umberto Agnelli

ANNEXES TO THE NOTES TO THE STATUTORY FINANCIAL STATEMENTS

Changes in investments (Recommendation Consob No. 94001437 dated February 23, 1994)	1
List of investments in subsidiaries and associated companies at December 31, 2003	2
Comparison of carrying values and market prices of listed financial fixed assets (Recommendation Consob No. 94001437 dated February 23, 1994)	3
Statement of changes in stockholders' equity for the years 2002 and 2003 in the stockholders' equity	4
Statement of cash flows for the years 2003 and 2002	5
Reclassified statement of operations according to the format recommended by Consob (Recommendation Consob No. 94001437 dated February 23, 1994)	6
Revaluations made to fixed assets existing at December 31, 2003 (Law No. 72, art. 10 of March 19, 1983)	7

Turin, March 30, 2004

For the Board of Directors
The Chairman
Umberto Agnelli

CHANGE IN INVESTMENTS (RECOMMENDATION CONSOB NO. 94001437 DATED FEBRUARY 23, 1994)

	Balance at December 31, 2002			
	Number of shares/warrants	% of class of stock	Carrying value	
			Per share (€)	Total (€ in thousands)
SUBSIDIARIES				
IFIL S.p.A. - ordinary shares	138,426,775	53.73	4.13	572,118
IFIL S.p.A. - savings shares				0
FIAT S.p.A. - ordinary shares	77,944,334	17.99	7.20	560,995
FIAT S.p.A. - preferred shares	19,582,500	18.96	5.17	101,143
FIAT S.p.A. - wts. 2007 on ordinary shares				
JUVENTUS FOOTBALL CLUB S.p.A.	74,992,103	62.01	0.16	11,725
SOIEM S.p.A.	18,286,500	50.10	0.52	9,444
Total subsidiaries				1,255,425
ASSOCIATED COMPANIES				
EXOR GROUP S.A. - ordinary shares	3,418,242	25.01	30.00	102,559
OTHER COMPANIES				
SANPAOLO IMI S.p.A.	16,300,000	1.13	5.44	88,617
EMITTENTI TITOLI S.p.A.	720,000	8.78	0.52	371
DEUTSCHE MORGAN GRENPELL C.I. S.A.				
- ordinary shares	1,034	1.11	513.89	532
- preferred shares (b)	1,976	1.28	2.58	5
CONSORZIUMS (c)				3
Total other companies				89,528
TOTAL INVESTMENTS				1,447,512

Other companies include the investment in Ticom 1 (1 quota for € 100).

- (a) Net of writedowns of € 73.5 million made in 2002.
(b) Including 942 shares , not representative of capital stock.
(c) Consorzio Fiat Media Center, Consorzio Orione and Consorzio Conai.

Change during 2003				Balance at December 31, 2003			
Increase		Decrease		Number of shares	% of class of stock	Carrying value	
Number of shares	Carrying value (€ in thousands)	Number of shares	Carrying value (€ in thousands)			Per share (€)	Total (€ in thousands)
505,356,624	1,104,044			643,783,399	62.03	2.60	1,676,162 (a)
119,750,000	272,046	119,750,000	272,046				0
		77,944,334	560,995				0
		19,582,500	101,143				0
							0
		74,992,103	11,725				0
		18,286,500	9,444				0
	1,376,090		955,353				1,676,162
				3,418,242	29.29	30.00	102,559
		16,300,000	88,617				0
				720,000	8.78	0.52	371
24	12			1,058	1.13	513.89	544
24				2,000	1.30	2.58	5
							3
	12		88,617				923
	1,376,102		1,043,970				1,779,644

LIST OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES AT DECEMBER 31, 2003

	Capital stock			
	Number of shares	Currency	Par value	Amount
SUBSIDIARIES - FINANCIAL SECTOR				
IFIL - Finanziaria di partecipazioni S.p.A. - Turin				
- ordinary shares	1,037,812,717	Euro	1	1,037,812,717
- savings shares	37,383,020	Euro	1	37,383,020
	<u>1,075,195,737</u>			<u>1,075,195,737</u>
ASSOCIATED COMPANIES - FINANCIAL SECTOR				
EXOR GROUP S.A. - Luxembourg				
- ordinary shares	11,670,050	Euro	10	116,700,500
- savings shares	50	Euro	10	500
	<u>11,670,100</u>			<u>116,701,000</u>

Figures relating to IFIL and Exor Group refer to the 2003 consolidated financial statements.

IFI's investment					Stockholders' equity	Net income/(loss)
Number of shares	% ownership of		Carrying value		Per share	Total
	capital stock	class of stock	Per share (€)	Total (€ in thousands)		
643,783,399	59.88	62.03	2.60	1,676,162	3,953,900	(45,000)
3,418,242	29.29	29.29	30.00	102,559	611,492	17,148

**COMPARISON OF CARRYING VALUES AND MARKET PRICES OF LISTED FINANCIAL FIXED ASSETS
(RECOMMENDATION CONSOB NO. 94001437 DATED FEBRUARY 23, 1994)**

(€ in thousands)	Balance at December 31, 2003					
	Number of shares	Carrying value		Market prices at December 30, 2003		
		Per share (€)	Total	Per share (€)	Total	Difference
IFIL S.p.A. - ordinary shares	643,783,399	2.604	1,676,162	2.617	1,684,781	8,619
IFI S.p.A. - preferred shares	5,360,300	13.148	70,477	6.708	35,957	(34,520)

Average market prices II half 2003			Average market prices in December 2003		
Per share (€)	Total	Difference	Per share (€)	Total	Difference
2.325	1,496,796	(179,366)	2.603	1,675,768	(394)
6.414	34,381	(36,096)	6.723	36,037	(34,440)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS 2002 AND 2003

(€ in thousands)

	Capital stock	Additional paid-in- capital	Revaluation reserves	Legal reserve
BALANCE AT DECEMBER 31, 2001	61,750	65,614	81,362	14,789
Extraordinary stockholders' meeting of May 28, 2002				
- Appropriation of 2001 net profit				
. Dividends to stockholders				
. To extraordinary reserve				
- Revocation of resolution to purchase treasury stock of May 29, 2001 for the unused portion and appropriation of the remaining Reserve for the purchase of treasury stock to the Extraordinary reserve				
- Transfer to Reserve for purchase of treasury stock pursuant to art. 2357 of the Italian Civil Code				
Purchase of 573,650 IFI preferred shares				
Statute-barred dividends				
Writedown of the carrying value of 5,360,300 IFI preferred shares (€ 13.148), adjustment to reserve				
Net loss 2002				
Changes in 2002	0	0	0	0
BALANCE AT DECEMBER 31, 2002	61,750	65,614	81,362	14,789
Ordinary stockholders' meeting of May 29, 2003				
- Absorption of the 2002 loss through the use:				
. Merger surplus				
. Additional paid-in-capital		(35,206)		
. Reserve under DPR No. 597 art. 55 of 9/29/1973				
. Retained earnings				
- Revocation of resolution to purchase treasury stock of May 28, 2002 for the unused portion and appropriation of the remaining Reserve for the purchase of treasury stock to the Extraordinary reserve				
- Transfer to Reserve for purchase of treasury stock pursuant to art. 2357 and art. 2357-ter of the Italian Civil Code				
- Capital stock increase with the issue of 55,575,000 ordinary shares and 45,926,460 preferred shares at € 4.5 each of which par value € 1 and € 3,5 of paid-in-capital	101,501	355,255		
- Sale of 285,410 unexercised rights on IFI preferred shares		684		
Statute-barred dividends				
Net income (loss) 2003				
Changes in 2003	101,501	320,733	0	0
BALANCE AT DECEMBER 31, 2003	163,251	386,347	81,362	14,789

Treasury stock valuation reserve	Extraordinary reserve	Reserve for purchase of treasury stock	Retained earnings and other reserves	Net income (loss) for the year	Stockholders' equity
117,208	559,352	147,093	191,730	116,901	1,355,799
	82,871			(34,030)	(34,030)
				(82,871)	0
	136,982	(136,982)			0
	(200,000)	200,000			0
12,203		(12,203)			0
	17				17
(58,934)	58,934				0
				(226,936)	(226,936)
(46,731)	78,804	50,815	0	(343,837)	(260,949)
70,477	638,156	197,908	191,730	(226,936)	1,094,850
				226,936	226,936
			(191,628)		(191,628)
					(35,206)
			(91)		(91)
			(11)		(11)
	197,908	(197,908)			0
	(100,000)	100,000			0
					456,756
					684
	17				17
				14,666	14,666
0	97,925	(97,908)	(191,730)	241,602	472,123
70,477	736,081	100,000	0	14,666	1,566,973

STATEMENT OF CASH FLOWS FOR THE YEARS 2003 AND 2002

(€ in thousands)	2003	2002
A) Net cash at beginning of year	230	7,032
B) Cash flows provided by (used for) operating activities		
Net income (loss) for the year	14,666	(226,936)
Depreciation and amortization	26	22
(Gains) Losses on disposals of:		
financial fixed assets	(22,623)	(1,048)
property, plant and equipment	(12)	(5)
Writedowns of financial fixed assets	0	304,772
Net change in employee severance indemnities	(1,010)	(227)
Change in working capital:		
trade receivables	63	(60)
trade payables	(115)	1,292
reserve for income taxes and other reserves	(7,463)	(8,628)
other assets and liabilities	(696)	(10,798)
	(17,164)	58,384
C) Cash flows provided by (used for) investing activities		
Investments in assets:		
financial fixed assets	(309,512)	(212,736)
property, plant and equipment	0	(42)
Proceeds from the sale of fixed assets:		
financial fixed assets	0	1,503
property, plant and equipment	12	5
	(309,500)	(211,270)
D) Cash flows provided by (used for) financing activities		
Increase (repayment) of loans	42,700	(75,000)
(Repayment) increase in loans from subsidiaries and parent companies	(28,246)	43,422
Net change in borrowings from banks	(145,413)	211,675
	(130,959)	180,097
E) Cash flows provided by (used for) changes in stockholders' equity		
Capital stock increase	457,440	0
Dividends paid	0	(34,030)
Other changes	17	17
	457,457	(34,013)
F) Net change in cash	(166)	(6,802)
G) Net cash at end of year	64	230

RECLASSIFIED STATEMENT OF OPERATIONS ACCORDING TO THE FORMAT RECOMMENDED BY CONSOB (RECOMMENDATION CONSOB NO. 94001437 DATED FEBRUARY 23, 1994)

(Amounts in €)	DECEMBER 31, 2003	DECEMBER 31, 2002	CHANGE
FINANCIAL INCOME AND EXPENSES			
Investment income			
Dividends and tax credits relating to			
subsidiaries	0	86,931,729	(86,931,729)
associated companies	4,443,715	14,459,164	(10,015,449)
other companies	202,500	14,730,938	(14,528,438)
Gains on sale of investments in			
subsidiaries	3,578,011	1,048,311	2,529,700
other companies	19,044,882	0	19,044,882
	<u>27,269,108</u>	<u>117,170,142</u>	<u>(89,901,034)</u>
Other financial income	10,968	10,306	662
Interest and other financial expenses			
subsidiaries	(65,897)	(786,820)	720,923
parent company	(655,645)	(813,581)	157,936
other	(14,496,498)	(16,502,673)	2,006,175
	<u>(15,218,040)</u>	<u>(18,103,074)</u>	<u>2,885,034</u>
Writedowns of financial fixed assets	0	(304,771,787)	304,771,787
TOTAL FINANCIAL INCOME AND EXPENSES	12,062,036	(205,694,413)	217,756,449
VALUE OF PRODUCTION			
Revenues from sales and services	1,060,113	1,730,816	(670,703)
Other income and revenues	456,781	820,803	(364,022)
TOTAL VALUE OF PRODUCTION	1,516,894	2,551,619	(1,034,725)
OTHER OPERATING COSTS			
Purchases of raw materials, supplies and merchandise	(53,856)	(53,144)	(712)
Services	(4,478,347)	(9,389,023)	4,910,676
Leases and rentals	(803,326)	(888,580)	85,254
Personnel			
salaries and wages	(1,715,921)	(2,614,294)	898,373
social security contributions	(520,723)	(777,158)	256,435
employee severance indemnities	(233,737)	(490,329)	256,592
other costs	(243,196)	(284,924)	41,728
	<u>(2,713,577)</u>	<u>(4,166,705)</u>	<u>1,453,128</u>
Amortization, depreciation and writedowns	(25,556)	(21,517)	(4,039)
Other operating costs	(1,610,640)	(1,497,396)	(113,244)
TOTAL OTHER OPERATING COSTS	(9,685,302)	(16,016,365)	6,331,063
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND INCOME TAXES	3,893,628	(219,159,159)	223,052,787
EXTRAORDINARY INCOME AND EXPENSES			
Extraordinary income	4,084,521	19,683	4,064,838
Extraordinary expenses	(881,319)	(36,545)	(844,774)
TOTAL EXTRAORDINARY INCOME AND EXPENSES	3,203,202	(16,862)	3,220,064
INCOME (LOSS) BEFORE TAXES	7,096,830	(219,176,021)	226,272,851
INCOME TAXES	7,569,434	(7,759,618)	15,329,052
NET INCOME (LOSS) FOR THE PERIOD	14,666,264	(226,935,639)	241,601,903

**REVALUATIONS MADE TO FIXED ASSETS EXISTING AT DECEMBER 31, 2003
(LAW NO. 72, ART. 10 OF MARCH 19, 1983)**

(€ in thousands)	Legal revaluations	
	Law No. 576 December 2, 1975	Law No. 72 March 19, 1983
Financial fixed assets		
Subsidiaries		
IFIL ordinary shares	608	4,246
Associated companies		
EXOR GROUP ordinary shares	5,920	37,519
	6,528	41,765

REPORT OF THE BOARD OF STATUTORY AUDITORS ACCORDING TO ART. 153 OF LEGISLATIVE DECREE NO. 58/1998 AND ART. 2429, PARAGRAPH 3 OF THE ITALIAN CIVIL CODE

To our Stockholders,

Under Art. 153 of Legislative Decree No. 58 of February 24, 1998, the Board of Statutory Auditors has the obligation to report to the Stockholders' Meeting on matters concerning the audit work carried out and any omissions and censurable matters that may have come to its attention. The Board of Statutory Auditors may also formulate proposals to the Stockholders' Meeting in relation to the financial statements, to its approval and to matters of its competence.

With this report, we have complied with the law.

In 2003, the Board of Statutory Auditors has complied with the obligations required by art. 149, Legislative Decree No. 58, dated February 24, 1998, which allows us to specifically comment on the matters which follow.

We have attended the meetings of the Board of Directors during the course of which the Directors informed us of the activities carried out and the significant economic, financial and equity transactions entered into or in progress by the company and/or its subsidiaries. In this regard, we have ascertained that the transactions approved and carried out were in conformity with the law and the corporate by-laws, were not in disagreement with the resolutions approved by the Stockholders' Meeting, nor in potential conflict of interest and were based upon the principles of good administration.

The organizational structure of the company is adequate in relation to the size of the company. The Board of Statutory Auditors, also on the basis of meetings held with company management and with representatives of the Independent Auditors, has gathered information regarding compliance with the principles of diligent and correct administrative management.

Our evaluation of the adequacy of the internal control system is positive, meaning that the system is operating effectively for the purpose of ascertaining that the internal operating and administrative procedures are being followed and which have been adopted in order to guarantee a sound and efficient management, and also to identify, prevent and manage, as far as possible, financial and operating risks and any fraud to the detriment of the company. Furthermore, we consider that the administrative accounting system, insofar as ascertained and checked by us also in previous years, is in a condition to correctly represent operating events.

The directives imposed on the subsidiaries by IFI S.p.A. as per Art. 114, paragraph 2, of Legislative Decree 58/98 are also considered adequate.

The Board of Directors has sent to us, in accordance with the law, the report relating to the first half of the year, making it public within the time-frame and according to the procedures established by Consob and has also provided, according to the law, reports on quarterly performance.

With reference to Consob Communications dated February 20, 1997, March 2, 1998 and April 6, 2001, as far as our responsibility is concerned, we can attest that:

- the information disclosed by the Directors in the Report on Operations is considered exhaustive and complete;
- the Board of Statutory Auditors, in accordance with the "Testo Unico sulla Finanza" (Legislative Decree No. 58/98), has been kept constantly informed about matters of its competence;
- the periodical tests and controls which the Board of Statutory carried out on the company did not show atypical and/or unusual transactions;
- intercompany transactions are presented and described in the Directors' Report on Operations and the numerous transactions for goods and services entered into with Group companies and/or related parties have been carried out at normal market conditions;
- the Independent Auditors' report did not contain any qualifications or other matters of interest nor related observations or proposals;
- as previously stated, the organizational structure of the company, insofar as we are responsible, appears to be adequate and the administrative accounting system is reliable for purposes of correctly representing operating events;
- the internal control systems appears adequate and effective;
- during 2003, the Board of Directors held eight meetings, which we always attended, and the Board of Statutory Auditors held 14 meetings, four of which were attended by the Independent Auditors;
- neither complaints, as per ex art. 2408 of the Italian Civil Code, were received by the Board of Statutory Auditors, nor has it been informed, at this time, of any petitions presented to IFI S.p.A.;
- opinions have been issued during the year by the Board of Statutory Auditors pursuant to the law;
- IFI S.p.A. has not assigned the audit firm, Deloitte & Touche S.p.A., other work, apart from the audit of the statutory financial statements and the consolidated financial statements and the limited scope audit of the six-month report.

As for the annual statutory financial statements, which show a net income of € 14,666,264, the reasons for which were described in the Report on Operations, we have ascertained compliance with the law as regards its structure and formation by tests carried out by us directly and through information received by us from the Independent Auditors. We therefore maintain that the financial statements are befitting of your approval, together with the proposal to increase the legal reserve to one fifth of capital stock and to appropriate the net income to the extraordinary reserve, as formulated by the Board of Directors.

The Board of Directors also asks for your authorization to buy-back treasury stock in the amount and in the manner and terms described in the specific report. As for our responsibility, we attest that the transaction proposed to you agrees with existing legislation.

In the extraordinary session, we propose that you approve the numerous amendments to the corporate by-laws, both obligatory and non-obligatory, in order to conform the by-laws to the provisions established or allowed by Legislative Decree No. 6/2003 and later amendments or integrations.

These comply with said law and therefore meet with our approval.

Turin, May 20, 2004

The Board of Statutory Auditors

(Cesare Ferrero)

(Giorgio Giorgi)

(Lionello Jona Celesia)

REPORT OF THE BOARD OF STATUTORY AUDITORS ACCORDING TO ART. 41 OF LEGISLATIVE DECREE NO. 127/1991

To our Stockholders,

The consolidated financial statements of the IFI S.p.A. for the year ended December 31, 2003 – consisting of the balance sheet, the statement of operations and the notes to the financial statements – which have been made available to you, show a loss of € 130 million, compared to a loss of € 803 million in the prior year. The consolidated financial statements were submitted to us within the terms of the law, together with Report on Operations, and prepared in accordance with the provisions of Legislative Decree 127 dated April 9, 1991.

The tests carried out by Deloitte & Touche S.p.A., the Independent Auditors charged with the audit of the financial statements, has led to the assertion that the values expressed in the financial statements agree with the accounting recorded of the Parent Company, the statutory and consolidated financial statements of the subsidiaries and the relative information formally communicated by the latter.

Such financial statements, transmitted by the subsidiaries to the Parent Company, for purposes of drawing up the consolidated financial statements, prepared by their relevant corporate bodies, have been examined by the bodies and/or parties in charge of controlling the individual companies, according to the respective regulations, and on the part of the Independent Auditors within the scope of the procedures carried out in the audit of consolidated financial statements. The Board of Statutory Auditors has, therefore, not extended its examination to these financial statements.

The determination of the scope of consolidation, the choice of the principles of consolidation of the investments and the procedures adopted for this purpose are in agreement with the provisions of Legislative Decree No. 127 dated April 9, 1991. The structure of the consolidated financial statements is thus to be considered technically correct and, as a whole, conforms to the specific law.

The Report on Operations adequately describes the results of operations and financial condition, the trend of operations during the course of 2003 and the business outlook of the whole of the companies in the scope of consolidation after the end of the year. The examination to which the Report has been subjected shows its congruity with the consolidated financial statements.

Turin, May 20, 2004

The Board of Statutory Auditors

(Cesare Ferrero)

(Giorgio Giorgi)

(Lionello Jona Celesia)

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58/1998

To the Shareholders of IFI – Istituto Finanziario Industriale S.p.A.

1. We have audited the financial statements of IFI – Istituto Finanziario Industriale S.p.A. as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Directors of IFI – Istituto Finanziario Industriale S.p.A. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in Italy as recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the adequacy and the fairness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion. The audit of the financial statements of certain subsidiaries and affiliates, which statements reflect total assets representing 11% of consolidated total assets and revenues representing 12% of consolidated revenues, is the responsibility of other auditors.

For the opinion on the prior year's financial statements, which are presented for comparative purposes as required by law, reference should be made to the auditors' report dated April 3, 2003 issued by Deloitte & Touche Italia S.p.A.

3. In our opinion, the financial statements of IFI – Istituto Finanziario Industriale S.p.A. as of and for the year ended December 31, 2003 comply with the Italian statutory provisions governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and results of operations of IFI – Istituto Finanziario Industriale S.p.A.

DELOITTE & TOUCHE S.p.A.
s/Colin Johnston
Partner

Turin, May 14, 2004

This report and the financial statements to which it refers have been translated into English from the original version in Italian. The financial statements have been prepared in accordance with the Italian law related to financial statements. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Italy, may not conform with generally accepted accounting principles in other countries.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma
Torino Treviso Verona Vicenza

Member of
Deloitte Touche Tohmatsu

Sede Legale: Palazzo Carducci - Via Olona, 2 - 20123 Milano
Capitale Sociale: versato Euro 6.720.406,00 - sottoscritto Euro 10.327.590,00 - deliberato Euro 10.850.000,00
Partita IVA/Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239

REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58/1998

To the Shareholders of
IFI – Istituto Finanziario Industriale S.p.A.

1. We have audited the consolidated financial statements of IFI – Istituto Finanziario Industriale S.p.A. and subsidiaries as of and for the year ended December 31, 2003. These consolidated financial statements are the responsibility of the Directors of IFI – Istituto Finanziario Industriale S.p.A. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in Italy as recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the adequacy and the fairness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion. The audit of the financial statements of certain subsidiaries and affiliates, which statements reflect total assets representing 11% of consolidated total assets and revenues representing 12% of consolidated revenues, is the responsibility of other auditors.

For the opinion on the prior year's consolidated financial statements, which are presented for comparative purposes as required by law, reference should be made to the auditors' report dated April 3, 2003 issued by Deloitte & Touche Italia S.p.A.

3. In our opinion, the consolidated financial statements of IFI – Istituto Finanziario Industriale S.p.A. and subsidiaries as of and for the year ended December 31, 2003 comply with the Italian statutory provisions governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and results of operations of the Company and its subsidiaries.

DELOITTE & TOUCHE S.p.A.
s/Colin Johnston
Partner

Turin, May 14, 2004

This report and the consolidated financial statements to which it refers have been translated into English from the original version in Italian. The consolidated financial statements have been prepared in accordance with the Italian law related to such financial statements. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Italy, may not conform with generally accepted accounting principles in other countries.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma
Torino Treviso Verona Vicenza

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IFI GROUP'S COMPANIES

In accordance with the provisions of Legislative Decree No. 127/91, articles 38 and 39, and Consob resolution No. 11971 of May 14, 1999 (art. 126 of the Regulations and successive amendments), the following list is provided of the companies and significant holdings included in the consolidated financial statements.

The companies in the list are divided by consolidation method and business segment. For each company, the following information is provided: the registered offices, the country location, the capital stock in the original currency. The consolidated percentage of ownership held by the Group is also indicated, as well as the percentage of ownership held by IFI S.p.A. or by other subsidiaries.

A separate column shows the percentage of voting rights in the Ordinary Stockholders' Meeting. An Asterisk (*) indicates ownership with voting suspended.

Name	Country	Capital stock at 12/31/2003	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
IFI S.p.A.	ITALY	163,251,460	EURO				

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS
Holding companies - diversified

IFIL FINANZIARIA DI PARTECIPAZIONI S.p.A. (1)	ITALY	1,075,195,737	EURO	60.55	Societa' per Azioni ISTITUTO FINANZIARIO INDUSTRIALE	59.876	62.033
					IFIL-FINANZIARIA DI		
					PARTECIPAZIONI S.p.A. (*)	1.099	1.139
					SOIEM S.p.A. (*)	0.075	0.078

ASSOCIATED COMPANIES VALUED BY THE EQUITY METHOD

Holding companies - diversified

EXOR GROUP S.A.	LUXEMBOURG	116,701,000	EURO	29.30	Societa' per Azioni ISTITUTO FINANZIARIO INDUSTRIALE	29.291	29.291
					EXOR GROUP S.A. (*)	0.031	0.031

(1) For purposes of a clearer presentation, the investments held through IFIL are shown separately.

(*) Voting suspended.

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. (60.55%-owned subsidiary)

Name	Country	Capital stock at 12/31/2003	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS							
Miscellaneous and Holding companies							
FIAT S.P.A. (1)	ITALY	4,918,113,540	EUR	27.62	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A. FIAT S.P.A. (*)	27.619 0.505	30.060 0.621
IFIL INVESTISSEMENTS S.A.	LUXEMBOURG	166,611,300	EUR	100.00	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A. IFIL INVESTMENT HOLDING N.V.	79.816 20.184	79.816 20.184
IFIL INVESTMENT HOLDING N.V.	NETHERLANDS	54,000,000	EUR	100.00	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A.	100.000	100.000
IFIL CAPITAL B.V.	NETHERLANDS	11,000,000	EUR	100.00	IFIL INVESTMENT HOLDING N.V.	100.000	100.000
IFIL FINANCE B.V.	NETHERLANDS	10,000,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFILGROUP FINANCE L.T.D.	IRELAND	4,000,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFIL INTERNATIONAL FINANCE L.T.D.	IRELAND	4,000,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
NEW BUSINESS QUINDICI S.r.l.	ITALY	15,000,000	EUR	100.00	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A.	100.000	100.000
WORMS & CIE S.A. DIRECTOIRE ET CONSEIL DE SURVEILLANCE (1)	FRANCE	161,210,830.68	EUR	53.07	IFIL INVESTISSEMENTS S.A. WORMS & CIE S.A. A DIRECTOIRE ET CONSEIL DE SURVEILLANCE (*)	53.074 0.066	53.074 0.066
Tourism and Hotel activities							
NHT NEW HOLDING FOR TOURISM B.V. (1)	NETHERLANDS	32,980,000	EUR	90.00	IFIL INVESTISSEMENTS S.A. IFIL FINANCE B.V.	59.679 30.321	59.679 30.321
Services							
SOIEM S.P.A.	ITALY	18,250,000	EUR	100.00	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A.	100.000	100.000
SUBSIDIARIES VALUED BY THE EQUITY METHOD							
Football Club							
JUVENTUS FOOTBALL CLUB S.p.A.	ITALY	12,093,200	EUR	62.01	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A.	62.010	62.010
SUBSIDIARIES VALUED AT COST							
Lease of own real estate and sublease							
CAMPI DI VINOVO S.p.A.	ITALY	1,300,000	EUR	-	JUVENTUS FOOTBALL CLUB S.p.A. CAMPI DI VINOVO (*)	69.800 3.000	69.800
ASSOCIATED COMPANIES JOINTLY CONTROLLED WITH THIRD STOCKHOLDERS VALUED BY THE EQUITY METHOD							
Miscellaneous and Holding companies							
EUROFIND S.A.	LUXEMBOURG	985,348,268	EUR	40.47	IFIL INVESTISSEMENTS S.A.	40.468	50.000
EUFIN INVESTMENTS UNLIMITED	UNITED KINGDOM	243,100	EUR	40.47	EUROFIND S.A.	100.000	100.000
ASSOCIATED COMPANIES VALUED AT COST							
Miscellaneous and Holding companies							
EUROMEDIA LUXEMBOURG ONE S.A.	LUXEMBOURG	52,500,000	USD	-	IFIL INVESTISSEMENTS S.A. FIAT NETHERLAND HOLDING NV	14.286 14.286	14.286 14.286
Services							
WE-CUBE.COM S.P.A.	ITALY	666,668	EUR	-	IFIL INVESTISSEMENTS S.A. BUSINESS SOLUTIONS S.P.A.	14.790 14.790	14.790 14.790
Stadium management							
SEMANA S.r.l.	ITALY	100,000	EUR	-	JUVENTUS FOOTBALL CLUB S.p.A.	30.000	30.000

(1) For purposes of a clearer presentation, the investments held through FIAT, Worms & Cie and NHT New Holding for Tourism B.V. are shown separately.

(*) Voting suspended.

INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis								
Automobiles								
Fiat Auto Holdings B.V.	Amsterdam	Netherlands	1,000,000	EUR	90.00	Fiat Partecipazioni S.p.A.	90.000	
Banco Fidis de Investimento SA	Sao Paulo	Brazil	116,235,465	BRL	89.97	Fiat Auto S.p.A.	94.968	
						Fiat Automoveis S.A. - FIASA	5.000	
B.D.C. S.A.	Brussels	Belgium	1,289,294	EUR	90.00	Fiat Auto (Belgio) S.A.	99.998	
						Fiat Auto (Suisse) S.A.	0.002	
FAL Fleet Services S.A.S.	Trappes	France	3,000,000	EUR	90.00	Fidis Renting Italia S.p.A.	100.000	
Fiat Auto Argentina S.A.	Buenos Aires	Argentina	463,938,188	ARS	90.00	Fiat Auto S.p.A.	63.336	
						Fiat Automoveis S.A. - FIASA	36.664	
Fiat Auto (Belgio) S.A.	Brussels	Belgium	7,585,220	EUR	90.00	Fiat Finance Netherlands B.V.	99.990	
						Fiat Auto (Suisse) S.A.	0.010	
Fiat Auto Contracts Ltd	Slough Berkshire	United Kingdom	13,500,000	GBP	90.00	Fidis Renting Italia S.p.A.	100.000	
Fiat Auto Dealer Financing SA	Brussels	Belgium	62,000	EUR	89.86	Fiat Auto (Belgio) S.A.	99.839	
Fiat Auto Espana S.A.	Alcalá De Henares	Spain	57,696,960	EUR	90.00	Fiat Finance Netherlands B.V.	99.998	
						Fiat Auto (Suisse) S.A.	0.002	
Fiat Auto Financial Services Limited	Slough Berkshire	United Kingdom	2,250,000	GBP	90.00	Fiat Auto (U.K.) Ltd	100.000	
Fiat Auto Financial Services (Wholesale) Ltd.	Slough Berkshire	United Kingdom	1	GBP	90.00	Fiat Auto (U.K.) Ltd	100.000	
Fiat Auto (France) S.A.	Trappes	France	91,050,000	EUR	90.00	Fiat Finance Netherlands B.V.	99.999	
Fiat Auto Hellas S.A.	Argyroupoli	Greece	33,533,499	EUR	90.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Auto (Ireland) Ltd.	Dublin	Ireland	5,078,952	EUR	90.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Auto Japan K.K.	Minatu-Ku. Tokyo	Japan	420,000,000	JPY	90.00	Fiat Auto S.p.A.	100.000	
Fiat Auto Kreditbank GmbH	Vienna	Austria	5,000,000	EUR	90.00	Fiat Auto S.p.A.	50.000	
						Fidis S.p.A.	50.000	
Fiat Auto Lease N.V.	Utrecht	Netherlands	454,000	EUR	90.00	Fidis Renting Italia S.p.A.	100.000	
Fiat Auto Maroc S.A.	Casablanca	Morocco	314,000,000	MAD	89.96	Fiat Auto S.p.A.	99.950	
Fiat Auto Nederland B.V.	Ljnden	Netherlands	5,672,250	EUR	90.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Auto Poland S.A.	Bielsko-Biala	Poland	660,334,600	PLN	77.98	Fiat Auto S.p.A.	86.644	
Fiat Auto Portuguesa S.A.	Alges	Portugal	8,000,000	EUR	90.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Auto South Africa (Proprietary) Ltd	Sandton	South Africa	440	ZAR	90.00	Fiat Auto S.p.A.	100.000	
Fiat Auto S.p.A.	Turin	Italy	2,500,000,000	EUR	90.00	Fiat Auto Holdings B.V.	100.000	
Fiat Auto (Suisse) S.A.	Geneva	Switzerland	21,400,000	CHF	90.00	Fiat Auto S.p.A.	100.000	
Fiat Auto (U.K.) Ltd	Slough Berkshire	United Kingdom	44,600,000	GBP	90.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Auto Var S.r.l. a S.U.	Turin	Italy	10,200,000	EUR	90.00	Fiat Auto S.p.A.	100.000	
Fiat Automobil AG	Heilbronn	Germany	97,280,000	EUR	90.00	Fiat Finance Netherlands B.V.	99.000	
						Fiat Auto (Suisse) S.A.	1.000	
Fiat Automobil GmbH	Vienna	Austria	37,000	EUR	90.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Automobil Vertriebs GmbH	Frankfurt	Germany	8,700,000	EUR	90.00	Fiat Automobil AG	100.000	
Fiat Automobil Danmark A/S	Glostrup	Denmark	55,000,000	DKK	90.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Automoveis S.A. - FIASA	Betim	Brazil	1,432,341,332	BRL	90.00	Fiat Auto S.p.A.	100.000	
Fiat Center Italia S.p.A.	Turin	Italy	2,000,000	EUR	90.00	Fiat Auto S.p.A.	100.000	
Fiat Center (Suisse) S.A.	Geneva	Switzerland	13,000,000	CHF	90.00	Fiat Auto (Suisse) S.A.	100.000	
Fiat CR Spol. S.R.O.	Prague	Czech Republic	1,000,000	CZK	90.00	Fiat Auto S.p.A.	100.000	
Fiat Credit Belgio S.A.	Evere	Belgium	3,718,403	EUR	90.00	Fiat Auto (Belgio) S.A.	99.999	
Fiat Credito Compania Financiera S.A.	Buenos Aires	Argentina	264,595,928	ARS	90.00	Fidis S.p.A.	99.999	
						Fiat Auto Argentina S.A.	0.001	
Fiat Distribuidora Portugal S.A.	Lisbon	Portugal	450,300	EUR	90.00	Fiat Auto Portuguesa S.A.	100.000	
Fiat Finance Holding S.A.	Luxembourg	Luxembourg	2,300,000	EUR	90.00	Fiat Finance Netherlands B.V.	99.995	
						Fidis S.p.A.	0.005	
Fiat Finance Netherlands B.V.	Amsterdam	Netherlands	690,000,000	EUR	90.00	Fiat Auto Holdings B.V.	50.252	
						Fidis S.p.A.	49.748	
Fiat Handlarservice GmbH	Heilbronn	Germany	5,100,000	EUR	90.00	Fiat Automobil AG	100.000	
Fiat India Automobiles Private Limited	Mumbai	India	18,780,741,500	INR	90.00	Fiat Auto S.p.A.	100.000	
Fiat India Private Ltd.	Mumbai	India	14,917,862,500	INR	88.07	Fiat India Automobiles Private Limited	89.377	88.415
						Fiat Auto S.p.A.	8.478	9.245
Fiat Magyarorszag Kereskedelmi KFT.	Budapest	Hungary	150,000,000	HUF	90.00	Fiat Auto S.p.A.	100.000	
Fiat Motor Sales Ltd	Slough Berkshire	United Kingdom	1,500,000	GBP	90.00	Fiat Auto (U.K.) Ltd	100.000	
Fiat SR Spol. SR.O.	Bratislava	Slovak Republic	1,000,000	SKK	90.00	Fiat Auto S.p.A.	100.000	
Fiat Versicherungsdienst GmbH	Heilbronn	Germany	26,000	EUR	94.90	Fiat Automobil AG	51.000	
						Rimaco S.A.	49.000	
Fidis Credit Danmark A/S	Glostrup	Denmark	500,000	DKK	90.00	Fiat Finance Netherlands B.V.	100.000	
Fidis Dealer Services B.V.	Utrecht	Netherlands	698,000	EUR	90.00	Fiat Auto Nederland B.V.	100.000	
Fidis Faktoring Polska Sp. z o.o.	Warsaw	Poland	1,000,000	PLN	90.00	Fiat Finance Netherlands B.V.	100.000	
Fidis Finance Polska Sp. z o.o.	Warsaw	Poland	10,000,000	PLN	90.00	Fiat Finance Netherlands B.V.	100.000	
Fidis Hungary KFT	Budapest	Hungary	13,000	EUR	90.00	Fidis S.p.A.	100.000	
Fidis Renting Italia S.p.A.	Turin	Italy	70,300,000	EUR	90.00	Fiat Auto S.p.A.	100.000	
Fidis S.p.A.	Turin	Italy	311,232,342	EUR	90.00	Fiat Auto S.p.A.	99.900	
						Nuove Iniziative Finanziarie 2 S.r.l.	0.100	
Finplus Renting S.A.	Madrid	Spain	455,991	EUR	90.00	Fidis Renting Italia S.p.A.	100.000	
Inmap 2000 Espana S.L.	Alcalá De Henares	Spain	12,020,000	EUR	90.00	Fiat Auto Espana S.A.	100.000	
International Metropolitan Automotive Promotion (France) S.A.	Paris	France	56,000	EUR	90.00	Fiat Auto (France) S.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Italian Automotive Center S.A.	Brussels	Belgium	16,902,175	EUR	90.00	B.D.C. S.A.	100.000	
Sata-Società Automobilesistica Tecnologie Avanzate S.p.A.	Melfi	Italy	276,640,000	EUR	90.00	Fiat Auto S.p.A.	100.000	
Savarent Società per Azioni	Turin	Italy	21,000,000	EUR	90.00	Fidis Renting Italia S.p.A.	100.000	
Sofica-Société de Financement des Concessionnaires s.a.s.	Trappes	France	3,353,600	EUR	90.00	Fiat Auto (France) S.A.	100.000	
Tarfin S.A.	Geneva	Switzerland	500,000	CHF	90.00	Fiat Finance Netherlands B.V.	100.000	
Targa Assistance S.r.l.	Turin	Italy	260,000	EUR	90.00	Fidis S.p.A.	100.000	
Targa Automotive S.p.A.	Turin	Italy	5,000,000	EUR	90.00	Fidis S.p.A.	100.000	
Targa Infomobility S.p.A.	Turin	Italy	100,000	EUR	90.00	Fidis S.p.A.	100.000	
Targa Rent S.r.l.	Turin	Italy	310,000	EUR	90.00	Fidis S.p.A.	100.000	
Targasys Espana S.L.	Alcalá De Henares	Spain	5,000	EUR	90.00	Fiat Auto Espana S.A.	100.000	
Targasys Stock E.F.C. S.A.	Alcalá De Henares	Spain	5,108,799	EUR	90.00	Fiat Auto Espana S.A.	100.000	
Agricultural and Construction equipment								
CNH Global N.V.	Amsterdam	Netherlands	317,055,857	EUR	85.13	Fiat Netherlands Holding N.V. CNH Global N.V.	85.063 0.083	84.238 0.000
Austoft Industries Limited	Bundaberg	Australia	16,353,225	AUD	85.13	CNH Australia Pty Limited	100.000	
Banco CNH Capital S.A.	Curitiba	Brazil	137,582,600	BRL	85.13	CNH Global N.V. CNH Latino Americana Ltda	85.660 14.340	
Bli Group Inc.	Wilmington	U.S.A.	1,000	USD	85.13	New Holland North America Inc.	100.000	
Blue Leaf I.P. Inc.	Wilmington	U.S.A.	1,000	USD	85.13	Bli Group Inc.	100.000	
Case Brasil & CIA. LTDA.	Sorocaba	Brazil	301,480,657	BRL	85.13	Case Brazil Holdings Inc. Case Equipment International Corporation	87.510 12.490	
Case Brazil Holdings Inc.	Wilmington	U.S.A.	1,000	USD	85.13	Case LLC	100.000	
Case Canada Receivables Inc.	Calgary	Canada	1	CAD	85.13	Case Credit Corporation	100.000	
Case Credit Australia Investments Pty. Ltd.	St. Marys	Australia	187,360,048	AUD	85.13	CNH Australia Pty Limited	100.000	
Case Credit Corporation	Wilmington	U.S.A.	1,000	USD	85.13	CNH Capital Corporation	100.000	
Case Credit Holdings Limited	Wilmington	U.S.A.	5	USD	85.13	Case Credit Corporation	100.000	
Case Credit Ltd.	Calgary	Canada	1	CAD	85.13	Case Credit Corporation CNH Canada Ltd.	99.500 0.500	
Case Equipment Holdings Limited	Wilmington	U.S.A.	5	USD	85.13	Case LLC	100.000	
Case Equipment International Corporation	Wilmington	U.S.A.	1,000	USD	85.13	Case LLC	100.000	
Case Europe S.a.r.l.	Roissy	France	7,622	EUR	85.13	Case LLC	100.000	
Case Harvesting Systems GmbH	Neustadt	Germany	281,211	EUR	85.13	Case LLC	100.000	
Case India Limited	Wilmington	U.S.A.	5	USD	85.13	Case LLC	100.000	
Case International Limited	Basildon	United Kingdom	61,504,001	GBP	85.13	New Holland Holding Limited	100.000	
Case International Marketing Inc.	Wilmington	U.S.A.	5	USD	85.13	Case LLC	100.000	
Case LBX Holdings Inc.	Wilmington	U.S.A.	5	USD	85.13	Case LLC	100.000	
Case LLC	Wilmington	U.S.A.	4	USD	85.13	Fiatallis North America Inc. Case New Holland Inc.	61.111 38.889	
Case Machinery (Shanghai) Co. Ltd.	Shanghai	People's Rep. of China	2,250,000	USD	85.13	Case LLC	100.000	
Case Mexico S.A.	Mexico	Mexico	810,000	MXN	85.13	Case LLC	100.000	
Case New Holland Inc.	Wilmington	U.S.A.	5	USD	85.13	CNH Global N.V.	100.000	
Case New Holland Italia s.p.a.	Modena	Italy	15,600,000	EUR	85.13	CNH International S.A.	100.000	
Case United Kingdom Limited	Basildon	United Kingdom	3,763,618	GBP	85.13	Case LLC	100.000	
Case Wholesale Receivables Inc.	Wilmington	U.S.A.	1,000	USD	85.13	Case LLC	100.000	
CNH Argentina S.A.	Buenos Aires	Argentina	29,611,105	ARS	85.13	New Holland Holdings Argentina S.A. Case LLC	80.654 19.346	
CNH Australia Pty Limited	St. Marys	Australia	306,785,439	AUD	85.13	CNH Global N.V.	100.000	
CNH Belgium N.V.	Zedelgem	Belgium	27,268,300	EUR	85.13	CNH International S.A.	100.000	
CNH Canada Ltd.	Toronto	Canada	28,000,100	CAD	85.13	CNH Global N.V. Case LLC	66.524 33.476	
CNH Capital Australia Pty. Ltd.	St. Marys	Australia	26,819,518	AUD	85.13	Case Credit Australia Investments Pty. Ltd.	100.000	
CNH Capital Benelux S.A.	Zedelgem	Belgium	54,458	EUR	85.13	CNH Global N.V. CNH Capital U.K. Ltd	99.000 1.000	
CNH Capital Corporation	Wilmington	U.S.A.	5	USD	85.13	Case LLC	100.000	
CNH Capital (Europe) plc	Dublin	Ireland	38,100	EUR	85.13	CNH Capital plc CNH Financial Services A/S CNH Financial Services S.r.l. CNH Global N.V. CNH International S.A. New Holland Financial Services Ltd CNH Trade N.V.	99.984 0.003 0.003 0.003 0.003 0.003 0.001	
CNH Capital Insurance Agency Inc.	Wilmington	U.S.A.	5	USD	85.13	Case Credit Corporation	100.000	
CNH Capital plc	Dublin	Ireland	6,386,790	EUR	85.13	CNH Global N.V.	100.000	
CNH Capital Receivables Inc.	Wilmington	U.S.A.	5	USD	85.13	Case Credit Corporation	100.000	
CNH Capital U.K. Ltd	Basildon	United Kingdom	10,000,001	GBP	85.13	CNH Global N.V.	100.000	
CNH Denmark A/S	Hvidovre	Denmark	12,000,000	DKK	85.13	CNH International S.A.	100.000	
CNH Deutschland GmbH	Heilbronn	Germany	18,457,650	EUR	85.13	CNH International S.A.	100.000	
CNH Engine Corporation	Wilmington	U.S.A.	1,000	USD	85.13	Case LLC	100.000	
CNH Financial Services A/S	Hvidovre	Denmark	500,000	DKK	85.13	CNH Global N.V.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
CNH Financial Services GmbH	Heilbronn	Germany	200,000	EUR	85.13	CNH International S.A.	100.000	
CNH Financial Services S.A.	Puteaux	France	38,125	EUR	85.13	CNH Global N.V.	100.000	
CNH Financial Services S.r.l.	Modena	Italy	10,400	EUR	85.13	CNH Global N.V.	100.000	
CNH France S.A.	Villepinte	France	138,813,150	EUR	85.13	CNH International S.A.	100.000	
CNH Information Technology Name LLC	Wilmington	U.S.A.	0	USD	85.13	Case LLC	100.000	
CNH International S.A.	Luxembourg	Luxembourg	300,000,000	USD	85.13	CNH Global N.V.	100.000	
CNH Latino Americana Ltda	Curitiba	Brazil	215,131,804	BRL	85.13	CNH Global N.V.	55,345	
						Case Brasil & CIA. LTDA.	44,655	
CNH Maquinaria Spain S.A.	Coslada	Spain	21,000,000	EUR	85.13	CNH International S.A.	77,142	
						Case LLC	22,857	
CNH Movimento Terra S.p.A.	Turin	Italy	12,320,000	EUR	85.13	Case New Holland Italia s.p.a.	100.000	
CNH Osterreich GmbH	St. Valentin	Austria	2,000,000	EUR	85.13	CNH Global N.V.	100.000	
CNH Polska Sp. z o.o.	Plock	Poland	162,591,660	PLN	85.13	CNH Belgium N.V.	100.000	
CNH Portugal-Comercio de Tractores e Maquinas Agricolas Ltda	Carnaxide	Portugal	498,798	EUR	85.13	CNH International S.A.	99,980	
CNH Receivables Inc.	Wilmington	U.S.A.	1,000	USD	85.13	Case New Holland Italia s.p.a.	0,020	
						Case Credit Corporation	100.000	
CNH Serviços Técnicos e Desenvolvimento de Negocios Ltda	Curitiba	Brazil	1,000,000	BRL	85.13	Banco CNH Capital S.A.	100.000	
CNH Trade N.V.	Amsterdam	Netherlands	50,000	EUR	85.13	CNH Global N.V.	100.000	
CNH U.K. Limited	Basildon	United Kingdom	91,262,275	GBP	85.13	New Holland Holding Limited	100.000	
CNH Wholesale Receivables Inc.	Wilmington	U.S.A.	1,000	USD	85.13	Case Credit Corporation	100.000	
Fiat Kobelco Construction Machinery S.p.A.	San Mauro Torinese	Italy	80,025,291	EUR	63.53	Case New Holland Italia s.p.a.	59,625	
						CNH Global N.V.	15,000	
Fiatallis North America Inc.	Wilmington	U.S.A.	10	USD	85.13	Case New Holland Inc.	100.000	
Fiat-Kobelco Construction Machinery Belgium SA	Herstal-lez-Liege	Belgium	247,900	EUR	63.53	Fiat Kobelco Construction Machinery S.p.A.	100.000	
Flexi-Coil (U.K.) Limited	York	United Kingdom	1,000	GBP	85.13	CNH Canada Ltd.	100.000	
Harbin New Holland Tractors Co., Ltd.	Harbin	People's Rep. of China	2,859,091	USD	85.13	New Holland Mauritius (Private) Ltd.	99,000	
						CNH International S.A.	1,000	
HFI Holdings Inc.	Wilmington	U.S.A.	1,000	USD	85.13	Case LLC	100.000	
JV Uzcaseagroleasing LLC	Tashkent	Uzbekistan	0	USD	43.42	Case Credit Holdings Limited	51,000	
JV UzCaseMash LLC	Tashkent	Uzbekistan	0	USD	51.08	Case Equipment Holdings Limited	60,000	
JV UzCaseService LLC	Tashkent	Uzbekistan	0	USD	43.42	Case Equipment Holdings Limited	51,000	
JV UzCaseTractor LLC	Tashkent	Uzbekistan	0	USD	43.42	Case Equipment Holdings Limited	51,000	
Kobelco Construction Machinery America LLC	Wilmington	U.S.A.	0	USD	55.34	New Holland Excavator Holdings LLC	65,000	
Kobelco Construction Machinery Europe BV	Almere	Netherlands	567,225	EUR	63.53	Fiat Kobelco Construction Machinery S.p.A.	100.000	
MBA AG, Baumaschinen	Bassersdorf	Switzerland	4,000,000	CHF	85.13	CNH Global N.V.	100.000	
Multi Rental Locação de Maquinas Ltda.	Sorocaba	Brazil	1,000,000	BRL	85.13	CNH Latino Americana Ltda	100.000	
New Holland Australia Pty. Limited	Riverstone	Australia	3,500,000	AUD	85.13	CNH Australia Pty Limited	100.000	
New Holland (Canada) Credit Name	Calgary	Canada	1,000	CAD	85.13	CNH Canada Ltd.	99,000	
						Case Credit Ltd.	1,000	
New Holland (Canada) Credit Holding Ltd. in liq.	Toronto	Canada	1	CAD	85.13	CNH Canada Ltd.	100.000	
New Holland Canada Ltd.	Saskatoon	Canada	10,403	CAD	85.13	CNH Canada Ltd.	100.000	
New Holland Credit Australia Pty Limited	Riverstone	Australia	11,507,150	AUD	85.13	CNH Capital Australia Pty. Ltd.	100.000	
New Holland Credit Name LLC	Wilmington	U.S.A.	0	USD	85.13	Fiatallis North America Inc.	100.000	
New Holland Excavator Holdings LLC	Wilmington	U.S.A.	0	USD	85.13	Case LLC	100.000	
New Holland Financial Services Ltd	Basildon	United Kingdom	50,000	GBP	85.13	CNH Global N.V.	100.000	
New Holland Holding Limited	London	United Kingdom	165,000,000	GBP	85.13	CNH International S.A.	100.000	
New Holland Holdings Argentina S.A.	Buenos Aires	Argentina	23,555,415	ARS	85.13	CNH Global N.V.	100.000	
New Holland Ltd	Basildon	United Kingdom	1,000,000	GBP	85.13	CNH Global N.V.	100.000	
New Holland Mauritius (Private) Ltd.	Port Louis	Mauritius	78,571,333	USD	85.13	Case New Holland Italia s.p.a.	100.000	
New Holland North America Inc.	Wilmington	U.S.A.	60	USD	85.13	Fiatallis North America Inc.	100.000	
New Holland Receivables Corporation	Wilmington	U.S.A.	10	USD	85.13	Fiatallis North America Inc.	100.000	
New Holland Retail Receivables Corporation I	Las Vegas	U.S.A.	1,000	USD	85.13	New Holland Credit Company LLC	100.000	
New Holland Retail Receivables Corporation II	Las Vegas	U.S.A.	1,000	USD	85.13	New Holland Retail Receivables Corporation I	100.000	
New Holland Tractor Ltd. N.V.	Anversa	Belgium	9,631,500	EUR	85.13	New Holland Holding Limited	100.000	
New Holland Tractors (India) Private Ltd	New Delhi	India	210,920,725,750	INR	85.13	New Holland Mauritius (Private) Ltd.	100.000	
O & K - Hilfe GmbH	Berlin	Germany	25,565	EUR	85.13	O & K Orenstein & Koppel GmbH	100.000	
O & K Orenstein & Koppel GmbH	Berlin	Germany	61,355,030	EUR	85.13	CNH International S.A.	100.000	
Olaf Poulsen A/S	Ishoj	Denmark	6,000,000	DKK	85.13	CNH Danmark A/S	100.000	
Pryor Foundry Inc.	Oklahoma City	U.S.A.	1,000	USD	85.13	Case LLC	100.000	
Receivables Credit Corporation	Calgary	Canada	1	CAD	85.13	Case Credit Corporation	100.000	
Receivables Credit II Corporation	Calgary	Canada	1	CAD	85.13	Case Credit Corporation	100.000	
Receivables Credit III Corporation	Calgary	Canada	1	CAD	85.13	Case Credit Corporation	100.000	
RosCaseMash	Saratov	Russia	200,000	RUR	32.56	Case Equipment Holdings Limited	38,250	51.000
Servicios Case Mexicana S.A. de C.V.	Mexico	Mexico	375,000	MXN	85.13	Case LLC	100.000	
Shanghai New Holland Agricultural Machinery Corporation Limited	Shanghai	People's Rep. of China	35,000,000	USD	51.08	New Holland Mauritius (Private) Ltd.	60,000	
Commercial Vehicles								
Iveco S.p.A.	Turin	Italy	858,400,000	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Amce-Automotive Manufacturing Co.Ethiopia	Addis Abeba	Ethiopia	3,000,000	ETB	70.00	Iveco S.p.A.	70.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

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Astra Commercial Vehicles S.p.A.	Piacenza	Italy	10,400,000	EUR	100.00	Iveco S.p.A.	100.000	
Brandschutztechnik Gorlitz GmbH	Gürlitz	Germany	511,292	EUR	88.00	Iveco Magirus Brandschutztechnik GmbH	88.000	
C.A.M.I.V.A. Constructeurs Associés de Matériels S.A.	Saint-Alban-Leyse	France	1,870,169	EUR	99.96	Iveco Eurofire (Holding) GmbH	99.963	
Componentes Mecanicos S.A.	Barcelona	Spain	37,405,038	EUR	59.39	Iveco Pegaso S.L.	59.387	
Effe Grundbesitz GmbH	Ulm	Germany	10,225,838	EUR	100.00	Iveco Investitions GmbH Iveco S.p.A.	90.000 10.000	
Euromoteurs S.A.	Garchizy	France	915,000	EUR	100.00	Iveco France S.A.	100.000	
European Engine Alliance S.c.r.l.	Turin	Italy	32,044,797	EUR	61.71	CNH Global N.V. Iveco S.p.A.	33.333 33.333	
Heuliez Bus S.A.	Rorthais	France	9,000,000	EUR	100.00	Société Charolaise de Participations S.A.	100.000	
IAV-Industrie-Anlagen-Verpachtung GmbH	Ulm	Germany	25,565	EUR	100.00	Iveco Investitions GmbH Iveco S.p.A.	95.000 5.000	
Ikarus Egyedi Autobusz GY	Budapest	Hungary	350,000,000	HUF	68.15	Irisbus Holding S.L.	68.146	
Ikarusbus Jamugyarto RT	Szekesfehervar	Hungary	974,268,827	HUF	100.00	Irisbus Holding S.L.	100.000	
Commercial Vehicles Center Hainaut S.A.	Charleroi	Belgium	600,000	EUR	100.00	S.A. Iveco Belgium N.V. Iveco Nederland B.V.	95.000 5.000	
Irisbus Australia Pty. Ltd.	Dandenong	Australia	1,500,000	AUD	100.00	Irisbus Holding S.L.	100.000	
Irisbus Deutschland GmbH	Mainz-Mombach	Germany	10,000,000	EUR	100.00	Irisbus Holding S.L.	100.000	
Irisbus France S.A.	Vénissieux	France	142,482,000	EUR	100.00	Irisbus Holding S.L.	100.000	
Irisbus Holding S.L.	Madrid	Spain	233,670,000	EUR	100.00	Iveco S.p.A. Iveco Pegaso S.L.	99.999 0.001	
Irisbus Iberica S.L.	Madrid	Spain	28,930,788	EUR	100.00	Irisbus Holding S.L.	100.000	
Irisbus Italia S.p.A.	Turin	Italy	100,635,750	EUR	100.00	Irisbus Holding S.L.	100.000	
Irisbus (U.K.) Ltd	Watford	United Kingdom	200,000	GBP	100.00	Irisbus Holding S.L.	100.000	
IVC Brabant N.V. S.A.	Groot	Belgium	800,000	EUR	100.00	S.A. Iveco Belgium N.V. Iveco Nederland B.V.	75.000 25.000	
IVC Nutzfahrzeuge AG	Hendschiken	Switzerland	3,500,000	CHF	100.00	Iveco (Schweiz) AG	100.000	
IVC Vehicules Industriels S.A.	Morges	Switzerland	1,200,000	CHF	100.00	Iveco (Schweiz) AG	100.000	
IVC-Salzburg Nutzfahrzeughandel GmbH	Eugendorf	Austria	37,000	EUR	100.00	Iveco Austria GmbH	100.000	
IVC-Wien Nutzfahrzeughandel GmbH	Vienna	Austria	37,000	EUR	100.00	Iveco Austria GmbH	100.000	
Iveco Argentina S.A.	Córdoba	Argentina	26,700,000	ARS	100.00	Iveco S.p.A.	100.000	
Iveco Austria GmbH	Vienna	Austria	6,178,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Bayern GmbH	Norimberga	Germany	742,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Danmark A/S	Glostrup	Denmark	501,000	DKK	100.00	Iveco S.p.A.	100.000	
Iveco Eurofire (Holding) GmbH	Weisweil	Germany	30,776,857	EUR	100.00	Iveco Magirus AG Iveco S.p.A.	90.032 9.968	
Iveco Fiat Brasil Ltda	Sete Lagoas	Brazil	170,100,000	BRL	95.00	Fiat Automoveis S.A. - FIASA Iveco S.p.A. Iveco Latin America Ltda	50.000 48.576 1.424	
Iveco Finance AG	Kloten	Switzerland	1,500,000	CHF	100.00	Iveco (Schweiz) AG	100.000	
Iveco Finance GmbH	Ulm	Germany	40,000,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Finance Limited	Watford	United Kingdom	100	GBP	100.00	Iveco (UK) Ltd	100.000	
Iveco Finanziaria S.p.A.	Turin	Italy	30,000,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Finland OY	Espoo	Finlandia	200,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco France S.A.	Trappes	France	93,800,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco International Trade Finance S.A.	Paradiso	Switzerland	25,000,000	CHF	100.00	Iveco S.p.A.	100.000	
Iveco Investitions GmbH	Ulm	Germany	2,556,459	EUR	100.00	Iveco Magirus AG Iveco S.p.A.	99.020 0.980	
Iveco Latin America Ltda	Sao Paulo	Brazil	459,700,000	BRL	100.00	Iveco S.p.A.	100.000	
Iveco Lease GmbH	Ulm	Germany	775,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Limited	Watford	United Kingdom	117,000,000	GBP	100.00	Iveco (UK) Ltd	100.000	
Iveco Lorraine S.a.s.	Haunconcourt	France	305,600	EUR	100.00	Iveco France S.A.	100.000	
Iveco Magirus AG	Ulm	Germany	250,000,000	EUR	100.00	Iveco S.p.A. Fiat Netherlands Holding N.V.	53.660 46.340	
Iveco Magirus Brandschutztechnik GmbH	Ulm	Germany	6,493,407	EUR	100.00	Iveco Eurofire (Holding) GmbH Iveco S.p.A.	99.764 0.236	
Iveco Mezzi Speciali S.p.A.	Brescia	Italy	13,120,000	EUR	100.00	Iveco Eurofire (Holding) GmbH	100.000	
Iveco Motorenforschung AG	Arbon	Switzerland	4,600,000	CHF	100.00	Iveco S.p.A. Iveco France S.A.	60.000 40.000	
Iveco Motors of North America Inc.	Wilmington	U.S.A.	1	USD	100.00	Iveco S.p.A.	100.000	
Iveco Nederland B.V.	Breda	Netherlands	4,537,802	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Nord Nutzfahrzeuge GmbH	Hamburg	Germany	818,500	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Nord-Ost Nutzfahrzeuge GmbH	Berlin	Germany	2,120,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Norge A.S.	Voyenenga	Norway	18,600,000	NOK	100.00	Iveco S.p.A.	100.000	
Iveco Nutzfahrzeuge GmbH Hannover Braunschweig	Hannover	Germany	793,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Nutzfahrzeuge Nord-West GmbH	Dortmund-Wambel	Germany	1,355,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Otomotiv Ticaret A.S.	Nisantasi-Istanbul	Turkey	5,474,378,000,000	TRL	100.00	Iveco S.p.A.	99.995	
Iveco Participations S.A.	Trappes	France	10,896,100	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Pegaso S.L.	Madrid	Spain	105,213,628	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Pension Trustee Ltd	Watford	United Kingdom	2	GBP	100.00	Iveco Limited Iveco (UK) Ltd	50.000 50.000	

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Iveco Plan S.A. de Ahorro para fines determinados	Buenos Aires	Argentina	153,000	ARS	100.00	Iveco Argentina S.A. Iveco S.p.A.	99.600 0.400	
Iveco Poland Ltd.	Warsaw	Poland	46,974,500	PLN	100.00	Iveco S.p.A.	100.000	
Iveco Portugal-Comercio de Veiculos Industriais S.A.	Vila Franca de Xira	Portugal	15,962,000	EUR	100.00	Iveco S.p.A. Astra Veicoli Industriali S.p.A.	99.997 0.001	
Iveco (Schweiz) AG	Kloten	Switzerland	9,000,000	CHF	100.00	Iveco Nederland B.V.	100.000	
Iveco South Africa (Pty) Ltd.	Wadewille	South Africa	15,000,750	ZAR	100.00	Iveco S.p.A.	100.000	
Iveco Sud-West Nutzfahrzeuge GmbH	Mannheim-Neckarau	Germany	1,533,900	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Sweden A.B.	Arlov	Sweden	600,000	SEK	100.00	Iveco S.p.A.	100.000	
Iveco Trucks Australia Limited	Dandenong	Australia	47,492,260	AUD	100.00	Iveco S.p.A.	100.000	
Iveco (UK) Ltd	Watford	United Kingdom	47,000,000	GBP	100.00	Iveco S.p.A.	100.000	
Iveco Ukraine Inc.	Kiev	Ukraine	62,515,200	UAK	99.99	Iveco S.p.A. Iveco Ukraine Inc. Iveco-Motor Sich. Inc.	89.489 10.483 0.028	99.968 0.000 0.032
Iveco Venezuela C.A.	La Victoria	Venezuela	2,495,691,000	VEB	100.00	Iveco S.p.A.	100.000	
Iveco West Nutzfahrzeuge GmbH	Düsseldorf	Germany	1,662,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco-Motor Sich. Inc.	Zaporozhye	Ukraine	26,568,000	UAK	55.56	Iveco S.p.A.	55.556	
Karosa A.S.	Vysoke Myto	Czech Republic	1,065,559,000	CZK	97.52	Société d'Assistance Technique Automobile S.A.T.A.U. S.A.	97.521	
Karosa r.s.o.	Bratislava	Slovak Republic	200,000	SKK	97.52	Karosa A.S.	100.000	
Lohr-Magirus Feuerwehrtechnik GmbH	Kainbach	Austria	1,271,775	EUR	95.00	Iveco Magirus Brandschutztechnik GmbH	95.000	
Lyon Vehicules Industriels S.A.S.	Saint Priest	France	915,000	EUR	100.00	Iveco France S.A.	100.000	
Mediterranea de Camiones S.L.	Valencia	Spain	48,080	EUR	100.00	Iveco Pegaso S.L.	100.000	
Officine Brennero S.p.A.	Trento	Italy	6,120,000	EUR	100.00	Iveco S.p.A.	100.000	
Rhein-Main Nutzfahrzeuge GmbH Reichold, Franz Kahl & Partners	Frankfurt	Germany	920,325	EUR	100.00	Iveco Magirus AG	100.000	
S.A. Iveco Belgium N.V.	Zellik	Belgium	6,000,000	EUR	100.00	Iveco S.p.A. Iveco Nederland B.V.	99.983 0.017	
S.C.I. La Méditerranéenne	Vitrolles	France	248,000	EUR	100.00	Iveco France S.A. Société de Diffusion de Vehicules Industriels-SDVI S.A.S.	50.000 50.000	
Seddon Atkinson Spares & Service Limited	Oldham	United Kingdom	20,000	GBP	100.00	Seddon Atkinson Vehicles Ltd	100.000	
Seddon Atkinson Vehicles Ltd	Oldham	United Kingdom	41,700,000	GBP	100.00	Iveco (UK) Ltd	100.000	
Sicca S.p.A.	Modena	Italy	5,300,000	EUR	100.00	Iveco S.p.A.	100.000	
S.I.M.I.S.-Société Industrielle pour le Matériels d'Incendie et de Sécurité S.A.	Saint-Alban-Leyse	France	40,016	EUR	97.96	C.A.M.I.V.A. Constructeurs Associés de Matériels S.A.	98.000	
Société Charolaise de Participations S.A.	Vénissieux	France	2,370,000	EUR	100.00	Irisbus Holding S.L.	100.000	
Société d'Assistance Technique Automobile S.A.T.A.U. S.A.	Vénissieux	France	35,610,000	EUR	100.00	Irisbus France S.A.	100.000	
Société de Diffusion de Vehicules Industriels-SDVI S.A.S.	Trappes	France	7,022,400	EUR	100.00	Iveco France S.A.	100.000	
Stevi-Société Stéphanoise de Vehicules Industriels S.A.S.	Saint-Priest-En-Jarez	France	503,250	EUR	100.00	Iveco France S.A.	100.000	
Transolver Finance S.A.	Trappes	France	30,244,800	EUR	100.00	Iveco S.p.A.	100.000	
Transolver Operational Services Limited	Watford	United Kingdom	2,000,000	GBP	100.00	Iveco (UK) Ltd	100.000	
Transolver Service S.A.	Madrid	Spain	610,000	EUR	100.00	Iveco Pegaso S.L.	100.000	
Transolver Service S.p.A.	Turin	Italy	1,989,000	EUR	100.00	Iveco S.p.A.	100.000	
Transolver Services GmbH	Unterschliessheim	Germany	750,000	EUR	100.00	Iveco Magirus AG	100.000	
Transolver Services S.A.	Trappes	France	38,000	EUR	100.00	Fiat France S.A. Iveco France S.A.	90.000 10.000	
Trucksure Services Ltd	Watford	United Kingdom	900,000	GBP	100.00	Iveco (UK) Ltd	100.000	
Utilities & Vehicules Industriels Franciliens-UVIF SAS	La Garenne	France	1,067,500	EUR	100.00	Iveco France S.A.	100.000	
Zona Franca Alari Sepauto S.A.	Barcelona	Spain	520,560	EUR	51.87	Iveco Pegaso S.L.	51.867	
2 H Energy S.A.S.	Fécamp	France	2,000,000	EUR	100.00	Iveco S.p.A.	100.000	
Ferrari and Maserati								
Ferrari S.p.A.	Modena	Italy	20,000,000	EUR	56.00	Fiat S.p.A.	56.000	
Ferrari Deutschland GmbH	Wiesbaden	Germany	1,000,000	EUR	56.00	Ferrari International S.A.	100.000	
Ferrari International S.A.	Luxembourg	Luxembourg	13,112,000	EUR	56.00	Ferrari S.p.A. Ferrari N.America Inc.	99.999 0.001	
Ferrari N.America Inc.	Englewood Cliffs	U.S.A.	200,000	USD	56.00	Ferrari S.p.A.	100.000	
Ferrari San Francisco Inc.	Mill Valley	U.S.A.	100,000	USD	56.00	Ferrari N.America Inc.	100.000	
Ferrari (Suisse) SA	Nyon	Switzerland	1,000,000	CHF	56.00	Ferrari International S.A.	100.000	
GSA-Gestions Sportives Automobiles S.A.	Meyrin	Switzerland	1,000,000	CHF	56.00	Ferrari International S.A.	100.000	
Maserati North America Inc.	Englewood Cliffs	U.S.A.	1,000	USD	56.00	Ferrari N.America Inc.	100.000	
Maserati S.p.A.	Modena	Italy	31,000,000	EUR	56.00	Ferrari S.p.A.	100.000	
Société Française de Participations Ferrari - S.F.P.F. S.A.R.L.	Neuilly-sur-Seine	France	6,000,000	EUR	56.00	Ferrari International S.A.	100.000	
Components								
Magneti Marelli Holding S.p.A.	Corbetta	Italy	254,324,998	EUR	99.99	Fiat S.p.A.	99.991	100.000
Automotive Lighting Brotterode GmbH	Meiningen	Germany	7,270,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Corporation	Farmington Hills	U.S.A.	1,000	USD	99.99	Magneti Marelli Holding S.p.A.	100.000	
Automotive Lighting Holding GmbH in liq.	Innsbruck	Austria	11,952,191	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	

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Automotive Lighting Italia S.p.A.	Venaria Reale	Italy	2,000,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Automotive Lighting o.o.o.	Rjjasan	Russia	36,875,663	RUR	85.38	Automotive Lighting Reutlingen GmbH	85.389	
Automotive Lighting Polska Sp. z o.o.	Sosnowiec	Poland	83,500,000	PLN	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Reutlingen GmbH	Reutlingen	Germany	1,330,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Automotive Lighting S.R.O.	Jihlava	Czech Republic	927,637,000	CZK	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting UK Limited	Cannock	United Kingdom	15,387,348	GBP	99.99	Magneti Marelli Holding S.p.A.	100.000	
C.e.a. Axo Scintex S.A.	Saint Denis	France	16,040,896	EUR	99.99	Seima Italiana S.p.A.	99.998	
Fiat CIEI S.p.A.	Corbetta	Italy	624,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Illuminacao Automotiva Ltda	Contagem	Brazil	93,260,418	BRL	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Industrial Yorke de Mexico S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Yorke de Mexico S.A. de CV Industrial Yorke de Tepozotlan S.A. de C.V.	98.000 2.000	
Industrial Yorke de Tepozotlan S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Yorke de Mexico S.A. de CV Industrial Yorke de Mexico S.A. de C.V.	99.000 1.000	
Kadron S/A	Maua	Brazil	20,000,000	BRL	99.69	Magneti Marelli do Brasil Industria e Comercio SA	100.000	
Magneti Marelli After Market Limited in liq.	Cannock	United Kingdom	1	GBP	99.99	Magneti Marelli After Market S.p.A.	100.000	
Magneti Marelli After Market S.p.A.	Turin	Italy	15,349,500	EUR	99.99	Magneti Marelli Holding S.p.A.	99.999	100.000
Magneti Marelli Argentina S.A.	Buenos Aires	Argentina	2,000,000	ARS	99.90	Magneti Marelli France S.A. Magneti Marelli Holding S.p.A.	84.563 15.437	
Magneti Marelli Cofap Companhia Fabricadora de Pecas	Santo Andre	Brazil	243,408,933	BRL	99.62	Magneti Marelli Holding S.p.A.	99.628	99.966
Magneti Marelli Components B.V.	Amsterdam	Netherlands	53,600,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Conjuntos de Escape S.A.	Buenos Aires	Argentina	12,000	ARS	99.99	Magneti Marelli Sistemi di Scarico S.p.A. Magneti Marelli Argentina S.A.	99.000 1.000	
Magneti Marelli Controle Motor Ltda.	Hortolandia	Brazil	125,863,327	BRL	99.99	Magneti Marelli Powertrain S.p.A. Fiat do Brasil S.A.	99.997 0.003	
Magneti Marelli Deutschland GmbH	Russelsheim	Germany	1,050,000	EUR	99.99	Magneti Marelli After Market S.p.A.	100.000	
Magneti Marelli do Brasil Industria e Comercio SA	Hortolandia	Brazil	16,868,427	BRL	99.69	Magneti Marelli Holding S.p.A.	99.695	99.976
Magneti Marelli Escapamentos Ltda	Amparo	Brazil	65,736,384	BRL	99.99	Magneti Marelli Sistemi di Scarico S.p.A. Fiat do Brasil S.A.	99.997 0.003	
Magneti Marelli Exhaust Systems Polska Sp. z o.o.	Sosnowiec	Poland	15,000,000	PLN	99.99	Magneti Marelli Sistemi di Scarico S.p.A.	100.000	
Magneti Marelli France S.A.	Nanterre	France	67,380,000	EUR	99.88	Magneti Marelli Holding S.p.A. Ufima S.A.S.	99.884 0.003	
Magneti Marelli Iberica S.A.	Madrid	Spain	99,766	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Motopropulsion France SAS	Nanterre	France	10,692,500	EUR	99.88	Magneti Marelli France S.A.	100.000	
Magneti Marelli North America Inc.	Wilmington	U.S.A.	40,223,205	USD	99.62	Magneti Marelli Cofap Companhia Fabricadora de Pecas	100.000	
Magneti Marelli Otomotiv Sistemleri Sanayi ve Ticaret A.S.	Esentepe-Istanbul	Turkey	9,000,000,000	TRL	97.99	Magneti Marelli Holding S.p.A.	98.000	
Magneti Marelli Poland S.A.	Sosnowiec	Poland	10,567,800	PLN	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Powertrain GmbH	Russelsheim	Germany	100,000	EUR	99.99	Magneti Marelli Powertrain S.p.A.	100.000	
Magneti Marelli Powertrain (Shanghai) Co. Ltd.	Shanghai	People's Rep. of China	10,000,000	USD	99.99	Magneti Marelli Powertrain S.p.A.	100.000	
Magneti Marelli Powertrain S.p.A.	Corbetta	Italy	85,690,872	EUR	99.99	Magneti Marelli Holding S.p.A.	99.999	100.000
Magneti Marelli Powertrain U.S.A. Inc.	Sanford	U.S.A.	25,000,000	USD	99.99	Magneti Marelli Powertrain S.p.A.	100.000	
Magneti Marelli Powertrain (WUHU) Co. Ltd.	Anhui	People's Rep. of China	3,000,000	USD	99.99	Magneti Marelli Powertrain S.p.A.	100.000	
Magneti Marelli Services S.p.A.	Corbetta	Italy	15,349,500	EUR	99.99	Magneti Marelli Holding S.p.A.	99.999	100.000
Magneti Marelli Sistemi di Scarico S.p.A.	Corbetta	Italy	20,000,000	EUR	99.99	Magneti Marelli Components B.V.	100.000	
Magneti Marelli South Africa (Proprietary) Limited	Johannesburg	South Africa	1,950,000	ZAR	99.99	Magneti Marelli Sistemi di Scarico S.p.A.	100.000	
Magneti Marelli Suspension Systems Poland Sp. z o.o.	Sosnowiec	Poland	43,100,000	PLN	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Svenska A/B in liq.	Goteborg	Sweden	100,000	SEK	99.99	Magneti Marelli Components B.V.	100.000	
Magneti Marelli Tubos de Escape SL	Barcelona	Spain	10,154,256	EUR	99.99	Magneti Marelli Sistemi di Scarico S.p.A.	100.000	
Magneti Marelli U.K. Limited	Cannock	United Kingdom	12,400,000	GBP	99.99	Magneti Marelli Components B.V.	100.000	
Malaysian Automotive Lighting SDN. BHD	Penang	Malaysia	8,000,000	MYR	79.99	Automotive Lighting Reutlingen GmbH	80.000	
Midas Autosevice GmbH	Vienna	Austria	472,373	EUR	99.99	Magneti Marelli Services S.p.A.	100.000	
Midas Europe S.A.M.	Monaco	Princ. of Monaco	331,000	EUR	99.99	Magneti Marelli Services S.p.A.	100.000	
Midas France S.a.s.	Celle S. Cloud	France	17,475,000	EUR	99.99	Magneti Marelli Services S.p.A. Midas Italia S.p.A.	99.999 0.001	
Midas Italia S.p.A.	Milan	Italy	5,000,000	EUR	99.99	Magneti Marelli Services S.p.A.	100.000	
Midas Polska Sp. z o.o.	Warsaw	Poland	8,650,000	PLN	99.99	Magneti Marelli Services S.p.A.	100.000	
Midas S.A.	Berchem	Belgium	4,000,000	EUR	99.99	Magneti Marelli Services S.p.A. Midas Italia S.p.A.	99.774 0.226	
Midas Schwiez AG	Zurich	Switzerland	680,000	CHF	99.99	Magneti Marelli Services S.p.A.	100.000	
Midas Silenciador S.L.	Madrid	Spain	3,093,563	EUR	99.99	Magneti Marelli Services S.p.A.	100.000	
Midas Spain Inc.	Chicago	U.S.A.	1,000	USD	99.99	Magneti Marelli Services S.p.A.	100.000	
MotorMust.com S.p.A. in liq.	Milan	Italy	2,300,000	EUR	99.66	Magneti Marelli Services S.p.A.	99.674	
Sadim S.a.r.l.	Celle S. Cloud	France	8,000	EUR	99.99	Midas France S.a.s.	100.000	
Seima Italiana Deutschland GmbH	Grasbrunn-Neukerferloh	Germany	25,565	EUR	98.99	Seima Italiana S.p.A.	99.000	
Seima Italiana S.p.A.	Tolmezzo	Italy	13,220,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Sistemi Sospensioni S.p.A.	Corbetta	Italy	60,500,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Tecnologia de Iluminacion Automotriz S.A. de C.V.	Chihuahua	Mexico	50,000	MXN	99.99	Automotive Lighting Corporation	100.000	
Tutela Lubrificantes S.A.	Contagem	Brazil	941,028	BRL	99.99	Magneti Marelli Holding S.p.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Ufima S.A.S.	Nanterre	France	44,940	EUR	99.94	Magneti Marelli Holding S.p.A. Fiat Partecipazioni S.p.A. Magneti Marelli Components B.V.	35.541 34.980 29.426	
Yorka de Mexico S.A. de CV	El Marques Queretaro	Mexico	50,000	MXN	99.99	Yorka SA - Senalización y Accesorios del Automovil	100.000	
Yorka SA - Senalización y Accesorios del Automovil	Linares del Valles	Spain	9,153,693	EUR	99.99	Seima Italiana S.p.A.	100.000	
Production Systems								
Comau S.p.A.	Grugliasco	Italy	140,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Autodie International, Inc.	Grand Rapids	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Comau Argentina S.A.	Buenos Aires	Argentina	3,617,977	ARS	100.00	Comau S.p.A. Comau do Brasil Industria e Comercio Ltda. Fiat Argentina S.A.	55.283 44.689 0.028	
Comau Australia Pty. Ltd	Wingfield	Australia	765,589	AUD	100.00	Comau S.p.A.	99.998	
Comau Belgium N.V.	Zedelgem	Belgium	175,000	EUR	100.00	Comau S.p.A. Comau Service France S.A.	99.900 0.100	
Comau Deutschland GmbH	Boblingen	Germany	1,330,000	EUR	100.00	Comau S.p.A.	100.000	
Comau do Brasil Industria e Comercio Ltda.	Betim	Brazil	112,794,611	BRL	100.00	Comau S.p.A. Fiat do Brasil S.A.	99.999 0.001	
Comau Estil Unl.	Luton	United Kingdom	46,108,100	USD	100.00	Comau S.p.A.	100.000	
COMAU Germann-Intec GmbH & Co. KG	Heilbronn	Germany	1,478,614	EUR	100.00	Germann-Intec Verwaltungs GmbH	100.000	
Comau India Private Limited	Pune	India	58,435,020	INR	100.00	Comau S.p.A. Comau Deutschland GmbH	99.990 0.010	
COMAU Ingest Sverige AB	Trollhattan	Sweden	10,000,000	SEK	100.00	Comau S.p.A. Ingest Facility S.p.A.	51.000 49.000	
Comau Pico Holdings Corporation	Southfield	U.S.A.	100	USD	100.00	Comau S.p.A.	100.000	
Comau Poland Sp. z o.o.	Bielsko-Biala	Poland	2,100,000	PLN	100.00	Comau S.p.A.	100.000	
Comau Quad Precision (Pty) Ltd. in liq.	Eppindust	South Africa	1,000	ZAR	83.70	Comau South Africa (Pty) Ltd.	83.700	
Comau Romania S.R.L.	Bihor	Romania	3,249,800,000	ROL	100.00	Comau S.p.A.	100.000	
Comau SA Body Systems (Pty) Ltd.	Uitenhage	South Africa	300	ZAR	100.00	Comau South Africa (Pty) Ltd.	100.000	
Comau SA Press Tools and Parts (Pty) Ltd.	Uitenhage	South Africa	100	ZAR	100.00	Comau South Africa (Pty) Ltd.	100.000	
Comau SA Properties (Pty) Ltd.	Uitenhage	South Africa	100	ZAR	100.00	Comau South Africa (Pty) Ltd.	100.000	
Comau Sciaky S.A.	Trappes	France	40,000	EUR	99.76	Comau Systèmes France S.A.	99.760	
Comau Service France S.A.	Trappes	France	2,250,000	EUR	99.99	Comau S.p.A.	99.987	
Comau Service Systems S.L.	Madrid	Spain	250,000	EUR	100.00	Comau S.p.A.	100.000	
Comau Service U.K. Ltd	Watford	United Kingdom	50,000	GBP	100.00	Comau S.p.A.	100.000	
Comau (Shanghai) Automotive Equipment Co. Ltd.	Shanghai	People's Rep. of China	1,000,000	USD	100.00	Comau S.p.A.	100.000	
Comau South Africa (Pty) Ltd.	Uitenhage	South Africa	1,001,000	ZAR	100.00	Comau S.p.A.	100.000	
Comau Systèmes France S.A.	Trappes	France	29,173,600	EUR	100.00	Comau S.p.A.	100.000	
Eagle Test and Assembly Co.	Southfield	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Estil Shrewsbury Ltd. in liq.	Shropshire	United Kingdom	100	GBP	100.00	Comau Estil Unl.	100.000	
Geico do Brasil Ltda	Betim	Brazil	202,950	BRL	48.78	Geico S.p.A. Comau do Brasil Industria e Comercio Ltda.	95.565 0.044	
Geico Endustriyel Taahhut A.S.	Istanbul	Turkey	100,000,000,000	TRL	50.98	Geico S.p.A.	99.959	
Geico S.p.A.	Cinisello Balsamo	Italy	3,627,000	EUR	51.00	Comau S.p.A.	51.000	
Germann-Intec Verwaltungs GmbH	Heilbronn	Germany	25,000	EUR	100.00	Comau Deutschland GmbH	100.000	
Italtech S.p.A.	Brescia	Italy	1,000,000	EUR	100.00	Comau S.p.A.	100.000	
Mecaner S.A.	Urduliz	Spain	6,000,000	EUR	100.00	Comau S.p.A.	100.000	
Novi Industries, Inc.	Novi	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Numerical Control Center, Inc. in liq.	Southfield	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Pico East, Inc.	Macomb	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Pico Estil Control Systems Ltd.	Rainham	United Kingdom	100	GBP	100.00	Comau Estil Unl.	100.000	
Pico Estil Manufacturing Ltd. in liq.	Luton	United Kingdom	5,000	GBP	100.00	Comau Estil Unl.	100.000	
Pico Europe, Inc.	Southfield	U.S.A.	1,000	USD	100.00	Comau S.p.A.	100.000	
Pico Expatriate, Inc.	Southfield	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Pico Iaisa S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Progressive Mexico S.de R.L. de C.V. Comau S.p.A.	99.967 0.033	
Pico Pitex S.de R.L. C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Progressive Mexico S.de R.L. de C.V. Comau S.p.A.	99.967 0.033	
Pico Resources, Inc.	Southfield	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Precision.Com Corp.	Plymouth	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Progressive Industries Co. of Canada Ltd.	Windsor	Canada	100	CAD	100.00	Comau S.p.A.	100.000	
Progressive Mexico S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau S.p.A. Comau Deutschland GmbH	99.967 0.033	
Progressive Tool & Industries Name	Southfield	U.S.A.	21,455	USD	100.00	Comau Pico Holdings Corporation	100.000	
Trebol Tepotzotlan S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Progressive Mexico S.de R.L. de C.V. Comau S.p.A.	99.967 0.033	
Wisne Automation & Engineering Co.	Novi	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Wisne Technologies, Inc. in liq.	Royal Oak	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Metallurgical Products								
Teksid S.p.A.	Turin	Italy	239,600,000	EUR	80.48	Fiat Partecipazioni S.p.A.	80.482	
Accurcast Limited	Saint John	Canada	39,684,600	CAD	41.05	Meridian Technologies Inc.	100.000	
Fonderie du Poitou Fonte S.A.S.	Ingrandes-sur-Vienne	France	26,958,464	EUR	80.48	Teksid S.p.A.	100.000	
Funfrap-Fundicao Portuguesa S.A.	Aveiro	Portugal	13,697,550	EUR	67.29	Fonderie du Poitou Fonte S.A.S.	83.607	
Jutras Die Casting Limited	Saint John	Canada	24,490,715	CAD	41.05	Meridian Technologies Inc.	100.000	
Magnesium Products of America Inc.	Eaton Rapids	U.S.A.	43,454,000	USD	41.05	Meridian Technologies Inc.	69.439	
						Meridian Magnesium N.V. in liq.	30.561	
Magnesium Products of Italy S.r.l.	Verres	Italy	13,962,000	EUR	41.05	Magnesium Products of America Inc.	100.000	
Meridian Deutschland GmbH	Heilbronn	Germany	25,600	EUR	41.05	Meridian Technologies Inc.	100.000	
Meridian Magnesium LLC	Wilmington	U.S.A.	4,962	USD	41.05	1118395 Ontario Inc.	90.000	
						Meridian Technologies Inc.	10.000	
Meridian Magnesium N.V. in liq.	Amstelveen	Netherlands	35,193,626	EUR	41.05	Meridian Technologies Inc.	100.000	
Meridian Technologies Inc.	Saint John	Canada	179,063,445	CAD	41.05	Teksid S.p.A.	31.450	
						Teksid Acquisition Inc.	19.550	
Shanghai Meridian Magnesium Products Name Limited	Shanghai	People's Rep. of China	8,000,000	USD	24.63	Meridian Technologies Inc.	60.000	
Société Bretonne de Fonderie et de Mecanique S.A.	Caudan	France	10,549,860	EUR	80.48	Teksid S.p.A.	100.000	
Teksid Acquisition Inc.	Toronto	Canada	72,300,001	CAD	80.48	Teksid S.p.A.	100.000	
Teksid do Brasil Ltda	Betim	Brazil	59,899,570	BRL	80.48	Teksid S.p.A.	100.000	
Teksid Hierro de Mexico S.A. de C.V.	Sao Pedro	Mexico	567,466,400	MXN	60.36	Teksid S.p.A.	75.000	
Teksid Inc.	Wilmington	U.S.A.	100,000	USD	60.36	Teksid S.p.A.	75.000	
Teksid Investment N.V. in liq.	Amsterdam	Netherlands	69,000,000	EUR	80.48	Teksid S.p.A.	100.000	
Teksid Iron Poland Sp. z o.o.	Skoczow	Poland	115,678,500	PLN	80.48	Teksid S.p.A.	100.000	
1118395 Ontario Inc.	Saint John	Canada	6,210	CAD	41.05	Meridian Technologies Inc.	100.000	
Services								
Business Solutions S.p.A.	Turin	Italy	10,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Building Services S.r.l.	Turin	Italy	90,000	EUR	51.00	Ingest Facility S.p.A.	51.000	
Building Support S.r.l. a socio unico	Turin	Italy	90,000	EUR	51.00	Building Services S.r.l.	100.000	
Business Solutions Deutschland FiatGroup GmbH	Ulm	Germany	200,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Business Solutions do Brasil Ltda	Nova Lima	Brazil	36,915,855	BRL	100.00	Business Solutions S.p.A.	100.000	
Business Solutions France FiatGroup S.a.s.	Levallois-Perret	France	695,600	EUR	100.00	Business Solutions S.p.A.	60.000	
						Fiat France S.A.	40.000	
Business Solutions Iberica Fiat Group SL	Madrid	Spain	369,327	EUR	100.00	Business Solutions S.p.A.	80.000	
						Fiat Iberica S.A.	20.000	
Business Solutions Polska Sp. z o.o.	Bielsko-Biala	Poland	3,600,000	PLN	100.00	Business Solutions S.p.A.	99.986	
						Fiat Polska Sp. z o.o.	0.014	
Cleantecno S.r.l.	Turin	Italy	90,000	EUR	100.00	Ingest Facility S.p.A.	100.000	
Cromos Consulenza e Formazione S.r.l.	Turin	Italy	13,000	EUR	74.96	Isvor Knowledge System S.p.A.	76.000	
Delivery & Mail S.r.l.	Turin	Italy	90,000	EUR	100.00	Ingest Facility S.p.A.	100.000	
Easy Drive S.r.l. a S.U.	Turin	Italy	10,400	EUR	100.00	Business Solutions S.p.A.	100.000	
eSPIN S.p.A.	Turin	Italy	1,000,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Fast Buyer do Brasil Ltda	Nova Lima	Brazil	50,000	BRL	99.92	Fast-Buyer S.p.A.	99.998	
						Business Solutions do Brasil Ltda	0.002	
Fast Buyer France S.a.r.l.	Paris	France	7,700	EUR	99.92	Fast-Buyer S.p.A.	100.000	
Fast-Buyer S.p.A.	Turin	Italy	500,000	EUR	99.92	Business Solutions S.p.A.	99.916	
Fiat Engineering France S.A.	Paris	France	680,000	EUR	99.98	Fiat Engineering S.p.A.	99.984	
Fiat Engineering India Ltd.	New Delhi	India	3,500,000	INR	100.00	Fiat Engineering S.p.A.	100.000	
Fiat Engineering S.p.A.	Turin	Italy	10,588,250	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat GES.CO. Belgium N.V.	Brugge	Belgium	62,500	EUR	100.00	Gesco U.K. Limited	99.960	
						Fiat Gesco S.p.A.	0.040	
Fiat Gesco S.p.A.	Turin	Italy	3,600,000	EUR	100.00	Business Solutions S.p.A.	100.000	
FiatEngineering do Brasil-Comercio e Industria Ltda	Belo Horizonte	Brazil	8,500,000	BRL	100.00	Fiat Engineering S.p.A.	78.800	
						Fiat Engineering France S.A.	21.200	
Gesco U.K. Limited	Basilidon	United Kingdom	750,000	GBP	100.00	Fiat Gesco S.p.A.	75.000	
						Fiat United Kingdom Limited	25.000	
GestioneLavoro S.p.A.	Turin	Italy	100,000	EUR	51.00	H.R. Services S.p.A.	51.000	
Global Value S.p.A.	Turin	Italy	1,000,000	EUR	50.00	Business Solutions S.p.A.	50.000	
H.R. Services S.p.A.	Turin	Italy	400,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Individua S.p.A.	Milan	Italy	105,000	EUR	100.00	WorkNet società di fornitura di lavoro temporaneo-per azioni	100.000	
Ingest Facility Polska Sp. z o.o.	Bielsko-Biala	Poland	500,000	PLN	100.00	Ingest Facility S.p.A.	100.000	
Ingest Facility S.p.A.	Turin	Italy	1,700,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Isvor Knowledge System S.p.A.	Turin	Italy	500,000	EUR	98.63	Business Solutions S.p.A.	70.000	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	30.000	
Japigia 2000 S.r.l.	Turin	Italy	98,000	EUR	95.00	Fiat Engineering S.p.A.	95.000	
KeyG Consulting S.p.A.	Turin	Italy	125,000	EUR	60.00	Fiat Gesco S.p.A.	52.800	
						Business Solutions S.p.A.	7.200	
La Fenice S.A.	Buenos Aires	Argentina	12,000	ARS	100.00	Business Solutions do Brasil Ltda	99.992	
						Fiat Auto Argentina S.A.	0.008	
Learning Systems S.p.A.	Milan	Italy	104,000	EUR	50.30	Isvor Knowledge System S.p.A.	51.000	
Matrix S.r.l. (liquidation)	Turin	Italy	30,000	EUR	98.63	Isvor Knowledge System S.p.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Sadi Brasil Ltda.	Nova Lima	Brazil	100,000	BRL	97.01	Business Solutions do Brasil Ltda CNH Latino Americana Ltda Fiat Automoveis S.A. - FIASA Iveco Fiat Brasil Ltda Iveco Latin America Ltda	60.000 10.000 10.000 10.000 10.000	
Risk Management S.p.A.	Turin	Italy	104,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Sadi Polska-Agencja Celna Sp. z o.o.	Bielsko-Biala	Poland	500,000	PLN	100.00	Servizi e Attività Doganali per l'Industria S.p.A.	100.000	
Scuola di Pubblica Amministrazione s.p.a.	Lucca	Italy	100,000	EUR	51.98	Isvor Knowledge System S.p.A.	52.700	
Services e Attività Doganali per l'Industria S.p.A.	Turin	Italy	520,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Sestrieres S.p.A.	Sestriere	Italy	16,120,000	EUR	70.00	Business Solutions S.p.A.	70.000	
Sporting Club Sestrieres S.r.l.	Sestriere	Italy	312,000	EUR	70.00	Sestrieres S.p.A.	100.000	
Telexis do Brasil Ltda.	Nova Lima	Brazil	1,400	BRL	99.94	Fast Buyer do Brasil Ltda Business Solutions do Brasil Ltda	71.357 28.643	
TRANSFIMA S.p.A.	Turin	Italy	1,020,000	EUR	51.00	Fiat Engineering S.p.A.	51.000	
Trantor S.r.l.	Milan	Italy	104,000	EUR	100.00	Ingest Facility S.p.A.	100.000	
Worknet Formazione S.r.l.	Milan	Italy	50,000	EUR	100.00	WorkNet società di fornitura di lavoro temporaneo-per azioni	100.000	
WorkNet società di fornitura di lavoro temporaneo-per azioni	Rome	Italy	1,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Publishing and Communications								
Itedi-Italiana Edizioni S.p.A.	Turin	Italy	5,980,000	EUR	100.00	Fiat S.p.A.	100.000	
Editrice La Stampa S.p.A.	Turin	Italy	4,160,000	EUR	100.00	Itedi-Italiana Edizioni S.p.A.	100.000	
Publikompass S.p.A.	Milan	Italy	3,068,000	EUR	100.00	Itedi-Italiana Edizioni S.p.A.	100.000	
Miscellaneous and Holding companies								
Atlanet S.p.A.	Turin	Italy	2,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Celt Receivables Limited	Dublin	Ireland	52	EUR	100.00	Fiat Finance and Trade Ltd	100.000	
Centro Ricerche Plast-Optica S.r.l.	Amaro	Italy	1,033,000	EUR	72.36	C.R.F. Società Consortile per Azioni Seima Italiana S.p.A.	51.000 24.500	
C.R.F. Società Consortile per Azioni	Orbassano	Italy	45,400,000	EUR	93.84	Fiat Auto S.p.A. Iveco S.p.A. Magneti Marelli Holding S.p.A. Case New Holland Italia s.p.a. Comau S.p.A. Teksid S.p.A. Fiat Partecipazioni S.p.A. Ferrari S.p.A.	40.000 20.000 20.000 5.000 5.000 5.000 4.000 1.000	
Deposito Avogadro S.r.l.	Turin	Italy	100,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Elasis-Società Consortile per Azioni	Pomigliano d'Arco	Italy	20,000,000	EUR	91.17	Fiat Auto S.p.A. C.R.F. Società Consortile per Azioni CNH Movimento Terra S.p.A. Fiat Partecipazioni S.p.A. Iveco S.p.A. Ferrari S.p.A. Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni Fiat S.p.A.	56.000 27.933 6.800 4.450 3.300 1.100 0.250 0.167	
Fahag Immobilien-und Finanz-Gesellschaft AG	Zurich	Switzerland	500,000	CHF	100.00	IHF-Internazionale Holding Fiat S.A.	100.000	
Fias Fiat Administration und Service GmbH	Ulm	Germany	102,258	EUR	98.00	Iveco Magirus AG Fiat Automobil AG	80.000 20.000	
Fiat Argentina S.A.	Buenos Aires	Argentina	520,002	ARS	100.00	Fiat Partecipazioni S.p.A. SGR-Sociedad para la Gestion de Riesgos	99.990 0.010	
Fiat Concord S.A.	Buenos Aires	Argentina	1	ARS	100.00	Fiat Argentina S.A. SGR-Sociedad para la Gestion de Riesgos	99.990 0.010	
Fiat do Brasil S.A.	Nova Lima	Brazil	999,684	BRL	100.00	Fiat Partecipazioni S.p.A. Fiat Gesco S.p.A. Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	99.932 0.061 0.007	
Fiat Energia S.r.l.	Turin	Italy	350,088,770	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Financas Brasil Ltda	Nova Lima	Brazil	2,469,701	BRL	100.00	Fiat Ge.Va. S.p.A. Fiat do Brasil S.A.	99.994 0.006	
Fiat Finance and Trade Ltd	Luxembourg	Luxembourg	251,494,000	EUR	100.00	Fiat Ge.Va. S.p.A. Fiat Finance Canada Ltd.	99.993 0.007	
Fiat Finance Canada Ltd.	Calgary	Canada	10,099,885	CAD	100.00	Fiat Ge.Va. S.p.A.	100.000	
Fiat Finance France S.N.C.	Paris	France	228,674	EUR	99.83	Fiat France S.A. Sofice-Société de Financement des Concessionnaires s.a.s.	98.333 1.667	
Fiat Finance Luxembourg S.A.	Luxembourg	Luxembourg	100,000	USD	100.00	Intermap (Nederland) B.V. Fiat Netherlands Holding N.V.	99.000 1.000	
Fiat Finance North America Inc.	Wilmington	U.S.A.	40,090,010	USD	100.00	Fiat Ge.Va. S.p.A. Fiat S.p.A.	60.526 39.474	
Fiat France S.A.	Paris	France	55,216,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Fiat Ges.co France (GEIE)	Levallois-Perret	France	0	EUR	98.48	Fiat Gesco S.p.A. Magneti Marelli France S.A. Fiat Auto (France) S.A. Iveco France S.A.	50.000 20.000 15.000 15.000	
Fiat Gesco UK Limited in liq.	London	United Kingdom	625,767	GBP	100.00	Fiat United Kingdom Limited	100.000	
Fiat Ge.Va. S.p.A.	Turin	Italy	224,440,000	EUR	100.00	Fiat S.p.A.	100.000	
Fiat Gra.De EEIG	Watford	United Kingdom	0	GBP	91.72	Fiat Auto S.p.A. CNH Global N.V. Fiat Netherlands Holding N.V. Business Solutions S.p.A. Fiat S.p.A. Comau S.p.A. C.R.F. Società Consortile per Azioni Magneti Marelli Holding S.p.A. Teksid S.p.A.	46.000 23.000 23.000 2.000 2.000 1.000 1.000 1.000	
Fiat Iberica S.A.	Madrid	Spain	2,797,054	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Information & Communication Services S.r.l.	Turin	Italy	800,000	EUR	100.00	Fiat S.p.A. Fiat Partecipazioni S.p.A.	51.000 49.000	
Fiat International S.p.A.	Turin	Italy	1,300,000	EUR	100.00	Fiat S.p.A.	100.000	
Fiat Netherlands Holding N.V.	Amsterdam	Netherlands	4,366,482,748	EUR	100.00	Fiat S.p.A. Fiat Partecipazioni S.p.A. IHF-Internazionale Holding Fiat S.A.	60.563 24.504 14.933	
Fiat Partecipazioni S.p.A.	Turin	Italy	3,924,685,869	EUR	100.00	Fiat S.p.A.	100.000	
Fiat Polska Sp. z o.o.	Warsaw	Poland	25,500,000	PLN	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Servizi per l'Industria S.c.p.a.	Turin	Italy	3,850,000	EUR	93.22	Fiat S.p.A. Fiat Auto S.p.A. Iveco S.p.A. Magneti Marelli Holding S.p.A. Business Solutions S.p.A. Case New Holland Italia s.p.a. Fiat Partecipazioni S.p.A. H.R. Services S.p.A. Teksid S.p.A. Comau S.p.A. C.R.F. Società Consortile per Azioni Editrice La Stampa S.p.A.	36.468 33.532 6.000 4.000 3.000 3.000 3.000 2.000 2.000 1.500 1.500 1.500	
Fiat Servizi S.A.	Paradiso	Switzerland	100,000	CHF	100.00	IHF-Internazionale Holding Fiat S.A.	100.000	
Fiat United Kingdom Limited	London	United Kingdom	860,000	GBP	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat U.S.A. Inc.	New York	U.S.A.	16,830,000	USD	100.00	Fiat S.p.A.	100.000	
Fiat-Revisione Interna e Ispettorato S.c.r.l.	Turin	Italy	300,000	EUR	93.34	Fiat Auto S.p.A. Fiat Partecipazioni S.p.A. Fiat S.p.A. CNH Global N.V. Iveco S.p.A. Comau S.p.A. Ferrari S.p.A. Itedi-Italiana Edizioni S.p.A. Magneti Marelli Holding S.p.A. Teksid S.p.A. Business Solutions S.p.A. Fiat Ge.Va. S.p.A.	20.000 15.667 14.000 10.000 10.000 5.000 5.000 5.000 5.000 5.000 4.333 1.000	
IHF-Internazionale Holding Fiat S.A.	Paradiso	Switzerland	2,000,000,000	CHF	100.00	Fiat S.p.A.	100.000	
Intermap (Nederland) B.V.	Amsterdam	Netherlands	72,605	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Isvor Dealernet S.r.l.	Turin	Italy	10,000	EUR	94.34	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni Fiat Auto S.p.A.	80.000 20.000	
Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	Turin	Italy	300,000	EUR	95.43	Fiat S.p.A. Fiat Auto S.p.A. Iveco S.p.A. Case New Holland Italia s.p.a. Magneti Marelli Holding S.p.A. Comau S.p.A. Business Solutions S.p.A. Teksid S.p.A.	26.000 22.000 17.000 12.000 9.000 8.000 3.000 3.000	
La Stampa Europe SAS	Paris	France	18,600,000	EUR	100.00	Fiat France S.A.	100.000	
Neptunia Assicurazioni Marittime S.A.	Lugano	Switzerland	10,000,000	CHF	100.00	Rimaco S.A.	100.000	
New Business Quattordici S.p.A.	Turin	Italy	1,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Palazzo Grassi S.p.A.	Venice	Italy	8,500,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Pharos S.r.l.	Turin	Italy	105,000	EUR	93.54	Fiat Servizi per l'Industria S.c.p.a. Fiat Partecipazioni S.p.A.	95.238 4.762	
Rimaco S.A.	Lausanne	Switzerland	350,000	CHF	100.00	IHF-Internazionale Holding Fiat S.A.	100.000	
Sisport Fiat Società per Azioni-SF	Turin	Italy	7,120,800	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Subsidiaries valued by the equity method								
Automobiles								
Alfa Romeo Inc.	Orlando	U.S.A.	3,000,000	USD	90.00	Fiat Auto S.p.A.	100.000	
Alfa Romeo Motors Ltd.	Bangkok	Thailand	100,000,000	THB	90.00	Fiat Auto S.p.A.	99.999	
Andalcar Motor S.L.	Jerez	Spain	186,927	EUR	90.00	Inmap 2000 Espana S.L.	100.000	
Auto Italia Erfurt GmbH in liquidazione	Erfurt	Germany	1,284,000	EUR	90.00	Fiat Automobil Vertriebs GmbH	100.000	
BDC SA & Co.	Brussels	Belgium	1,992,768	EUR	90.00	Italian Automotive Center S.A. B.D.C. S.A.	86.840 13.160	
Copada S.A.S.	Paris	France	750,000	EUR	90.00	International Metropolitan Automotive Promotion (France) S.A.	100.000	
F.A. Austria Commerz GmbH	Vienna	Austria	37,000	EUR	90.00	Fiat Auto (Suisse) S.A.	100.000	
Fiat Auto Egypt Industrial Name SAE	Giza	Egypt	50,000,000	EGP	72.36	Fiat Auto S.p.A.	80.400	
Fiat Auto Egypt S.A.E.	Giza	Egypt	500,000	EGP	71.64	Fiat Auto Egypt Industrial Company SAE	99.000	
Fiat Auto S.A. de Ahorro para Fines Determinados	Buenos Aires	Argentina	60,000	ARS	90.01	Fiat Auto Argentina S.A. Fiat Argentina S.A.	99.900 0.100	
Fiat Auto Thailand Pvt. Ltd.	Bangkok	Thailand	150,000,000	THB	90.00	Fiat Auto S.p.A.	100.000	
Fiat Automoviles Venezuela C.A.	Caracas	Venezuela	300,000	VEB	90.00	Fiat Automoviles S.A. - FIASA	100.000	
Italcar SA	Casablanca	Morocco	4,000,000	MAD	90.00	Inmap 2000 Espana S.L.	100.000	
Leasys S.p.A.	Fiumicino	Italy	319,200,000	EUR	45.90	Fidis Renting Italia S.p.A.	51.000	
Multipoint Sevilla S.A.	Seville	Spain	836,611	EUR	90.00	Inmap 2000 Espana S.L.	100.000	
SA France Auto	Roubaix	France	1,981,837	EUR	90.00	International Metropolitan Automotive Promotion (France) S.A.	100.000	
SA France Auto Roubaix	Roubaix	France	89,213	EUR	90.00	International Metropolitan Automotive Promotion (France) S.A.	100.000	
Saigarage S.p.A. in liq.	Turin	Italy	516,456	EUR	90.00	Fiat Auto Var S.r.l. a S.U.	100.000	
Sirio Polska Sp. z o.o.	Bielsko-Biala	Poland	1,350,000	PLN	77.98	Fiat Auto Poland S.A.	100.000	
Zao Nizhegorod Motors	Nizhny Novgorod	Russia	24,660,000	RUR	65.83	Fiat Auto S.p.A.	73.139	73.127
Agricultural and Construction equipment								
Challenger New Holland Ltd.	Ottawa	Canada	623,000	CAD	49.89	New Holland Canada Ltd.	58.604	
Farmers New Holland Inc.	Wilmington	U.S.A.	650,000	USD	85.13	New Holland North America Inc.	100.000	
First State New Holland Inc.	Wilmington	U.S.A.	260,000	USD	59.99	New Holland North America Inc.	70.462	
Garden City New Holland Inc.	Wilmington	U.S.A.	542,500	USD	55.85	New Holland North America Inc.	65.604	
La Grande New Holland Inc.	Wilmington	U.S.A.	404,800	USD	64.57	New Holland North America Inc.	75.840	
Medicine Hat New Holland Ltd.	Ottawa	Canada	956,400	CAD	75.40	New Holland Canada Ltd.	88.570	
Memphis New Holland Inc.	Wilmington	U.S.A.	487,600	USD	82.36	New Holland North America Inc.	96.739	
Northside New Holland Inc.	Wilmington	U.S.A.	250,000	USD	78.32	New Holland North America Inc.	92.000	
Pensacola Tractor & Equipment Inc.	Wilmington	U.S.A.	330,000	USD	85.13	New Holland North America Inc.	100.000	
Redwood Equipment Inc.	Wilmington	U.S.A.	516,500	USD	85.13	New Holland North America Inc.	100.000	
Ridgeview New Holland Inc.	Wilmington	U.S.A.	449,100	USD	76.96	New Holland North America Inc.	90.403	
St. Catharines New Holland Ltd.	Ottawa	Canada	327,700	CAD	57.62	New Holland Canada Ltd.	67.680	
Sunrise Tractor & Equipment Inc.	Wilmington	U.S.A.	875,000	USD	80.11	New Holland North America Inc.	94.103	
Tallahassee New Holland Inc.	Wilmington	U.S.A.	385,000	USD	82.92	New Holland North America Inc.	97.403	
Topeka New Holland Inc.	Wilmington	U.S.A.	400,000	USD	70.79	New Holland North America Inc.	83.150	
Tri-County New Holland Inc.	Wilmington	U.S.A.	400,000	USD	85.13	New Holland North America Inc.	100.000	
Commercial Vehicles								
Altra S.p.A.	Genoa	Italy	516,400	EUR	66.67	Irisbus Italia S.p.A.	66.670	
F. Pegaso S.A.	Madrid	Spain	993,045	EUR	100.00	Iveco Pegaso S.L.	100.000	
Financiere Pegaso France S.A.	Trappes	France	260,832	EUR	100.00	Iveco Pegaso S.L.	100.000	
Iveco S.P.R.L.	Kinshasa	Congo (Dem. Rep. Congo)	340,235,000	ZRN	100.00	Iveco S.p.A.	99.992	
Components								
Cofap Companhia Fabricadora de Pecas LTDA	Santo Andre	Brazil	60,838,291	BRL	68.14	Magneti Marelli do Brasil Industria e Comercio SA	68.350	
Seima Italiana Auto Svet	Krasnig Okljabr Kirz	Russia	14,574,000	RUR	99.99	Seima Italiana S.p.A.	100.000	
Seima Italiana Russia	Vjazniki Vladimir	Russia	100,000,000	RUR	99.99	Seima Italiana S.p.A.	100.000	
Metallurgical Products								
Compania Industrial Frontera S.A. de C.V.	Sao Pedro	Mexico	50,000	MXN	60.36	Teksid Hierro de Mexico S.A. de C.V.	100.000	
Teksid of India Private Limited Name	Panaji	India	403,728,450	INR	80.48	Teksid S.p.A.	100.000	
Services								
Fiat Engineering Polska Sp. z o.o.	Bielsko-Biala	Poland	100,000	PLN	100.00	Fiat Engineering S.p.A.	100.000	
Miscellaneous and Holding companies								
Banca Unione di Credito (Cayman) Ltd	Grand Cayman	Cayman Islands	10,000,000	CHF	100.00	BUC - Banca Unione di Credito	100.000	
BUC - Banca Unione di Credito	Lugano	Switzerland	100,000,000	CHF	100.00	IHF-Internazionale Holding Fiat S.A.	100.000	
Business Solutions FiatGroup USA Inc.	Wilmington	U.S.A.	1,000	USD	100.00	Fiat Partecipazioni S.p.A.	100.000	
Centro Studi sui Sistemi di Trasporto-CSST S.p.A.	Turin	Italy	520,000	EUR	84.42	Fiat Auto S.p.A. Iveco S.p.A. C.R.F. Società Consortile per Azioni	49.000 30.000 11.000	
European Engine Alliance EEIG	Maidenhead	United Kingdom	0	GBP	61.71	CNH U.K. Limited Iveco S.p.A.	33.333 33.333	
Fiat Deutschland GmbH	Ulm	Germany	511,292	EUR	100.00	Fiat Finance and Trade Ltd	100.000	
Fiat Geva Europe Ltd. in liq.	Dublin	Ireland	219,494,225	EUR	100.00	Fiat Finance and Trade Ltd	100.000	
Fiat Russia OOO	Moscow	Russia	18,509,050	RUR	100.00	Fiat Partecipazioni S.p.A. Fiat International S.p.A.	80.000 20.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Luganova S.A.	Lugano	Switzerland	3,000,000	CHF	100.00	BUC - Banca Unione di Credito	100.000	
New Business 7 S.p.A.	Turin	Italy	11,899,524	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 8 S.p.A.	Turin	Italy	1,437,210	EUR	100.00	New Business 7 S.p.A.	100.000	
Norfinance & Associes S.A.	Geneva	Switzerland	4,600,000	CHF	100.00	BUC - Banca Unione di Credito	100.000	
Norfinance Geston (Ticino) S.A.	Mendrisio	Switzerland	300,000	CHF	100.00	Norfinance & Associes S.A.	100.000	
SGR-Sociedad para la Gestion de Riesgos S.A.	Buenos Aires	Argentina	10,000	ARS	99.96	Rimaco S.A.	99.960	
Sistemi Ambientali S.p.A. in liq.	Rivoli	Italy	9,544,080	EUR	99.78	Fiat Partecipazioni S.p.A.	99.778	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Subsidiaries valued at cost								
Automobiles								
Fiat Auto de Mexico Sociedad Anonima de Capital Variable (S.A. de C.V.) in liq.	Mexico City	Mexico	50,000	MXN	90.00	Fiat Auto S.p.A.	99.998	
Fiat Auto Espana Marketing Instituto Agrupacion de Interes Economico	Alcala De Henares	Spain	30,051	EUR	85.50	Fiat Auto Espana S.A.	95.000	
Fiat Auto Marketing Institute (Portugal) ACE	Alges	Portugal	15,000	EUR	72.00	Fiat Auto Portuguesa S.A.	80.000	
Nuove Iniziative Finanziarie 2 S.r.l.	Turin	Italy	25,000	EUR	90.00	Fiat Auto S.p.A.	99.000	
						Fidis S.p.A.	1.000	
Powertrain India Pvt. Ltd.	Mumbai	India	101,000	INR	90.00	Fiat India Automobiles Private Limited	100.000	
Pro-Car LLC	Moscow	Russia	1,001,000	RUR	90.00	Nuove Iniziative Finanziarie 2 S.r.l.	100.000	
Agricultural and Construction equipment								
Consorzio Fiat-Kobelco Isvor Dealernet Rete in liquidazione	San Mauro Torinese	Italy	21,175	EUR	40.95	Fiat Kobelco Construction Machinery S.p.A.	46.341	
						Isvor Dealernet S.r.l.	12.195	
David Brown Tractors (Ireland) Ltd.	Dublin	Ireland	25,395	EUR	85.13	Pryor Foundry Inc.	100.000	
Fermeac North America Inc.	Wilmington	U.S.A.	5	USD	85.13	Case LLC	100.000	
International Harvester Name	Wilmington	U.S.A.	1,000	USD	85.13	Case LLC	100.000	
J.I. Case Name Limited	Doncaster	United Kingdom	2	GBP	85.13	Case United Kingdom Limited	100.000	
New Holland Superannuation Pty. Ltd.	St. Marys	Australia	2	AUD	85.13	New Holland Australia Pty. Limited	100.000	
Commercial Vehicles								
Consorzio per la Formazione Commerciale Iveco-Coforma	Turin	Italy	51,646	EUR	59.54	Iveco S.p.A.	50.000	
						Isvor Fiat Società consorzio di sviluppo e addestramento industriale per Azioni	10.000	
Gestrans S.A.	Suresnes	France	45,730	EUR	100.00	Irisbus France S.A.	100.000	
Ikarus Trade Kft.	Budapest	Hungary	423,220,000	HUF	100.00	Ikarusbus Jamugyarto RT	99.976	
						Irisbus Holding S.L.	0.024	
IkarusBus Trejd KFT in liq.	Moscow	Russia	20,000	USD	100.00	Ikarusbus Jamugyarto RT	100.000	
Iran Magirus-Deutz	Teheran	Iran	180,000,000	IRR	100.00	Iveco Magirus AG	100.000	
Irisbus Benelux Ltd.	Luxembourg	Luxembourg	594,000	EUR	100.00	Irisbus France S.A.	99.983	
						Société Charolaise de Participations S.A.	0.017	
Irisbus North America Limited Liability Name	Dover	U.S.A.	20,000	USD	100.00	Irisbus France S.A.	100.000	
Iveco Colombia Ltda.	Santa Fe' de Bogota	Colombia	75,699,000	COP	99.00	Iveco Venezuela C.A.	99.000	
Iveco Defence Vehicles S.p.A.	Bolzano	Italy	100,000	EUR	100.00	Iveco S.p.A.	100.000	
M.R. Fire Fighting International S.A.	Brasov	Romenia	35,000,000	ROL	75.88	Iveco Magirus Brandschutztechnik GmbH	74.000	
						Brandschutztechnik Gorlitz GmbH	1.000	
						Iveco Eurofire (Holding) GmbH	1.000	
Sivi S.p.A. in liquidazione	Trezzano Rosa	Italy	500,000	EUR	100.00	Iveco S.p.A.	100.000	
Components								
Automotive Lighting Japan K.K.	Kohoku-Ku-Yokohama	Japan	10,000,000	JPY	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Magneti Marelli Auto Pecas Ltda.	Sao Paulo	Brazil	1,000	BRL	99.69	Magneti Marelli do Brasil Industria e Comercio SA	100.000	
Magneti Marelli Automotive Components (India) Limited	Pune	India	125,000,000	INR	99.99	Magneti Marelli Components B.V.	100.000	
Magneti Marelli Pecas de Reposicao Ltda	Sao Paulo	Brazil	1,000,000	BRL	99.69	Magneti Marelli do Brasil Industria e Comercio SA	100.000	
Rien E.U.R.L. in liq.	Vaulx-En-Velin	France	45,735	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Yorka Northamerica Corp.	Southfield	U.S.A.	10,000	USD	99.99	Yorka de Mexico S.A. de CV	100.000	
Production Systems								
Comau Russia OOO	Moscow	Russia	4,770,225	RUR	100.00	Comau S.p.A.	99.000	
						Comau Deutschland GmbH	1.000	
Comau (Shanghai) International Trading Co. Ltd.	Shanghai	People's Rep. of China	200,000	USD	100.00	Comau S.p.A.	100.000	
Comau U.K. Limited	Telford	United Kingdom	2,500	GBP	100.00	Comau S.p.A.	100.000	
Synthesis	Modugno	Italy	20,000	EUR	75.00	Comau S.p.A.	75.000	
Services								
C.O.A.V. Città Ospedaliera Avellino S.c. a r.l.	Parma	Italy	25,500	EUR	51.00	Fiat Engineering S.p.A.	51.000	
Consorzio Co.Ge.Av. in liquidazione	Turin	Italy	51,646	EUR	100.00	Fiat Engineering S.p.A.	100.000	
Consorzio Infatecno	Turin	Italy	35,000	EUR	70.00	Ingest Facility S.p.A.	55.000	
						Cleantecno S.r.l.	15.000	
CONSORZIO SERMAGEST - Servizi Manutentivi Gestionali								
Fast Buyer Middle East A.S.	Bursa	Turkey	95,000,000,000	TRL	98.72	Fast-Buyer S.p.A.	98.800	
Gestione Servizi Territoriali S.r.l.	Turin	Italy	90,000	EUR	100.00	Ingest Facility S.p.A.	100.000	
Immobiliare F.E. S.r.l. a Socio Unico	Turin	Italy	30,000	EUR	100.00	Fiat Engineering S.p.A.	100.000	
Transfima Gruppo Europeo di Interesse Economico	Turin	Italy	250,000	EUR	50.65	Fiat Engineering S.p.A.	43.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Miscellaneous and Holding companies								
Centro.com S.r.l. a S.U.	Turin	Italy	25,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Consorzio "Sirio" per la Sicurezza Industriale	Turin	Italy	56,239	EUR	65.51	Fiat Auto S.p.A.	37.027	
						Iveco S.p.A.	9.705	
						Magneti Marelli Powertrain S.p.A.	1.663	
						Fiat S.p.A.	1.593	
						Comau S.p.A.	1.590	
						Ferrari S.p.A.	1.547	
						Teksid S.p.A.	1.405	
						Irisbus Italia S.p.A.	1.315	
						Fiat Gesco S.p.A.	1.169	
						Sistemi Sospensioni S.p.A.	1.164	
						Fiat Kobelco Construction Machinery S.p.A.	1.134	
						C.R.F. Società Consortile per Azioni	1.131	
						Fiat Servizi per l'Industria S.c.p.a.	1.065	
						Fiat Ge.Va. S.p.A.	0.949	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.948	
						Fidis S.p.A.	0.638	
						Magneti Marelli Sistemi di Scarico S.p.A.	0.498	
						Fiat Engineering S.p.A.	0.489	
						Automotive Lighting Italia S.p.A.	0.488	
						Editrice La Stampa S.p.A.	0.488	
						Elasis-Società Consortile per Azioni	0.488	
						Ingest Facility S.p.A.	0.488	
						Fiat Partecipazioni S.p.A.	0.426	
						H.R. Services S.p.A.	0.373	
						Case New Holland Italia s.p.a.	0.288	
						Astra Veicoli Industriali S.p.A.	0.213	
						Atlant S.p.A.	0.213	
						Fiat Information & Communication Services S.p.A.	0.213	
						Magneti Marelli Holding S.p.A.	0.213	
						Savarent Società per Azioni	0.213	
						Servizi e Attività Doganali per l'Industria S.p.A.	0.213	
						CNH Movimento Terra S.p.A.	0.207	
						Midas Italia S.p.A.	0.126	
						Fiat-Revisione Interna e Ispettorato S.c.r.l.	0.121	
						Iveco Mezzi Speciali S.p.A.	0.121	
						Fiat Center Italia S.p.A.	0.089	
						Isvor Knowledge System S.p.A.	0.089	
						Business Solutions S.p.A.	0.078	
						eSPIN S.p.A.	0.078	
						Fast-Buyer S.p.A.	0.078	
						Itedi-Italiana Edizioni S.p.A.	0.075	
						Maserati S.p.A.	0.075	
						Orione-Consorzio Industriale per la Sicurezza e la Vigilanza	0.075	
						Pharos S.r.l.	0.075	
						Risk Management S.p.A.	0.075	
						Sisport Fiat Società per Azioni-SF	0.075	
						Cleantecno S.r.l.	0.038	
						Delivery & Mail S.r.l.	0.038	
						Easy Drive S.r.l. a S.U.	0.038	
						Fiat International S.p.A.	0.038	
						Global Value S.p.A.	0.038	
						Iveco Finanziaria S.p.A.	0.038	
						Palazzo Grassi S.p.A.	0.038	
Fiat Common Investment Fund Limited	London	United Kingdom	2	GBP	100.00	Fiat United Kingdom Limited	100.000	
Fiat Oriente S.A.E. in liq.	The Caire	Egypt	50,000	EGP	100.00	Fiat S.p.A.	100.000	
Fides Corretagens de Securos Ltda	Nova Lima	Brazil	365,525	BRL	100.00	Rimaco S.A.	99.998	
Immobilier 92 SAS	Paris	France	38,115	EUR	100.00	Fiat France S.A.	100.000	
ISVOR DILTS Leadership Systems Inc.	Burlingame	U.S.A.	1,000	USD	48.67	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	51.000	
Isvor Fiat India Private Ltd. in liq.	New Delhi	India	1,750,000	INR	95.43	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	100.000	
Komdix SAS	Paris	France	40,000	EUR	100.00	Fiat France S.A.	100.000	
Luto Servizi S.A. in liquidazione	Lugano	Switzerland	100,000	CHF	100.00	BUC - Banca Unione di Credito	100.000	
New Business Sei S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Nuova Immobiliare Cinque S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Nuova Immobiliare Quattro S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Nuova Immobiliare Tre S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Nuove Iniziative Finanziarie 3 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Orione-Consorzio Industriale per la Sicurezza e la Vigilanza	Turin	Italy	26,342	EUR	95.62	Fiat S.p.A.	82.010	
						Editrice La Stampa S.p.A.	2.000	
						Fiat Auto S.p.A.	2.000	
						Case New Holland Italia s.p.a.	1.000	
						Comau S.p.A.	1.000	
						Fiat Gesco S.p.A.	1.000	
						Fiat Ge.Va. S.p.A.	1.000	
						Fiat Partecipazioni S.p.A.	1.000	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	1.000	
						Iveco S.p.A.	1.000	
						Magneti Marelli Holding S.p.A.	1.000	
						Palazzo Grassi S.p.A.	1.000	
						Sisport Fiat Società per Azioni-SF	1.000	
Overseas Union Bank and Trust (Bahamas) Ltd. in liq.	Nassau	Bahamas	5,000,000	USD	100.00	BUC - Banca Unione di Credito	100.000	
Sacafet in liq.	Addis Abeba	Ethiopia	2,000,000	ETB	100.00	IHF-Internazionale Holding Fiat S.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Associated companies valued by the equity method								
Automobiles								
Fiat-GM Powertrain B.V.	Amsterdam	Netherlands	232,000	EUR	45.00	Fiat Auto Holdings B.V.	50.000	
Fidis Bank G.m.b.H.	Vienna	Austria	4,740,000	EUR	45.00	Fiat Auto S.p.A.	50.000	
Fidis Retail Italia S.p.A.	Turin	Italy	672,076,000	EUR	44.10	Fiat Auto S.p.A.	49.000	
GM-Fiat Worldwide Purchasing B.V.	Amsterdam	Netherlands	300,000	EUR	45.00	Fiat Auto Holdings B.V.	50.000	
IN ACTION S.r.l.	Arese	Italy	336,000	EUR	44.91	Fidis S.p.A.	49.900	
Jiangsu Nanya Auto Co. Ltd.	Nanjing	People's Rep. of China	1,409,469,782	CNY	45.00	Fiat Auto S.p.A.	50.000	
Società di Commercializzazione e Distribuzione Ricambi S.p.A.	Turin	Italy	100,000	EUR	17.10	Fiat Auto S.p.A.	19.000	
Società Europea Veicoli Leggeri-Sevel S.p.A.	Atessa	Italy	68,640,000	EUR	45.00	Fiat Auto S.p.A.	50.000	
Société Européenne de Vehicules Legers du Nord-Sevelnord Société Anonyme	Paris	France	80,325,000	EUR	45.00	Fiat Auto (France) S.A.	50.000	
Somaca-Société Marocaine Construction Automobiles S.A.	Casablanca	Morocco	60,000,000	MAD	18.00	Fiat Auto S.p.A.	20.000	
Targa Trafficmaster S.p.A.	Turin	Italy	8,340,000	EUR	45.00	Fidis S.p.A.	50.000	
Targasys S.r.l.	Turin	Italy	10,400,000	EUR	45.00	Fidis S.p.A.	50.000	
Tofas-Türk Otomobil Fabrikası Tofas A.S.	Levent	Turkey	450,000,000,000,000	TRL	34.07	Fiat Auto S.p.A.	37.856	
Toro Targa Assicurazioni S.p.A.	Turin	Italy	46,126,000	EUR	44.10	Fiat Auto S.p.A.	49.000	
Agricultural and Construction equipment								
Al-Ghazi Tractors Ltd	Karachi	Pakistan	195,165,660	PKR	36.75	CNH Global N.V.	43.170	
CNH Capital Europe S.A.S.	Puteaux	France	72,480,297	EUR	42.48	CNH Global N.V.	49.900	
Consolidated Diesel Name	Whitakers	U.S.A.	100	USD	42.57	CNH Engine Corporation	50.000	
Employers Health Initiatives LLC	Wilmington	U.S.A.	0	USD	42.57	New Holland North America Inc.	50.000	
GOM Products LLC	Wilmington	U.S.A.	0	USD	42.57	Case LLC	50.000	
Kobelco Construction Machinery Co. Ltd.	Hiroshima	Japan	320,000,000,000	JPY	17.03	Case New Holland Italia s.p.a.	20.000	
LBX Name LLC	Wilmington	U.S.A.	0	USD	42.57	Case LBX Holdings Inc.	50.000	
L&T Case Equipment Limited	Mumbai	India	180,100,000	INR	42.57	Case LLC	50.000	
Megavolt L.P. L.L.L.P.	Wilmington	U.S.A.	500,000	USD	34.05	Case LLC	40.000	
New Holland de Mexico SA de CV	Queretaro	Mexico	24,000,000	MXN	42.57	CNH Global N.V.	50.000	
New Holland Finance Ltd	Basingstoke	United Kingdom	2,900,000	GBP	41.72	CNH Global N.V.	49.000	
New Holland HFT Japan Inc.	Sapporo	Japan	240,000,000	JPY	42.57	CNH Global N.V.	50.000	
New Holland Trakmak Traktor A.S.	Izmir	Turkey	525,000,000,000	TRL	31.93	CNH Global N.V.	37.500	
Rathell Farm Equipment Name Inc.	Wilmington	U.S.A.	640,000	USD	36.83	New Holland North America Inc.	43.266	
Sip-Mot S.A.	Zamosc	Poland	4,000,000	PLN	18.64	CNH Polska Sp. z o.o.	21.890	
Türk Traktor Ve Ziraat Makineleri A.S.	Ankara	Turkey	24,000,000,000,000	TRL	31.93	CNH Global N.V.	37.500	
Commercial Vehicles								
Afin Leasing AG	Vienna	Austria	1,500,000	EUR	40.00	Iveco International Trade Finance S.A.	40.000	
GEIE V.IV.RE	Boulogne	France	2	EUR	50.00	Iveco S.p.A.	50.000	
Havoco Automotive Transmission Co. Ltd.	Zhajang	People's Rep. of China	200,010,000	CNY	33.33	Iveco S.p.A.	33.333	
Iveco Uralaz Ltd.	Miass	Russia	65,255,056	RUR	33.33	Iveco S.p.A.	33.330	
Machen-Iveco Holding S.A.	Luxembourg	Luxembourg	26,000,000	GBP	30.00	Iveco S.p.A.	30.000	
Naveco Ltd.	Nanjing	People's Rep. of China	2,527,000,000	CNY	50.00	Iveco S.p.A.	50.000	
Otoyol Pazarlama A.S.	Kartal/Istanbul	Turkey	1,590,000,000,000	TRL	27.00	Iveco S.p.A.	27.000	
Otoyol Sanayi A.S.	Kartal/Istanbul	Turkey	30,000,000,000,000	TRL	27.00	Iveco S.p.A.	27.000	
Transolver Finance Establecimiento Financiero de Credito S.A.	Madrid	Spain	9,315,500	EUR	50.00	Iveco S.p.A.	50.000	
V.IVE.RE Gruppo Europeo di Interesse Economico	Turin	Italy	2	EUR	50.00	Iveco S.p.A.	50.000	
Components								
Mako Elektrik Sanay Ve Ticaret A.S.	Osmangazi Bursa	Turkey	16,500,000,000,000	TRL	43.00	Magneti Marelli Holding S.p.A.	43.000	
Production Systems								
Gerbi & Sciaky s.a.s.	Bonneuil Sur Marne	France	50,000	EUR	44.89	Comau Sciaky S.A.	45.000	
Gonzales Production Systems Inc.	Pontiac	U.S.A.	10,000	USD	49.00	Comau Pico Holdings Corporation	49.000	
G.P. Propertes I L.L.C.	Pontiac	U.S.A.	10,000	USD	49.00	Comau Pico Holdings Corporation	49.000	
Metallurgical Products								
Hua Dong Teksid Automotive Foundry Co. Ltd.	Zhenjiang-Jangsu	People's Rep. of China	307,100,000	CNY	40.24	Teksid S.p.A.	50.000	
Nanjing Teksid Iron Foundry Co. Ltd.	Nanjing	People's Rep. of China	199,617,600	CNY	40.24	Teksid S.p.A.	50.000	
Services								
Global Value Services S.p.A.	Turin	Italy	10,730,000	EUR	50.00	Business Solutions S.p.A.	50.000	
Global Value Solucoes Ltda	Nova Lima	Brazil	2,000	BRL	50.00	Business Solutions do Brasil Ltda	50.000	
Global Value Solutions S.p.A.	Turin	Italy	270,000	EUR	50.00	Business Solutions S.p.A.	50.000	
Serviceco Titoli S.r.l.	Turin	Italy	105,000	EUR	27.24	Business Solutions S.p.A.	27.238	
S.I.NO.DO. - Sistema Informativo Normativa Doganale in Turin	Turin	Italy	77,469	EUR	50.00	Servizi e Attività Doganali per l'Industria S.p.A.	50.000	
Publishing and Communications								
Edititalia S.r.l.	Caserta	Italy	2,868,918	EUR	45.00	Editrice La Stampa S.p.A.	45.000	
Editoriale Corriere Romagna S.r.l.	Forlì	Italy	2,856,000	EUR	40.00	Editrice La Stampa S.p.A.	40.000	
Edizioni Dost S.r.l.	Bologna	Italy	1,042,914	EUR	40.00	Editrice La Stampa S.p.A.	40.000	
Società Editrice Mercantile S.r.l.	Genoa	Italy	4,247,000	EUR	40.00	Editrice La Stampa S.p.A.	40.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

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Miscellaneous and Holding companies								
IPI S.p.A.	Turin	Italy	40,784,134	EUR	10.00	Fiat Partecipazioni S.p.A.	10.000	
Italenergia Bis S.p.A.	Turin	Italy	906,624,000	EUR	24.61	Fiat Energia S.r.l.	24.613	
Livingstone Motor Assemblers Ltd.	Livingstone	Zambia	20,000,000	ZMK	20.00	Fiat Partecipazioni S.p.A.	20.000	
Rizzoli Corriere della Sera MediaGroup S.p.A.	Milan	Italy	761,709,000	EUR	9.80	Fiat Partecipazioni S.p.A.	9.801	10.194
Rubattino 87 S.r.l.	Milan	Italy	10,845,400	EUR	30.59	Fiat Partecipazioni S.p.A.	30.589	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Associated companies valued at cost								
Automobiles								
Car City Club S.r.l.	Turin	Italy	110,000	EUR	29.70	Savarent Società per Azioni	33.000	
Consorzio per la Reindustrializzazione dell'area di Arese S.c.r.l.	Arese	Italy	1,020,000	EUR	27.00	Fiat Auto S.p.A.	30.000	
Fabrication Automobiles de Tiaret SpA	Wilaya de Tiaret	Algeria	1,225,000,000	DZD	32.91	Fiat Auto S.p.A.	36.571	
G.E.I.E. - Gisevel	Paris	France	15,200	EUR	45.00	Fiat Auto (France) S.A.	50.000	
G.E.I.E. - Sevelind	Paris	France	15,200	EUR	45.00	Fiat Auto (France) S.A.	50.000	
N. Technology S.p.A.	Chivasso	Italy	1,500,000	EUR	18.00	Fiat Auto S.p.A.	20.000	
Commercial Vehicles								
Atlas Vehicules Industriels S.A.	Casablanca	Morocco	2,200,000	MAD	48.97	Iveco S.p.A.	48.968	
CBC-Iveco Ltd.	Changzhou	People's Rep. of China	664,000,000	CNY	50.00	Iveco S.p.A.	50.000	
Consorzio Iveco Fiat-Oto Melara	Rome	Italy	51,646	EUR	50.00	Iveco S.p.A.	50.000	
Elettronica Trasporti Commerciali S.r.l. (Eltrac S.r.l.)	Turin	Italy	109,200	EUR	50.00	Iveco S.p.A.	50.000	
Sotra S.A.	Abidjan	Ivory Coast	3,000,000,000	XAF	39.80	Irisbus France S.A.	39.800	
Zastava-Kamioni D.O.O.	Kragujevac	Yugoslavia	1,673,505,893	YUM	33.68	Iveco S.p.A.	33.677	
Ferrari and Maserati								
GPWC Holdings B.V.	Amsterdam	Netherlands	2,500,000	EUR	11.20	Ferrari S.p.A.	20.000	
Components								
Flexider S.p.A.	Turin	Italy	4,131,655	EUR	25.00	Magneti Marelli Holding S.p.A.	25.000	
Gulf Carrosserie India Limited	Worli	India	5,000,000	INR	20.00	Magneti Marelli Holding S.p.A.	20.000	
Mars Seal Private Limited	Mumbai	India	400,000	INR	23.97	Magneti Marelli France S.A.	24.000	
Matay Otomotiv Yan Sanay Ve Ticaret A.S.	Istanbul	Turkey	855,000,000,000	TRL	28.00	Magneti Marelli Holding S.p.A.	28.000	
M.I.P.-Master Imprese Politecnico	Milan	Italy	20,658	EUR	50.00	Magneti Marelli Holding S.p.A.	50.000	
Parades GEIE	Milan	Italy	216,900	EUR	33.33	Magneti Marelli Powertrain S.p.A.	33.330	
Production Systems								
Consorzio Fermag	Rome	Italy	144,608	EUR	40.00	Comau S.p.A.	40.000	
Consorzio Generazione Forme-CO.GE.F.	San Mauro Torinese	Italy	15,494	EUR	33.33	Comau S.p.A.	33.333	
Metallurgical Products								
S.A.S.-Società Assofond Servizi S.r.l.	Trezzano sul Naviglio	Italy	520,000	EUR	16.10	Teksid S.p.A.	20.000	
Servicios Industriales Parque Fundidores S.de r.l. de C.V.	Sao Pedro	Mexico	10,000	MXN	20.12	Teksid Hierro de Mexico S.A. de C.V.	33.330	
Services								
C.I.S.A. Consorzio per l'Impiantistica e Servizi Aerospaziali	Naples	Italy	103,291	EUR	34.00	Fiat Engineering S.p.A.	34.000	
Coberga S.c.r.l. in liq.	Imola	Italy	10,329	EUR	37.51	Fiat Engineering S.p.A.	37.506	
Consorzio Brescia Val	Sesto S. Giovanni	Italy	25,000	EUR	30.00	Fiat Engineering S.p.A.	30.000	
Consorzio CO,RI,R,E. in liq.	Brindisi	Italy	51,646	EUR	20.00	Fiat Engineering S.p.A.	20.000	
Consorzio "Dinamicity"	Milan	Italy	25,000	EUR	33.00	Fiat Engineering S.p.A.	33.000	
Consorzio per il Barocco in liq.	Rome	Italy	154,937	EUR	24.50	Fiat Engineering S.p.A.	24.500	
Feic-Consorzio Imprese Lavori FFSS di Saline	Misterbianco	Italy	15,494	EUR	33.34	Fiat Engineering S.p.A.	33.335	
Niugarit.Promocao e Desenvolvimento de Actividades Industriais em Cooperacao Ltda	Lisbon	Portugal	49,880	EUR	29.97	Fast-Buyer S.p.A.	30.000	
Palavela Società Consortile a Responsabilità Limitata	Turin	Italy	10,000	EUR	50.00	Fiat Engineering S.p.A.	50.000	
Parco Grande S.c.r.l.	Turin	Italy	10,000	EUR	50.00	Fiat Engineering S.p.A.	50.000	
Piacenza 800	Turin	Italy	100,000	EUR	50.00	Fiat Engineering S.p.A.	50.000	
Ravizza S.c.r.l.	Turin	Italy	10,000	EUR	50.00	Fiat Engineering S.p.A.	50.000	
S.I.MA.GEST2 Società Consortile a Responsabilità Limitata	Zola Predosa	Italy	50,000	EUR	30.00	Ingest Facility S.p.A.	30.000	
Uffici Finanziari 2000 S.c.r.l.	Turin	Italy	10,200	EUR	40.00	Fiat Engineering S.p.A.	40.000	
Miscellaneous and Holding companies								
Agenzia Internazionalizzazione Imprese Torino S.r.l. in l.	Turin	Italy	102,000	EUR	35.00	Fiat Partecipazioni S.p.A.	35.000	
Alcmena S.a.r.l.	Luxembourg	Luxembourg	5,000,000	EUR	20.00	BUC - Banca Unione di Credito	20.000	
Ciosa S.p.A. in liq.	Milan	Italy	516	EUR	25.00	Fiat Partecipazioni S.p.A.	25.000	
Concordia Finance S.A.	Luxembourg	Luxembourg	12,900,000	EUR	30.00	Fiat Netherlands Holding N.V.	30.000	
CONFORM - Consorzio Formazione Manageriale	Avellino	Italy	51,600	EUR	46.22	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni Isvor Knowledge System S.p.A.	35.000 13.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Consorzio Fiat Media Center	Turin	Italy	214,330	EUR	41.51	Astra Veicoli Industriali S.p.A.	1.667	
						Atlanet S.p.A.	1.667	
						Business Solutions S.p.A.	1.667	
						Case New Holland Italia s.p.a.	1.667	
						Comau S.p.A.	1.667	
						Editrice La Stampa S.p.A.	1.667	
						eSPIN S.p.A.	1.667	
						Fast-Buyer S.p.A.	1.667	
						Fiat Auto S.p.A.	1.667	
						Fiat Center Italia S.p.A.	1.667	
						Fiat Gesco S.p.A.	1.667	
						Fiat Information & Communication Services S.r.l.	1.667	
						Fiat S.p.A.	1.667	
						Global Value S.p.A.	1.667	
						Irisbus Italia S.p.A.	1.667	
						Itedi-Italiana Edizioni S.p.A.	1.667	
						Iveco S.p.A.	1.667	
						Leasys S.p.A.	1.667	
						Magneti Marelli After Market S.p.A.	1.667	
						Maserati S.p.A.	1.667	
Midas Italia S.p.A.	1.667							
MotorMust.com S.p.A. in liq.	1.667							
Palazzo Grassi S.p.A.	1.667							
Pharos S.r.l.	1.667							
Savarent Società per Azioni	1.667							
Targa Automotive S.p.A.	1.667							
WorkNet società di fornitura di lavoro temporaneo-per azioni	1.667							
Consorzio Oto-BPD in liq.	Aulla	Italy	103,291	EUR	50.00	Fiat Partecipazioni S.p.A.	50.000	
Consorzio Parco Industriale di Chivasso	Chivasso	Italy	51,650	EUR	23.10	Fiat Partecipazioni S.p.A.	23.100	
Consorzio per lo Sviluppo delle Aziende Fornitrici	Turin	Italy	250,741	EUR	28.34	Case New Holland Italia s.p.a.	10.299	
						Fiat Auto S.p.A.	10.299	
						Iveco S.p.A.	10.299	
Consorzio Prode	Naples	Italy	51,644	EUR	45.59	Elasis-Società Consortile per Azioni	50.000	
Consorzio Scire	Pomigliano d'Arco	Italy	51,644	EUR	45.59	Elasis-Società Consortile per Azioni	50.000	
Consorzio Scuola Superiore per l'Alta Formazione Universitaria Federico II	Naples	Italy	127,500	EUR	18.23	Elasis-Società Consortile per Azioni	20.000	
Expo 2000 - S.p.A.	Turin	Italy	2,828,750	EUR	24.50	Fiat Partecipazioni S.p.A.	24.498	
FMA-Consultoria e Negocios Ltda	Sao Paulo	Brazil	1	BRL	50.00	Fiat do Brasil S.A.	50.000	
Giraglia Immobiliare S.p.A.	Milan	Italy	3,500,000	EUR	28.24	Fiat Partecipazioni S.p.A.	28.240	
Interfinanziaria S.A.	Paradiso	Switzerland	1,000,000	CHF	33.33	IHF-Internazionale Holding Fiat S.A.	33.330	
Italimpianti S.p.A.	Milan	Italy	5,356,000	EUR	41.76	Fiat Partecipazioni S.p.A.	41.760	
Italpark-Società per Infrastrutture Ausiliarie di Trasporti S.p.A. in liq.	Rome	Italy	247,899	EUR	29.00	Fiat Partecipazioni S.p.A.	29.000	
Le Monde Europe S.A.	Paris	France	3,658,800	EUR	32.00	La Stampa Europe SAS	32.000	
Le Monde Presse S.A.	Paris	France	7,327,930	EUR	27.28	La Stampa Europe SAS	27.277	
Lombard Bank Malta PLC	Valletta	Malta	1,980,000	MTL	26.85	BUC - Banca Unione di Credito	26.845	
MB Venture Capital Fund I N.V.	Amsterdam	Netherlands	50,000	EUR	45.00	Fiat Partecipazioni S.p.A.	45.000	
Motorcity Park S.r.l.	Milan	Italy	3,112,463	EUR	40.00	Fiat Partecipazioni S.p.A.	40.000	
Nuova Didactica S.c. a r.l.	Modena	Italy	112,200	EUR	19.61	Ferrari S.p.A.	16.364	
						Case New Holland Italia s.p.a.	12.273	
Presse Europe Regions S.A.	Paris	France	62,087,232	EUR	25.28	La Stampa Europe SAS	25.280	
QSF Qualità Servizi Formazione GEIE	Turin	Italy	10,329	EUR	23.86	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	25.000	
Tecnologie per il Calcolo Numerico-Centro Superiore di Formazione S.c. a r.l.	Trento	Italy	100,000	EUR	23.46	C.R.F. Società Consortile per Azioni	25.000	
Zetesis S.p.A.	Milan	Italy	398,000	EUR	40.00	Fiat Partecipazioni S.p.A.	40.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Other companies valued at cost								
Agricultural and Construction equipment								
Lubelska Fabryka Maszyn Rolniczych S.A.	Lublin	Poland	13,000,000	PLN	15.72	CNH Polska Sp. z o.o.	18.460	
Plast-Form Sp. z o.o.	Lublin	Poland	2,090,000	PLN	10.18	CNH Polska Sp. z o.o.	11.962	
Polagrīs S.A.	Pikieliszi	Lithuania	1,133,400	LTT	9.41	CNH Polska Sp. z o.o.	11.054	
Commercial Vehicles								
Consorzio Bolzano Energia	Bolzano	Italy	12,000	EUR	16.67	Iveco S.p.A.	16.667	
Consorzio Spike	Genoa	Italy	90,380	EUR	15.00	Iveco S.p.A.	15.000	
Trucks & Bus Name	Tajoura	Libya	87,000,000	LYD	17.24	Iveco Pegaso S.L.	17.241	
Components								
Consorzio U.L.I.S.S.E.	Rome	Italy	227,241	EUR	11.36	Magneti Marelli Holding S.p.A.	11.360	
Services								
Byte Software House - S.p.A.	Turin	Italy	4,215,000	EUR	17.79	Business Solutions S.p.A.	17.794	
H.R.O. Polska Sp. z o.o.	Bielsko-Biala	Poland	400,000	PLN	18.00	Business Solutions Polska Sp. z o.o.	18.000	
Metrofiera S.c. a r.l.	Milan	Italy	10,000	EUR	15.00	Fiat Engineering S.p.A.	15.000	
Miscellaneous and Holding companies								
Ascai Servizi S.r.l.	Rome	Italy	73,337	EUR	13.44	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	14.085	
Consorzio Sorore	Siena	Italy	9,296	EUR	16.66	Fiat Partecipazioni S.p.A.	16.663	
Consorzio Technapoli	Naples	Italy	1,626,855	EUR	10.13	Elasis-Società Consortile per Azioni	11.110	
Ercole Marelli e C. S.p.A.	Milan	Italy	9,633,000	EUR	13.00	Fiat Partecipazioni S.p.A.	13.000	
Fin.Priv. S.r.l.	Milan	Italy	20,000	EUR	14.29	Fiat S.p.A.	14.285	
Gas Turbine Technologies S.p.A.	Turin	Italy	5,000,000	EUR	15.00	Fiat Partecipazioni S.p.A.	15.000	
I.M. Intermetro S.p.A.	Rome	Italy	2,461,320	EUR	12.50	Fiat Partecipazioni S.p.A.	12.500	
IRCC-Istituto per la Ricerca e la Cura del Cancro-Torino S.p.A.	Turin	Italy	15,500,000	EUR	19.36	Fiat S.p.A.	19.355	
Istituto Europeo di Oncologia S.r.l.	Milan	Italy	106,500,000	EUR	10.90	Fiat S.p.A.	10.903	
Kish Receivables Name	Dublin	Ireland	123,451,123	EUR	1.49	Celt Receivables Limited	1.485	16.248
Selvi & Cie S.A.	Geneva	Switzerland	2,400,000	CHF	16.67	BUC - Banca Unione di Credito	16.666	
Société Anonyme Technique Immobilière et Financière de la Sadim (S.A.T.I.F.)	Monaco	Princ. of Monaco	750,000	EUR	12.60	Fiat Partecipazioni S.p.A.	12.600	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through WORMS & Cie S.A. (53.074%-owned subsidiary of IFIL Group)

Name	Country	Capital stock at 12/31/2003	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS							
Paper							
AGENA N.V.	BELGIUM	62,000.00	EUR	100.00	ARJO WIGGINS PAPIERS COUCHES SAS	99.200	99.200
ANTALIS A.B.	SWEDEN	1,000,000.00	SEK	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS AG	SWITZERLAND	3,000,000.00	CHF	100.00	ANTALIS SWITZERLAND AG	100.000	100.000
ANTALIS A/S	DENMARK	2,000,000.00	DKK	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS AS	LATVIA	533,900.00	LVL	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS BOLIVIA SRL	BOLIVIA	2,775,000.00	BOB	74.01	INVERSIONES EXTERIOR SA INVERSIONES LOS PELLINES DOS SA	74.000 26.000	74.000 26.000
ANTALIS BV	NETHERLANDS	5,100,000.00	NLG	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS ENVELOPES LIMITED	UNITED KINGDOM	1.00	GBP	100.00	ANTALIS GROUP HOLDINGS LIMITED	100.000	100.000
ANTALIS ENVELOPES NV (in liquidation)	BELGIUM	62,000.00	EUR	100.00	ANTALIS NV/SA ANTALIS INTERNATIONAL HOLDINGS BV	99.900 0.100	99.900 0.100
ANTALIS ENVELOPES MANUFACTURING, S.L.	SPAIN	2,815,988.40	EUR	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS EUROPE HOLDINGS LIMITED	UNITED KINGDOM	205,433,649.00	GBP	100.00	ANTALIS GROUP LIMITED	100.000	100.000
ANTALIS GMBH	GERMANY	4,725,000.00	EUR	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS GROUP HOLDINGS LIMITED	UNITED KINGDOM	200,000,000.00	EUR	100.00	ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS GROUP LIMITED	UNITED KINGDOM	155,000,000.00	GBP	100.00	ANTALIS GROUP HOLDINGS LIMITED ARJO WIGGINS APPLETON LIMITED	33.600 66.400	100.000 0.000
ANTALIS HOLDINGS LIMITED	UNITED KINGDOM	69,984,107.00	GBP	100.00	ANTALIS GROUP LIMITED	100.000	100.000
ANTALIS (HONG KONG) LIMITED	HONG KONG	150,000.00	HKD	100.00	ANTALIS OVERSEAS HOLDINGS LIMITED WIGGINS TEAPE LIMITED	99.993 0.007	99.993 0.007
ANTALIS IBERIA SA	SPAIN	9,407,866.37	EUR	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS INTERNATIONAL HOLDINGS BV	NETHERLANDS	21,500.00	EUR	100.00	ANTALIS EUROPE HOLDINGS LIMITED WORMS & CIE S.A. A DIRECTOIRE ET CONS.	100.000	100.000
ANTALIS INTERNATIONAL SAS	FRANCE	306,880,573.00	EUR	100.00	ANTALIS INTERNATIONAL SAS SURVEILLANCE	100.000	100.000
ANTALIS INTERSERVICES NV/SA	BELGIUM	99,000,000.00	EUR	100.00	ANTALIS INTERNATIONAL SAS ANTALIS INTERNATIONAL HOLDINGS BV	100.000 0.000	100.000 0.000
ANTALIS IRELAND LIMITED	IRELAND	3,491,779.50	EUR	100.00	ANTALIS HOLDINGS LIMITED WIGGINS TEAPE LIMITED	100.000 0.000	100.000 0.000
ANTALIS LIMITED	UNITED KINGDOM	71,346,866.00	GBP	100.00	ANTALIS HOLDINGS LIMITED	100.000	100.000
ANTALIS OFFICE SUPPLIES, S.L.	SPAIN	11,129,914.16	EUR	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS OVERSEAS HOLDINGS LIMITED	UNITED KINGDOM	1,150,000.00	GBP	100.00	ANTALIS GROUP LIMITED	100.000	100.000
ANTALIS OY	FINLAND	1,918,600.00	FIM	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS PAPER UAB	LITHUANIA	4,000,000.00	LTN	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS PERU SA	PERU	7,779,600.00	SOL	74.01	INVERSIONES EXTERIOR SA INVERSIONES LOS PELLINES DOS SA	74.000 26.000	74.000 26.000
ANTALIS POLAND SPOLKA Z.O.O.	POLAND	2,011,600.00	PLN	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS PROMOTIONAL PRODUCTS BV	NETHERLANDS	2,000,000.00	NLG	100.00	MUEHLEBACH B.V.	100.000	100.000
ANTALIS PROMOTIONAL PRODUCTS GMBH	GERMANY	12,625,000.00	EUR	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS PROMOTIONAL PRODUCTS (HONG-KONG) LIMITED	HONG KONG	100.00	HKD	100.00	ANTALIS INTERNATIONAL SAS	99.000	99.000
ANTALIS PROMOTIONAL PRODUCTS S.L. SU	SPAIN	26,913,010.00	EUR	100.00	ANTALIS IBERIA SA MUEHLEBACH BV	81.410 18.590	81.410 18.590
ANTALIS PROMOTIONAL PRODUCTS SNC	FRANCE	305.00	EUR	100.00	ANTALIS INTERNATIONAL HOLDINGS BV ANTALIS PURCHASING SASU	95.000 5.000	95.000 5.000
ANTALIS (PROPRIETARY) LIMITED	SOUTH AFRICA	1,000.00	ZAR	100.00	ANTALIS SA HOLDINGS LIMITED	100.000	100.000
ANTALIS PURCHASING SASU	FRANCE	40,000.00	EUR	100.00	ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS NV/SA	BELGIUM	64,004.00	BEF	100.00	ARJO WIGGINS BELGIUM S.A. ANTALIS INTERNATIONAL HOLDINGS BV	0.002 99.995	0.002 99.995
ANTALIS SA	ROMANIA	2,400,000,000.00	ROL	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS SA HOLDINGS LIMITED	UNITED KINGDOM	1,000.00	GBP	100.00	ANTALIS GROUP LIMITED	100.000	100.000
ANTALIS SNC	FRANCE	22,479,066.00	EUR	100.00	ANTALIS PURCHASING SASU ANTALIS INTERNATIONAL SAS	0.000 100.000	0.000 100.000
ANTALIS SPA	ITALY	33,677,663.76	EUR	99.00	ANTALIS EUROPE HOLDINGS LIMITED ANTALIS INTERNATIONAL HOLDINGS BV	0.000 98.995	0.000 98.995
ANTALIS SWITZERLAND AG	SWITZERLAND	10,000,000.00	CHF	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS (THAILAND) LIMITED	THAILAND	30,000,000.00	THB	84.00	ANTALIS OVERSEAS HOLDINGS LIMITED SHIRO PACIFIC PAPER (SINGAPORE) PTE LTD	80.000 9.999	80.000 9.999
ANTHALO SRL	ITALY	30,000.00	EUR	50.00	CENTRO DISTRIBUZIONE ARTICOLI DA REGALO SRL	50.000	50.000
AS ANTALIS	ESTHONIA	5,700,000.00	EEL	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
APPLETON COATED LLC	USA	100.00	USD	100.00	APPLETON COATED PAPER HOLDINGS INC.	100.000	100.000
APPLETON COATED PAPERS HOLDINGS INC.	USA	1,445.00	USD	100.00	ARJO WIGGINS FINE PAPERS HOLDINGS LIMITED	100.000	100.000
APPLETON LEASING L.L.C.	USA	1,000.00	USD	100.00	APPLETON COATED LLC.	100.000	100.000
ARJOWIGGINS CANSON SAS	FRANCE	5,356,213.00	EUR	100.00	ARJO WIGGINS SAS	100.000	100.000
ARJOWIGGINS RIVES SAS	FRANCE	30,000,000.00	EUR	100.00	ARJOWIGGINS CANSON SAS	100.000	100.000
ARJO WIGGINS APPLETON (BERMUDA) LIMITED	BERMUDA	61,020.00	USD	100.00	ARJO WIGGINS (BERMUDA) HOLDINGS LIMITED	80.302	89.955
ARJO WIGGINS APPLETON GROUP SERVICES SAS	FRANCE	500,000.00	EUR	100.00	WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
ARJO WIGGINS APPLETON HOLDINGS LIMITED	UNITED KINGDOM	150,000,000.00	GBP	100.00	ARJO WIGGINS APPLETON LIMITED	100.000	100.000
ARJO WIGGINS APPLETON INSURANCE LIMITED	GUERNSEY	2,000,000.00	GBP	100.00	ARJO WIGGINS APPLETON LIMITED ARJO WIGGINS US HOLDINGS LIMITED	100.000 0.000	100.000 0.000
ARJO WIGGINS APPLETON LIMITED	UNITED KINGDOM	213,893,520.25	GBP	100.00	WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
ARJO WIGGINS ARGENTINA S.A.	ARGENTINA	12,000.00	ARS	100.00	ARJO WIGGINS FINE PAPERS HOLDINGS LTD	99.992	99.992
ARJO WIGGINS AUSTRALIA PTY LIMITED	AUSTRALIA	200,000.00	AUD	99.98	ARJO WIGGINS BELGIUM S.A.	100.000	100.000
ARJO WIGGINS AUSTRALIA PTY LIMITED	AUSTRALIA	400,000.00	AUD	100.00	CANSON INTERNATIONAL SAS ARJO WIGGINS SAS	91.500 8.500	91.500 8.500

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through WORMS & Cie S.A. (53.074%-owned subsidiary of IFIL Group)

Name	Country	Capital stock at 12/31/2003	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
ARJO WIGGINS BELGIUM HOLDINGS S.A.	BELGIUM	40,000.00	BEF	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED ARJO WIGGINS EUROPE HOLDINGS LIMITED	99.998 0.002	99.998 0.002
ARJO WIGGINS BELGIUM S.A.	BELGIUM	500,000.00	BEF	99.99	ARJO WIGGINS BELGIUM HOLDINGS S.A. ARJO WIGGINS LIMITED	99.990 0.000	99.990 0.000
ARJO WIGGINS (BERMUDA) HOLDINGS LIMITED	BERMUDA	15,000.00	USD	100.00	ARJO WIGGINS APPLETON LIMITED	20.000	100.000
ARJO WIGGINS CANSON KK	JAPAN	20,000,000.00	JPY	100.00	CANSON INTERNATIONAL SAS	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS CHINA LIMITED	UNITED KINGDOM	2.00	GBP	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	UNITED KINGDOM	170,735,640.00	GBP	100.00	ARJO WIGGINS US HOLDINGS LIMITED	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS INTERNATIONA LTD	UNITED KINGDOM	75,000.00	GBP	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS LIMITED	UNITED KINGDOM	2.00	GBP	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000
ARJO WIGGINS CASTING PAPERS LIMITED	UNITED KINGDOM	2.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJO WIGGINS CHINA HOLDINGS LIMITED	UNITED KINGDOM	100.00	GBP	100.00	LODI 12 SAS	100.000	100.000
ARJO WIGGINS CHINA LIMITED	PEOPLE'S REP. OF CHINA	1,000.00	HKD	90.00	ANTALIS (HONG KONG) LIMITED	90.000	90.000
ARJO WIGGINS DEUTSCHLAND GMBH	GERMANY	12,271,005.15	EUR	100.00	ARJO WIGGINS SAS	100.000	100.000
ARJO WIGGINS ERMSTAL GMBH & CO. KG	GERMANY	54,836,054.26	EUR	100.00	ARJO WIGGINS GERMANY HOLDINGS LIMITED ARJO WIGGINS SAS	48.951 51.049	48.951 51.049
ARJO WIGGINS ESPANA S.A.	SPAIN	60,200.00	EUR	99.95	ARJO WIGGINS BELGIUM S.A. WIGGINS TEAPE LIMITED	99.970 0.030	99.970 0.030
ARJO WIGGINS EUROPE HOLDINGS LIMITED	UNITED KINGDOM	761,500,000.00	GBP	100.00	ARJO WIGGINS APPLETON LIMITED	100.000	100.000
ARJO WIGGINS FEINPAPIER GMBH	GERMANY	5,000,000.00	DEM	99.98	ARJO WIGGINS BELGIUM SA	100.000	100.000
ARJO WIGGINS FINE PAPERS EXPORT LIMITED	UNITED KINGDOM	25,000.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJO WIGGINS FINE PAPERS HOLDINGS LIMITED	UNITED KINGDOM	10,253,565.00	GBP	100.00	ARJO WIGGINS UK HOLDINGS LIMITED	100.000	100.000
ARJO WIGGINS FINE PAPERS LIMITED	UNITED KINGDOM	25,010,000.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJO WIGGINS FINE PAPERS PTY LTD	AUSTRALIA	2.00	AUD	100.00	ARJO WIGGINS FINE PAPERS HOLDINGS LTD	100.000	100.000
ARJO WIGGINS GERMANY HOLDINGS LIMITED	UNITED KINGDOM	25,000,000.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJO WIGGINS ITALIA HOLDINGS S.R.L.	ITALY	2,275,000.00	EUR	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED ARJO WIGGINS LIMITED	100.000 0.000	100.000 0.000
ARJO WIGGINS LE BOURRAY SAS	FRANCE	1,351,577.00	EUR	100.00	ARJO WIGGINS SAS	100.000	100.000
ARJO WIGGINS LIMITED	UNITED KINGDOM	92,260,100.00	GBP	100.00	IDEM LIMITED	100.000	100.000
ARJO WIGGINS LIMITADA	BRAZIL	25,205,145.00	BRL	100.00	ARJO WIGGINS PARTICIPACOES LTDA CANSON INTERNATIONAL SAS	98.698 1.302	98.698 1.302
ARJO WIGGINS LYNX LTD	UNITED KINGDOM	3,000,000.00	GBP	100.00	ARJOWIGGINS CANSON SAS ARJO WIGGINS FINE PAPERS LTD ARJO WIGGINS PAPIERS COUCHES SAS GUARRO CASAS S.A. ARJOWIGGINS SAS	32.800 29.800 28.200 9.200 0.000	32.800 29.800 28.200 9.200 0.000
ARJO WIGGINS MEDICAL, INC	USA	1.00	USD	100.00	ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000
ARJO WIGGINS NC, LLC	USA	1.00	USD	100.00	MURO, INC.	100.000	100.000
ARJO WIGGINS NORTH AMERICA INVESTMENTS LIMITED	UNITED KINGDOM	434,615,387.00	GBP	100.00	ARJO WIGGINS APPLETON HOLDINGS LIMITED	100.000	100.000
ARJO WIGGINS PAPER PRODUCTS (BEIJING) CO. LTD.	PEOPLE'S REP. OF CHINA	300,000.00	USD	90.00	ARJO WIGGINS CHINA LIMITED	100.000	100.000
ARJO WIGGINS PAPER PRODUCTS (SHANGHAI) CO.LTD.	PEOPLE'S REP. OF CHINA	470,000.00	USD	90.00	ARJO WIGGINS CHINA LIMITED	100.000	100.000
ARJO WIGGINS PAPIERS COUCHES S.A.S.	FRANCE	87,916,250.00	EUR	100.00	ARJO WIGGINS SAS	100.000	100.000
ARJO WIGGINS PARTICIPACOES LTDA	BRAZIL	49,705,800.00	BRL	100.00	ARJO WIGGINS SECURITY SAS	100.000	100.000
ARJO WIGGINS SAS	FRANCE	165,920,000.00	EUR	100.00	WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
ARJO WIGGINS S.P. ITALIA S.r.l.	ITALY	46,482.00	EUR	100.00	ARJO WIGGINS SAS	100.000	100.000
ARJO WIGGINS SARL	SWITZERLAND	200,000.00	CHF	100.00	ARJO WIGGINS SAS ARJO WIGGINS PAPIERS COUCHES SAS	0.500 99.500	0.500 99.500
ARJO WIGGINS SECURITY SAS	FRANCE	70,000,000.00	EUR	100.00	ARJO WIGGINS SAS	100.000	100.000
ARJO WIGGINS SPECIALTY HOLDINGS INC.	USA	5,000.00	USD	100.00	APPLETON COATED PAPERS HOLDINGS INC.	100.000	100.000
ARJO WIGGINS SVENSKA AB	SWEDEN	100,000.00	SEK	99.98	ARJO WIGGINS BELGIUM S.A.	100.000	100.000
ARJO WIGGINS UK HOLDINGS LIMITED	UNITED KINGDOM	206,000,000.00	EUR	100.00	ARJO WIGGINS SAS	100.000	100.000
ARJO WIGGINS US HOLDINGS LIMITED	UNITED KINGDOM	1,271,907,900.00	GBP	100.00	ARJO WIGGINS APPLETON HOLDINGS LIMITED	100.000	100.000
ARJO WIGGINS USA, INC	USA	1.00	USD	100.00	ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000
ARJOBEX AMERICA	USA	21,000,000.00	USD	100.00	MU,RO, INC. ARJO WIGGINS NC, LLC.	51.000 49.000	51.000 49.000
ARJOBEX LIMITED	UNITED KINGDOM	2,000,100.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJOBEX SAS	FRANCE	1,029,280.00	EUR	100.00	ARJO WIGGINS SAS	100.000	100.000
AWA FINANCE LIMITED	UNITED KINGDOM	199,000,000.00	GBP	100.00	ARJO WIGGINS APPLETON LIMITED	100.000	100.000
AWA QINGDAO PAPER CO., LTD.	PEOPLE'S REP. OF CHINA	6,350,000.00	USD	63.15	ARJO WIGGINS CARBONLESS PAPERS CHINA LIMITED	63.150	63.150
B.T.I.I.	FRANCE	30.49	EUR	90.00	ARJOWIGGINS CANSON SAS	90.000	90.000
BERNARD DUMAS S.A.S.	FRANCE	686,070.00	EUR	99.92	GUARRO CASAS S.A.	100.000	100.000
CANSON & MONTGOLFIER (DEUTSCHLAND) GMBH	GERMANY	512,000.00	EUR	100.00	CANSON INTERNATIONAL SAS	100.000	100.000
CANSON INTERNATIONAL SAS	FRANCE	76,250.00	EUR	100.00	ARJOWIGGINS CANSON SAS	100.000	100.000
CANSON ITALIA S.P.A.	ITALY	312,000.00	EUR	100.00	CANSON INTERNATIONAL SAS ARJOWIGGINS CANSON SAS	95.000 5.000	95.000 5.000
CANSON POLSKA SP.Z.O.O.	POLAND	63,300.00	PLN	100.00	CANSON INTERNATIONAL SAS	100.000	100.000
CANSON INC.	USA	1,560.00	USD	100.00	APPLETON COATED PAPERS HOLDINGS INC.	100.000	100.000
CARBONLESS PAPERS LIMITED	UNITED KINGDOM	2.00	GBP	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000
CENTRO DISTRIBUZIONE ARTICOLI DA REGALO SRL (EXPO EUROPA)	ITALY	500,000.00	EUR	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
CLASS PAPIER B.V.	NETHERLANDS	40,000.00	NLG	100.00	ARJO WIGGINS PAPIERS COUCHES SAS	100.000	100.000
COMERCIAL MANANTIALES LIMITADA	CHILE	100,000.00	CLP	74.01	INVERSIONES GMS SA GMS PRODUCTOS GRAFICOS LIMITADA	99.999 0.001	99.999 0.001

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through WORMS & Cie S.A. (53.074%-owned subsidiary of IFIL Group)

Name	Country	Capital stock at 12/31/2003	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
COPIGRAPH GMBH (in liquidation)	GERMANY	1,001,000.00	DEM	100.00	COPIGRAPH S.A. GUERIMAND SAS	97.692 2.308	97.692 2.308
COPIGRAPH S.A.	FRANCE	6,300,000.00	EUR	100.00	GUERIMAND SAS	99.999	99.999
CREA PAPIER GMBH	GERMANY	26,000.00	EUR	100.00	ARJO WIGGINS PAPIERS COUCHES SAS	100.000	100.000
DISTRIBUIDORA OFIMARKETS SA	CHILE	57,614.00	CLP	74.00	INVERSIONES GMS SA	100.000	100.000
DOWNMAN INVESTMENTS LIMITED	CYPRUS	11,750,000.00	DEM	60.00	ANTALIS INTERNATIONAL HOLDINGS BV	60.000	60.000
ESM PAPER LIMITED	IRELAND	120,625.11	EUR	100.00	ANTALIS IRELAND LIMITED WIGGINS TEAPE IRELAND LIMITED	99.999 0.001	99.999 0.001
ESPECIALIDADES DEL PAPEL DE COLOMBIA LTDA (ESPAOL LTDA)	COLOMBIA	608,003,000.00	COP	99.92	TORDERA S.A.	100.000	100.000
EUROFRONTEIRA - COMERCIO, DISTRIBUICAO E SERVICOS S.A.	PORTUGAL	50,000.00	EUR	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
EUROPEAN PRINTED PRODUCTS S.A.S. (E2P)	FRANCE	6,100,000.00	EUR	100.00	ARJO WIGGINS SAS	100.000	100.000
FAIRPRINT BV	NETHERLANDS	40,000.00	NLG	100.00	ANTALIS PROMOTIONAL PRODUCTS BV	100.000	100.000
FIRMO - PAPEIS E PAPELARIA, S.A.	PORTUGAL	4,990,000.00	EUR	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
FIRST PAPER HOUSE BOTSWANA (PTY) LIMITED	BOTSWANA	80,000.00	BWP	100.00	ANTALIS SA HOLDINGS LIMITED	99.999	99.999
FRESER S.L.	SPAIN	3,006.00	EUR	99.92	GUARRO CASAS S.A.	100.000	100.000
FYNE PAPERS LIMITED	UNITED KINGDOM	5,000,000.00	GBP	100.00	ANTALIS LIMITED	100.000	100.000
GMS DISTRIBUIDORA GRAFICA SA	CHILE	100.00	CLP	74.01	INVERSIONES GMS SA COMERCIAL MANANTIALES LIMITADA	99.000 1.000	99.000 1.000
GMS PRODUCTOS GRAFICOS LIMITADA	CHILE	100.00	CLP	74.01	COMERCIAL MANANTIALES LIMITADA INVERSIONES GMS SA	86.000 14.000	86.000 14.000
GUARRO CASAS FRANCE SARL	FRANCE	8,000.00	EUR	100.00	GUARRO CASAS S.A.	100.000	100.000
GUARRO CASAS S.A.	SPAIN	6,600,000.00	EUR	99.92	GUARRO CASAS S.A. (*) ARJOWIGGINS CANSON SAS	1.972 97.958	1.972 97.958
GUERIMAND SAS	FRANCE	11,900,000.00	EUR	100.00	ARJO WIGGINS SAS	100.000	100.000
HARDWARE SOFTWARE ENGINEERING SRL	ITALY	20,000,000.00	ITL	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
I-PAPER LIMITED	UNITED KINGDOM	5,000.00	GBP	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000
IDEM LIMITED	UNITED KINGDOM	92,250,002.00	GBP	100.00	ARJO WIGGINS BELGIUM HOLDINGS S.A. ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	81.301 18.699	81.301 18.699
INTERPAPEL S.A.	MEXICO	50,000.00	MXP	99.92	TORDERA S.A.	100.000	100.000
INVERSIONES ANTALIS HOLDINGS LIMITADA	CHILE	7,929,875,000.00	CLP	100.00	ANTALIS OVERSEAS HOLDINGS LIMITED ANTALIS INTERNATIONAL HOLDINGS BV	34.048 65.952	34.048 65.952
INVERSIONES ANTALIS LIMITADA	CHILE	8,370,000,000.00	CLP	100.00	INVERSIONES ANTALIS HOLDINGS LIMITADA WIGGINS TEAPE LIMITED	100.000 0.000	100.000 0.000
INVERSIONES EXTERIOR SA	CHILE	2,899,379,784.00	CLP	74.01	INVERSIONES ANTALIS LIMITADA	74.000	74.000
INVERSIONES GMS SA	CHILE	10,200.00	CLP	74.01	INVERSIONES ANTALIS LIMITADA	74.000	74.000
INVERSIONES LOS PELLINES DOS SA	CHILE	1,020,183,600.00	CLP	74.01	INVERSIONES ANTALIS LIMITADA	74.000	74.000
JAMICE SAS	FRANCE	38,125.00	EUR	100.00	ARJOWIGGINS CANSON SAS	100.000	100.000
LODI 12 SAS	FRANCE	38,112.00	EUR	100.00	CANSON INTERNATIONAL SAS	100.000	100.000
MU RO. INC.	USA	5,000.00	USD	100.00	ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000
MUEHLEBACH B.V.	NETHERLANDS	45,378.02	EUR	100.00	ANTALIS SWITZERLAND AG	100.000	100.000
NEWICK - COMERCIO, IMPORTACAO E EXPORTACAO, S.A.	PORTUGAL	50,000.00	EUR	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
NEWTON FALLS LLC	USA	1.00	USD	100.00	APPLETON COATED LLC	100.000	100.000
PAPER PEOPLE LIMITED	UNITED KINGDOM	4,100.00	GBP	100.00	ANTALIS LIMITED	100.000	100.000
PERFORMANCE PAPERS LIMITED	UNITED KINGDOM	550,000.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
PRIPLAK SAS	FRANCE	323,554.00	EUR	100.00	ARJO WIGGINS SAS	100.000	100.000
PROTALIS LIMITED	UNITED KINGDOM	5,000,000.00	GBP	100.00	ANTALIS LIMITED	100.000	100.000
QINGDAO ARJO WIGGINS PAPER CO., LTD.	PEOPLE'S REP. OF CHINA	1,176,000.00	USD	100.00	LODI 12 SAS ARJO WIGGINS CHINA HOLDINGS LIMITED	50.000 50.000	50.000 50.000
QUAIFE PAPER LIMITED	UNITED KINGDOM	2,028,000.00	GBP	100.00	ANTALIS LIMITED	100.000	100.000
RTC HOLDING S.A.	ROMENIA	43,280,889,000.00	ROL	60.00	DOWNMAN INVESTMENTS LIMITED	100.000	100.000
SARNIA (PTY) LIMITED	BOTSWANA	1,345,625.00	BWP	100.00	FIRST PAPER HOUSE BOTSWANA (PTY) LIMITED	92.569	92.569
SIMGE ANTALIS KAGIT SANAYI VE TICARET AS	TURKEY	7,872,000,000,000.00	TLR	51.00	ANTALIS INTERNATIONAL HOLDINGS BV	51.000	51.000
SITTER S.N.C.	FRANCE	160,000.00	EUR	100.00	ANTALIS SNC ANTALIS INTERNATIONAL SAS	0.300 99.700	0.300 99.700
SMOZA A.S.	SLOVAK REP.	2,000,000.00	SKK	78.65	SMOZA SPOL. S.R.O. ANTALIS INTERNATIONAL HOLDINGS BV	61.000 39.000	61.000 39.000
SMOZA SPOL. S.R.O.	CZECH REP.	62,200,000.00	CZK	65.00	ANTALIS INTERNATIONAL HOLDINGS BV	65.000	65.000
SOCIEDAD COMERCIALIZADORA DE PAPELES ESPACHILE LTDA	CHILE	16,995,300.00	CLP	99.92	TORDERA S.A.	100.000	100.000
SZOLAMIL RT.	HUNGARY	490,000,000.00	HUF	100.00	ANTALIS EUROPE HOLDINGS LIMITED	100.000	100.000
THE WIGGINS TEAPE GROUP LIMITED	UNITED KINGDOM	282,500,000.00	GBP	100.00	ARJO WIGGINS UK HOLDINGS LIMITED	100.000	100.000
TORDERA S.A.	PANAMA	97,000.00	USD	99.92	GUARRO CASAS S.A.	100.000	100.000
VEILIGHEIDSPAPIERFABRIEK UGCHELEN	NETHERLANDS	6,806,703.24	EUR	100.00	ARJO WIGGINS SECURITY SAS	100.000	100.000
WIGGINS TEAPE IRELAND (EXPORT) LIMITED	IRELAND	126,973.80	EUR	100.00	ANTALIS IRELAND LIMITED WIGGINS TEAPE LIMITED	99.999 0.001	99.999 0.001
WIGGINS TEAPE IRELAND (SALES) LIMITED	IRELAND	1,361,490.54	EUR	100.00	ANTALIS IRELAND LIMITED WIGGINS TEAPE IRELAND LIMITED	100.000 0.000	100.000 0.000
WIGGINS TEAPE IRELAND LIMITED	IRELAND	1,214,402.82	EUR	100.00	ANTALIS IRELAND LIMITED WIGGINS TEAPE IRELAND (SALES) LIMITED	100.000 0.000	100.000 0.000
WIGGINS TEAPE LIMITED	UNITED KINGDOM	21,300,000.00	GBP	100.00	ANTALIS LIMITED	100.000	100.000
WILLOW PAPER COMPANY LIMITED	UNITED KINGDOM	16,000.00	GBP	100.00	ANTALIS LIMITED	100.000	100.000
WITCEL S.A.	ARGENTINA	1,901,200.00	USD	100.00	ARJO WIGGINS SECURITY SAS	100.000	100.000
WORKWELL LIMITED	HONG KONG	10,000.00	HKD	100.00	ANTALIS (HONG KONG) LIMITED	100.000	100.000

(*) voting suspended.

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through WORMS & Cie S.A. (53.074%-owned subsidiary of IFIL Group)

Name	Country	Capital stock at 12/31/2003	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Financing services							
AP PERMAL SA	FRANCE	15,532,085.80	EUR	100.00	WORMS & CIE S.A. A DIRECTOIRE ET CS W MANAGEMENT SAS	99.999 0.000	99.999 0.000
FINANCIERE WORMS & CIE S.A.	SWITZERLAND	5,000,000.00	CHF	100.00	PERMAL GROUP SCA	100.000	100.000
PERMAL ASSET MANAGEMENT INC	USA	10.00	USD	100.00	WORMS & CO INC.	100.000	100.000
PERMAL CAPITAL HOLDINGS INC	USA	100.00	USD	100.00	PERMAL GROUP SCA	100.000	100.000
PERMAL CAPITAL MANAGEMENT LLC	USA	3,424,498.00	USD	100.00	PERMAL CAPITAL HOLDINGS INC	99.000	99.000
PERMAL GROUP SCA	FRANCE	286,219,820.00	EUR	100.00	WORMS & CIE S.A. A DIRECTOIRE ET CS W MANAGEMENT SAS	100.000 0.000	100.000 0.000
PERMAL INVESTMENT MANAGEMENT SERVICES LIMITED	UNITED KINGDOM	7,000,000.00	GBP	100.00	WORMS & CO LTD	80.000	80.000
THE ST JAMES TRUST & CO LTD	BAHAMAS	1,000,000.00	USD	100.00	FINANCIERE WORMS & CIE SA	100.000	100.000
W & P FUND SERVICES LTD	BAHAMAS	500,000.00	USD	100.00	FINANCIERE WORMS & CIE SA	100.000	100.000
WORMS & CO INC	USA	535,081.00	USD	100.00	PERMAL GROUP SCA	100.000	100.000
WORMS & CO LTD	UNITED KINGDOM	120,000.00	GBP	100.00	PERMAL GROUP SCA	100.000	100.000
Miscellaneous and Holding companies							
ANTONIN RODET SAS	FRANCE	2,400,000.00	EUR	100.00	W PARTICIPATIONS SAS	100.000	100.000
GEP S.P.A.	ITALY	1,571,152.00	EUR	90.71	W PARTICIPATIONS SAS ARJO WIGGINS SECURITY SAS	30.640 60.070	30.640 60.070
SOCIETE FERMIERE ET DE PARTICIPATIONS S.A. (in liquidation)	FRANCE	2,287,500.00	EUR	100.00	W PARTICIPATIONS SAS	99.985	99.985
SOCIETE MOBILIERE DE PLACEMENTS SAS	FRANCE	915,000.00	EUR	100.00	W MANAGEMENT SAS	100.000	100.000
W MANAGEMENT SAS	FRANCE	76,916,655.00	EUR	100.00	WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
W PARTICIPATIONS SAS	FRANCE	42,323,123.70	EUR	100.00	SOCIETE MOBILIERE DE PLACEMENTS SAS WORMS & CIE S.A. A DIRECTOIRE ET CS	7.214 92.786	7.214 92.786

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through WORMS & Cie S.A. (53.074%-owned subsidiary of IFIL Group)

Name	Country	Capital stock at 12/31/2003	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
COMPANIES VALUED BY THE EQUITY METHOD							
Paper							
DIMAGRAF SA	ARGENTINA	100,000.00	ARS	22.20	INVERSIONES EXTERIOR SA	22.200	22.200
					INVERSIONES LOS PELLINES DOS SA	7.800	7.800
ESPECIALIDADES PAPELERAS ESPAVE C.A.	VENEZUELA	6,000,000.00	VEB	33.47	TORDERA S.A.	33.500	33.500
MWT PAPER PROCESSING LIMITED	MAURITIUS	3,000,000.00	MUR	50.00	ANTALIS SA HOLDINGS LIMITED	50.000	50.000
QUIMAGRAF SA	ARGENTINA	5,000.00	ARS	22.20	INVERSIONES EXTERIOR SA	22.200	22.200
					INVERSIONES LOS PELLINES DOS SA	7.800	7.800
SHRIRO PACIFIC PAPER (SINGAPORE) PTE LTD	SINGAPORE	10,000,000.00	SGD	40.00	ANTALIS OVERSEAS HOLDINGS LIMITED	40.000	40.000
SHRIRO PAPER (MALAYSIA) SDN. BHD.	MALAYSIA	4,700,000.00	MYR	40.00	ANTALIS OVERSEAS HOLDINGS LIMITED	40.000	14.286
Financing Services							
IFABANQUE S.A.	FRANCE	15,785,200.00	EUR	25.00	PERMAL GROUP SCA	25.002	25.002
SGS S.A. / SGS LTD	SWITZERLAND	156,443,320.00	CHF	23.77	WORMS & CIE S.A. A DIRECTOIRE ET CS	23.773	23.773
Miscellaneous and Holding companies							
PECHEL INDUSTRIES SAS	FRANCE	92,267,500.00	EUR	39.03	W PARTICIPATIONS SAS	39.032	39.032
COMPANIES VALUED AT COST							
Paper							
ARJO WIGGINS ERMSTAL VERWALTUNGS GMBH	GERMANY	25,564.59	EUR	-	ARJO WIGGINS SAS	100.000	100.000
GANOS 20 LIMITED (in liquidation)	UNITED KINGDOM	2.00	GBP	-	ARJO WIGGINS APPLETON LIMITED	100.000	100.000
ISSY 5 EUROL	FRANCE	8,000.00	EUR	-	ARJO WIGGINS SAS	100.000	100.000
LODI 11 SAS	FRANCE	40,000.00	EUR	-	ARJO WIGGINS SAS	100.000	100.000
PAPELCO SAI CIF	ARGENTINA		USD	-	WITCEL S.A.	99.776	99.776
SOCIETE CIVILE IMMOBILIERE DU MARAIS	FRANCE	152.45	EUR	-	ARJO WIGGINS SAS	95.000	95.000
					ARJO WIGGINS LE BOURRAY SAS	5.000	5.000
WIGGINS TEAPE PENSIONS LIMITED	UNITED KINGDOM	3.00	GBP	-	ARJO WIGGINS APPLETON LIMITED	100.000	100.000
Financing Services							
HH REPURCHASE	DUTCH ANTILLES	30,000.00	USD	-	W & P FUND SERVICES LTD	40.000	40.000
Miscellaneous and Holding companies							
AP BUSINESS SAS	FRANCE	40,000.00	EUR	-	WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
AP CROISSANCE SAS	FRANCE	40,000.00	EUR	-	WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
AP FRANKLIN SAS	FRANCE	40,000.00	EUR	-	WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
AP GESTION ET FINANCEMENT SAS	FRANCE	40,000.00	EUR	-	WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
AP PLACEMENTS SAS	FRANCE	40,000.00	EUR	-	WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
AP STRATEGIE SAS	FRANCE	40,000.00	EUR	-	AP FRANKLIN SAS	100.000	100.000
AP VALORISATION SAS	FRANCE	40,000.00	EUR	-	WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
CHATEAU DE MERCEY DOMAINE RODET SAS	FRANCE	542,500.00	EUR	-	ANTONIN RODET SAS	100.000	100.000
DUCS DE SAVOIE	FRANCE	210,000.00	FRF	-	SOCIETE MOBILIERE DE PLACEMENTS SAS	23.810	23.810
DUVERGEY S.A.R.L.	FRANCE	7,622.45	EUR	-	ANTONIN RODET SAS	95.000	95.000
FINANCIERE DES GRANDS VIGNOBLES DE BOURGOGNE SAS	FRANCE	4,575,000.00	EUR	-	ANTONIN RODET SAS	35.625	35.625
FRANKLIN INTERNATIONAL SAS	FRANCE	40,000.00	EUR	-	W PARTICIPATIONS SAS	100.000	100.000
S.C.I. ELISEE RECLUS PARIS 17E	FRANCE	1,000.00	FRF	-	WORMS & CIE S.A. A DIRECTOIRE ET CS	50.000	50.000
SCE DU DOMAINE DE LA BRESSANDE	FRANCE	15,244.90	EUR	-	ANTONIN RODET SAS	99.800	99.800
SOCIETE D'EXPLOITATION DU DOMAINE E L'AIGLE (SCEA)	FRANCE	642,430.00	EUR	-	ANTONIN RODET SAS	99.998	99.998
					CHATEAU DE MERCEY DOMAINE RODET SAS	0.002	0.002
WORMS GESTION ADMINISTRATIVE (GIE in liquidation)	FRANCE	N.D.	EUR	-	WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
W SYSTEMES ET INFORMATION	FRANCE	N.D.	EUR	-	ANTALIS INTERNATIONAL SAS	40.000	40.000
					ARJO WIGGINS SAS	37.000	38.000
					PERMAL GROUP SCA	8.000	8.000
					WORMS & CIE S.A. A DIRECTOIRE ET CS	15.000	15.000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through NHT New Holding for Tourism B.V. (90%-owned subsidiary of IFIL Group)

Name	Country	Capital stock at 12/31/2003	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
Companies consolidated on a line-by-line basis							
Hotel management							
ALPITOUR ESPANA S.L. UNIPERSONAL	SPAIN	22,751,000.00	EURO	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	100.000	100.000
ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	PORTUGAL	2,494,000.00	EURO	100.000	ALPITOUR S.p.A.	100.000	100.000
ALTAMAREA V & H COMPAGNIA ALBERGHIERA S.r.L.	ITALY	140,385.00	EURO	60.003	ALPITOUR S.p.A.	60.003	60.003
BLUE MARIN TUNISIE S.A.	TUNISIA	3,000,000	TND	99.998	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	99.998	99.998
BLUEMARIN HOTEL S.A. DE C.V.	MEXICO	65,956,258	MXP	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL JUMBO RENTA S.A. UNIPERSONAL	99.998 0.002	99.998 0.002
BLUEMARIN SERVICES S.A. DE C.V.	MEXICO	50,000	MXP	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL JUMBO RENTA S.A. UNIPERSONAL	99.998 0.002	99.998 0.002
BLUMARIN HOTELS, SOCIEDADE UNIPESOAAL, S.A.	CAPE VERDE	2,500,000	CVE	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	100.000	100.000
BLUMARIN HOTELS SICILIA S.p.A.	ITALY	11,000,000.00	EURO	70.000	ALPITOUR S.p.A.	70.000	70.000
D.I. RESORTS PRIVATE LTD	MALDIVES	100,000	MVR	100.000	ALPITOUR S.p.A. HORIZON HOLIDAYS S.A. UNIPERSONAL	99.000 1.000	99.000 1.000
EL-MASRIEN FOR HOTELS AND SHIPPING CONSTRUCTION	EGYPT	4,000,000	EGP	59.625	ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	99.375	99.375
ELSHAH FOR FLOATING HOTELS	EGYPT	6,000,000	EGP	59.802	ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	99.670	99.670
HARROW TRADING E INVESTIMENTOS SOCIEDADE UNIPESOAAL LDA	PORTUGAL	5,000.00	EURO	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	100.000	100.000
HORIZON HOLIDAYS S.A. UNIPERSONAL	SPAIN	20,133,500.00	EURO	100.000	ALPITOUR ESPANA S.L. UNIPERSONAL	100.000	100.000
INVERSIONES LOS UVEROS S.A. DE C.V.	DOMINICAN REP.	200,000	DOP	99.700	HARROW TRADING E INVESTIMENTOS SOCIEDADE UNIPESOAAL LDA	99.700	99.700
ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	EGYPT	4,536,000	EGP	60.000	RENTHOTEL ITALIA S.r.l.	60.000	60.000
JUMBO RENTA S.A. UNIPERSONAL	SPAIN	1,267,210.00	EURO	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	100.000	100.000
KELIBIA BEACH S.A.	TUNISIA	6,000,000	TND	99.990	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.990	99.990
KIWENGWA LTD	TANZANIA	745,559,000	TZS	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	98.964 1.036	98.964 1.036
KIWENGWA STRAND HOTEL LTD	TANZANIA	1,480,000,000	TZS	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	99.000 1.000	99.000 1.000
MEDITERRANEAN TOURIST COMPANY S.A.	GREECE	3,603,900.00	EURO	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	100.000	100.000
ORIENT SHIPPING FOR FLOATING HOTELS	EGYPT	1,450,000	EGP	58.966	ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	98.276	98.276
RENTHOTEL ITALIA S.r.l.	ITALY	52,000.00	EURO	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	100.000	100.000
RENTHOTEL MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	98.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	98.000	98.000
RENTHOTEL TRAVEL SERVICE S.A. UNIPERSONAL	SPAIN	1,562,860.00	EURO	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	100.000	100.000
RENTHOTEL TUNISIE S.A.	TUNISIA	200,000	TND	99.970	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.970	99.970
RIVIERA AZUL S.A. DE C.V.	MEXICO	50,000	MXP	96.000	HARROW TRADING E INVESTIMENTOS SOCIEDADE UNIPESOAAL LDA	96.000	96.000
S.T. RESORTS PRIVATE LTD	MALDIVES	100,000	MVR	50.000	ALPITOUR S.p.A.	50.000	50.000
STAR RESORT & HOTELS COMPANY PVT LTD.	MALDIVES	1,000,000	MVR	100.000	ALPITOUR S.p.A. HORIZON HOLIDAYS S.A. UNIPERSONAL	99.000 1.000	99.000 1.000
Insurance company							
ALPITOUR REINSURANCE COMPANY LIMITED	IRELAND	750,000.00	EURO	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	100.000	100.000
Distribution (Travel agency)							
BLUE VIAGGI S.A.	SWITZERLAND	100,000	CHF	97.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	97.000	97.000
WELCOME TRAVEL GROUP S.P.A.	ITALY	8,700,000.00	EURO	90.000	NHT NEW HOLDING FOR TOURISM BV	100.000	100.000
Incoming services							
CONSORCIO TURISTICO PANMEX S.A. DE C.V.	MEXICO	90,000	MXP	70.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	70.000	70.000
JUMBO CANARIAS S.A. UNIPERSONAL	SPAIN	180,300.00	EURO	75.840	JUMBOTURISMO S.A.	100.000	100.000
JUMBO TOURS DOMINICANA S.A.	DOMINICAN REP.	100,000	DOP	75.461	JUMBOTURISMO S.A. JUMBO CANARIAS S.A. UNIPERSONAL JUMBO TOURS ESPANA S.L. UNIPERSONAL	99.300 0.100 0.100	99.300 0.100 0.100
JUMBO TOURS ESPANA S.L. UNIPERSONAL	SPAIN	904,505.00	EURO	75.840	JUMBOTURISMO S.A.	100.000	100.000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through NHT New Holding for Tourism B.V. (90%-owned subsidiary of IFIL Group)

Name	Country	Capital stock at 12/31/2003	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
JUMBO TOURS FRANCE S.A.	FRANCE	152,400.00	EURO	49.281	JUMBOTURISMO S.A.	64.980	64.980
JUMBO TOURS ITALIA S.r.l.	ITALY	78,000.00	EURO	87.920	ALPITOUR S.p.A.	50.000	50.000
					JUMBOTURISMO S.A.	50.000	50.000
JUMBO TOURS MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	74.323	JUMBOTURISMO S.A.	98.000	98.000
JUMBO TOURS SICILIA S.r.l.	ITALY	99,999.00	EURO	61.544	JUMBO TOURS ITALIA S.r.l.	70.000	70.000
JUMBO TOURS TUNISIE S.A.	TUNISIA	300,000	TUD	37.907	JUMBOTURISMO S.A.	49.983	49.983
JUMBOTURISMO S.A.	SPAIN	364,927.20	EURO	75.840	ALPITOUR ESPANA S.L. UNIPERSONAL	75.840	75.840
JUMBOTURISMO CABO VERDE, Agencia de Viagens e Turismo, SOCIEDADE UNIPESSOAL, S.A.	CAPE VERDE	5,000,000	CVE	75.840	JUMBOTURISMO S.A.	100.000	100.000
PANAFRICAN TOURS S.A.	MOROCCO	400,000	MAD	99.700	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESSOAL, LDA	99.700	99.700
PANCARIBE S.A.	DOMINICAN REP.	200,000	DOP	69.900	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESSOAL, LDA	69.900	69.900
PROMOTORA DE SERVICIOS TURISTICOS DE ESPANA EN MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	74.323	JUMBOTURISMO S.A.	98.000	98.000
Tour operating							
ALPITOUR S.p.A.	ITALY	16,675,000.00	EURO	100.000	NHT NEW HOLDING FOR TOURISM BV	100.000	100.000
COMPAGNIA DELLA NATURA S.p.A.	ITALY	155,000.00	EURO	100.000	ALPITOUR S.p.A.	100.000	100.000
FRANCOROSSO INCENTIVE S.r.l.	ITALY	10,400.00	EURO	100.000	ALPITOUR S.p.A.	100.000	100.000
JUMBO GRANDI EVENTI S.r.l.	ITALY	78,000.00	EURO	61.544	JUMBO TOURS ITALIA S.r.l.	70.000	70.000
SPORTIME S.r.l.	ITALY	52,000.00	EURO	100.000	ALPITOUR S.p.A.	100.000	100.000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through NHT New Holding for Tourism B.V. (90%-owned subsidiary of IFIL Group)

Name	Country	Capital stock at 12/31/2003	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
Companies valued by the equity method							
Hotel management							
BLUE DIVING MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	49.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	49.000	49.000
Incoming services							
HOY VIAJAMOS S.A.	SPAIN	121,800,000	ESP	21.712	JUMBOTURISMO S.A.	28.629	28.629
ITALO HISPANA DE INVERSIONES S.L.	SPAIN	500,000	ESP	30.000	ALPITOUR S.p.A.	30.000	30.000
JUMBO TOURS CARIBE S.A.	MEXICO	50,000	MXP	37.920	JUMBOTURISMO S.A.	50.000	50.000
PANAFRICAN SERVICE S.A.R.L.	TUNISIA	10,500	TND	50.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESSOAL, LDA	50.000	50.000
PEMBA S.A.	SPAIN	84,991,500	ESP	18.960	JUMBOTURISMO S.A.	25.000	25.000
VIAJES MEDYMAR S.L.	SPAIN	10,000,000	ESP	30.000	ALPITOUR S.p.A.	30.000	30.000
Travel organization							
PROMOVIAGGI S.p.A. - PROMOTIONS VIAGGI E TURISMO	ITALY	103,200,00	EURO	60.000	FRANCOROSSO INCENTIVE S.r.l.	60.000	60.000
VIAGGI DELL'ELEFANTE S.r.l.	ITALY	260,000,00	EURO	35.000	ALPITOUR S.p.A.	35.000	35.000
Airline							
NEOS S.P.A.	ITALY	4,425,800,00	EURO	50.000	NHT NEW HOLDING FOR TOURISM BV	50.000	50.000
Companies valued at cost							
Hotel management							
FLASH NILE CRUISES	EGYPT	480,000,00	EGP	40.000	ALPITOUR S.p.A.	25.000	25.000
					FRANCOROSSO INCENTIVE S.r.l.	15.000	15.000
FLASH TOUR P.L.C.	EGYPT	7,000,000	EGP	20.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESSOAL, LDA	20.000	20.000
BLUMARIN DE IMPORTAÇÃO, SOCIEDADE UNIPESSOAL, S.A.	CAPE VERDE	5,000,000	CVE	100.000	BLUMARIN HOTELS, SOCIEDADE UNIPESSOAL, S.A.	100.000	100.000
Distribution (Travel agency)							
Agenzia AC TOUR MINERVA S.r.l.	ITALY	156,000,00	EURO	100.000	ALPITOUR S.p.A.	100.000	100.000
AIRPORT & TRAVEL S.r.l.	ITALY	50,000,00	EURO	49.000	WELCOME TRAVEL GROUP S.p.A.	49.000	49.000
SAUGO VIAGGI S.r.l.	ITALY	20,936,00	EURO	77.126	WELCOME TRAVEL GROUP S.p.A.	77.126	77.126
SCERNI VIAGGI S.r.l.	ITALY	50,000,00	EURO	100.000	WELCOME TRAVEL GROUP S.p.A.	100.000	100.000
TEAM TRAVEL SERVICE S.r.l.	ITALY	102,000,00	EURO	50.000	WELCOME TRAVEL GROUP S.p.A.	50.000	50.000
TREND S.r.l.	ITALY	47,000,00	EURO	100.000	WELCOME TRAVEL GROUP S.p.A.	100.000	100.000
WELCOME WE TRAVEL S.R.L.	ITALY	100,000,00	EURO	100.000	WELCOME TRAVEL GROUP S.p.A.	100.000	100.000
Incoming services							
CALOBANDE S.L. UNIPERSONAL	SPAIN	453,755,00	EURO	75.840	JUMBOTURISMO S.A.	100.000	100.000
INFRATOURS DOMINICANA S.A.	DOMINICAN REP.	400,000,00	DOP	37.541	JUMBOTURISMO S.A.	49.500	49.500
LIBELLULE COMERCIO, GESTAO E SERVICIOS LDA.	PORTUGAL	400,000,00	PTE	75.840	JUMBOTURISMO S.A.	100.000	100.000
Tour operating							
ARSEDUCANDI S.r.l.	ITALY	40,000	EURO	18.000	PROMOVIAGGI S.p.A. - PROMOTIONS VIAGGI E TURISMO	30.000	30.000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Other companies valued at cost

Name	Country	Capital stock at 12/31/2003	Currency	Interest held by	% of Group consolidation	% of voting rights
Paper						
EXPRESSO PAPER PLATFORM BV	NETHERLANDS	3.346,410.20	EUR	ANTALIS INTERNATIONAL HOLDINGS BV	12.895	12.895
Miscellaneous and Holding companies						
JUSTRADEIT S.A. (LIQUIDATION)	FRANCE	192.593.00	EUR	W PARTICIPATIONS SAS	15.385	15.385



Finanziaria di Partecipazioni SpA

[IFIL GROUP IN 2003](#)

DIRECTORS' REPORT ON OPERATIONS



Finanziaria di Partecipazioni SpA

Capital stock € 1,075,195,737, fully paid-in

Registered office in Turin - Corso Matteotti 26 - Turin Company Register No. 00914230016

IFIL GROUP IN 2003 DIRECTORS' REPORT ON OPERATIONS

TABLE OF CONTENTS

1	Board of Directors, Committees, Board of Statutory Auditors and Independent Auditors
2	Chairman's letter
4	IFIL Group profile
12	Major events in 2003
16	Analysis of IFIL Group condensed consolidated results
24	Analysis of IFIL Group consolidated results
27	Analysis of IFIL S.p.A. statutory results
31	Other information
35	Significant subsequent events
36	Business outlook
37	Performance of the major Group companies
62	Motion for approval of the financial statements, increase of the legal reserve and appropriation of net income for the year

This is an English translation of the Italian original "Relazione sulla Gestione" approved by the IFIL Board of Directors on March 29, 2004, which has been prepared solely for the convenience of the reader.

The version in Italian takes precedence and for complete information about IFIL S.p.A. and the Group, reference should be made to the full original report in Italian "Il Gruppo IFIL nel 2003" containing the Directors' Report on Operations and the Consolidated and Statutory Financial Statements also available on the corporate website: <http://www.ifil.it>



Finanziaria di Partecipazioni SpA

Board of Directors

Chairman and Managing Director

Gianluigi Gabetti

General Manager

Daniel John Winteler

Directors

Winfried Bischoff

Tiberto Brandolini d'Adda

Edoardo Ferrero

Luigi Garosci

Franzo Grande Stevens

Mario Greco

Giancarlo Lombardi

Antonio Maria Marocco

Giuseppe Recchi (co-opted on May 14, 2003)

Claudio Saracco

Pio Teodorani-Fabbri

Secretary to the Board

Pierluigi Bernasconi

Executive Committee

Chairman

Gianluigi Gabetti

Tiberto Brandolini d'Adda

Luigi Garosci

Daniel John Winteler

Audit Committee

Chairman

Luigi Garosci

Giancarlo Lombardi

Claudio Saracco

Compensation and Nominating Committee

Chairman

Franzo Grande Stevens

Tiberto Brandolini d'Adda

Gianluigi Gabetti

Board of Statutory Auditors

Chairman

Standing Auditors

Alternate Auditor

Piero Locatelli

Cesare Ferrero

Natale Ignazio Girolamo

Giorgio Giorgi

Independent Auditors

Deloitte & Touche S.p.A.

Expiry of term of office

The three-year terms of office of the Board of Directors and the Board of Statutory Auditors, elected by the Stockholders' Meeting on May 27, 2002, expire concurrently with the Stockholders' Meeting for the approval of the financial statements for the year ending December 31, 2004.

The Independent Auditors are appointed for the three-year period 2003-2005.

Corporate Governance

The Chairman and Managing Director, according to the by-laws (art. 20), may legally represent the Company. The Chairman and Managing Director, without specific authorization by the Board of Directors, may carry out all acts falling under the corporate business purpose, except as restricted by law.

The Board of Directors, under resolution on May 27, 2002, has conferred all powers necessary for the management of the Company to the Executive Committee, except those powers which are expressly entrusted to the Board of Directors by law.

Specific operating powers have been conferred to the General Manager on June 25, 2003.

CHAIRMAN'S LETTER

To our Stockholders,

IFIL S.p.A. closed 2003 with a net income of € 72.7 million, thus laying the foundations for a return to the distribution of dividends. While the Group again reported a loss, amounting to € 45 million, the objective of reducing the debt position was met, which was decreased by more than half from € 484.4 million at year-end 2002, to € 234.7 million at year end 2003.

The Reorganization Plan involving IFI and IFIL, which now holds all the equity interests of the Group, was carried out during the year.

The Reorganization, followed by a restructuring of all the company functions, gave IFIL a more streamlined and efficient structure, which the market lost no time in acknowledging and rewarding, as witnessed by the increase in the ordinary share price (+76% from July 2003 to March 2004), aided by IFIL's entry to the Midex (index of mid-cap companies listed on the Italian stock exchange).

From the corporate standpoint, the most important event during the year was the capital increase which raised € 504 million, allowing IFIL to subscribe to its full share of the FIAT capital increase.

The economic climate in which we operated during 2003 – which persists even now – was strongly influenced by the depreciation of the US dollar against the euro, with a beneficial effect on companies abroad, especially for the activities linked to exports. This is a phenomenon that, along with the reduction in tax pressure and buoyed by higher public expenditure, enabled the United States to achieve an annual GDP growth of 3.1%.

The absence of similar policies on this side of the Atlantic translated into a gradual but relentless erosion of the competitive capacity of European countries crushed by American exports as well as aggressive manufacturing and commercial policies of Asian countries, first and foremost China.

All these factors thus compromised the development of the European economy, which altogether recorded a growth rate of less than 1%. The weak pace of growth by the most important euro-zone countries (+0.1% in France and -0.1% in Germany) was basically in line with the poor performance of Italy (+ 0.3%).

The aforementioned economic picture could not but have an impact on Group Companies.

As regards Fiat, the capital increase as well as the divestments of non-strategic businesses and the rigorous cost-cutting policy, placed our most important stockholding in a condition to be able to work with complete equanimity and concentration towards its future, under the guidance of a totally new and highly qualified management. Although the 2003 financial statements still highlight the difficulties of the present time, some important positive signs were nevertheless seen, namely the increase in profitability of industrial operations in the last quarter of 2003, the promptness in respecting the deadlines and targets set down in the relaunch plan, and the positive market response to the new models.



Our most direct operating commitment was dedicated to the dynamic management of our diversified portfolio. The distribution of extraordinary dividends by Worms & Cie and La Rinascente and the divestment of the minority interest in Sifalberghi made up part of this strategy.

Our support of the reorganization initiatives by Alpitour and La Rinascente was just as important. The Travel Group – which reinforced its top management with new highly qualified professionals, and a new internal organizational structure, set-up per business unit – redefined its industrial and commercial strategy based upon the enhancement and promotion of the Italian touristic cultural heritage and the opening of new accommodation facilities in the Peninsula.

As for La Rinascente, work especially concerned the divisionalization of the distribution Group, which made it possible, among other things, to seize an interesting partnership opportunity for the development of the Gallerie Commerciali.

The business outlook for the current year appears closely linked to Europe's capacity to set in motion, after the example of the United States, a cycle of sound and lasting economic recovery. Nevertheless, the signs in Q1 2004 do not as yet appear to justify forecasts of satisfactory growth, thus reinforcing the voice of many who call for a decisive change of direction in the economic policy of the Continent. The revision of the stability pact rules, together with the use of the monetary lever as an incentive factor for the development of economic activities, will take on, more and more, a key role in the coming months in order to avoid the risk that the current persistent weakness of the growth of Europe could transform itself into outright stagnation.

In this framework, Italy is called to respond to a double challenge: to work together with its European partners to enhance and increase our competitiveness on international markets and re-establish full trust in the credit and savings system, hit hard by the financial scandals that have involved important companies in the national economic scenario.

As regards IFIL, we are convinced that, during the year, the new organizational structure and the strategy of dynamic management of the investment portfolio will continue to mark out new interesting opportunities for the development and optimization of the investments, a condition necessary to stimulate a new virtuous cycle of investments. The setting up of an IFIL branch office in the United States represents an important step in this direction: with a sound presence in one of the most interesting centres of the world market, the professionalism of our management will make it possible to increase investment possibilities, selecting the most advantageous opportunities from the viewpoint of the creation of value.

Finally, together with the Board of Directors, I would like to thank the Stockholders for the confidence shown, as well as the Statutory Auditors, the Independent Auditors, the Executives and Staff of IFIL and its subsidiaries for the intense work carried out in a particularly demanding year.

Gianluigi Gabetti

IFIL GROUP PROFILE

THE INVESTMENT PORTFOLIO

IFIL – Finanziaria di Partecipazioni S.p.A. is the operating holding company for the investments of the Group and is headed by Giovanni Agnelli e C. S.p.A. (through IFI – Istituto Finanziario Industriale S.p.A. which holds 62.03% of its ordinary capital stock). It commands two distinctive areas of operations: the active management of the controlling investment in FIAT and the dynamic management of the other holdings.

Fiat, controlled with 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 Auto, Ferrari and Maserati), commercial vehicles (Iveco), agricultural and construction equipment (CNH Global), automotive components for these vehicles (Magneti Marelli) and the supply of related services, 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.

Worms & Cie (53.07% holding in capital stock) 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 (Carbonless Europe was absorbed by ArjoWiggins as from January 1, 2004).
- Antalis (100% holding), the leading European group in the distribution of paper products for printing and writing.
- Permal Group (100% holding), one of the leaders in the management of investment funds.
- SGS (23.8% holding in capital stock), a company listed on the Swiss stock exchange and leader in the verification, inspection and certification of product and service quality.

La Rinascente (jointly controlled with the Auchan Group, through Eurofind, which holds more than 99% of the ordinary capital stock) is one of the largest Italian retailers operating throughout Italy with roughly 1,850 points of sale (direct, affiliates and associates) and over 31,000 employees.

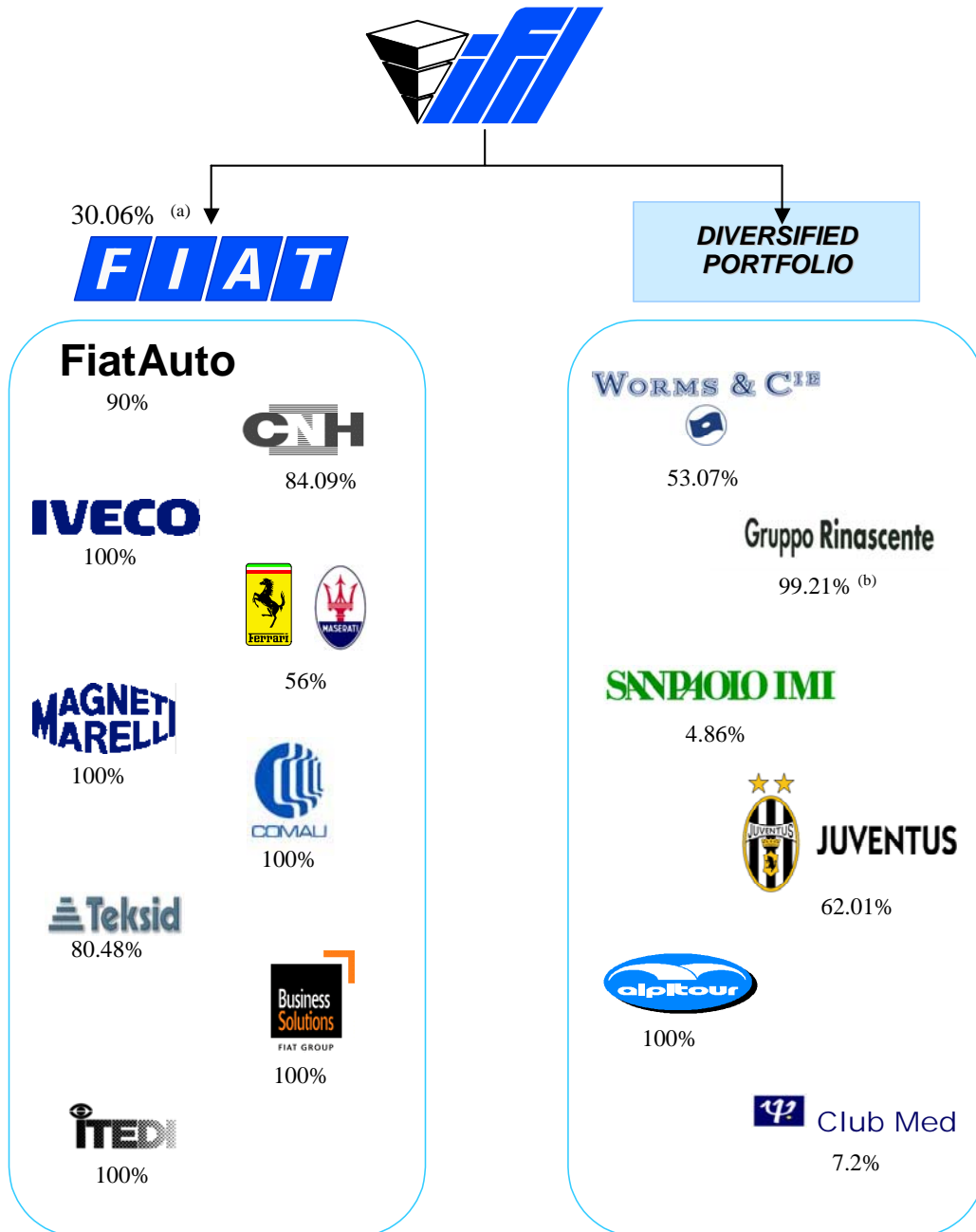
SANPAOLO IMI (4.86% holding in ordinary capital stock) is a leading national banking group with over 3,000 branches throughout Italy.

Alpitour (100% holding through NHT New Holding for Tourism) is a leading company in Italian tourism.

Club Méditerranée (7.2% holding in capital stock) is a company in which the Agnelli Group also holds an equity interest through Exor Group (16.72% holding in capital stock).

Juventus Football Club (62.01% holding in capital stock) is a company with more than one hundred years of history and an enviable record gained at various national and international sports events.

The following chart is updated to the end of February 2004 and presents the simplified structure of the investment portfolio. Percentage holdings refer to ordinary capital stock.

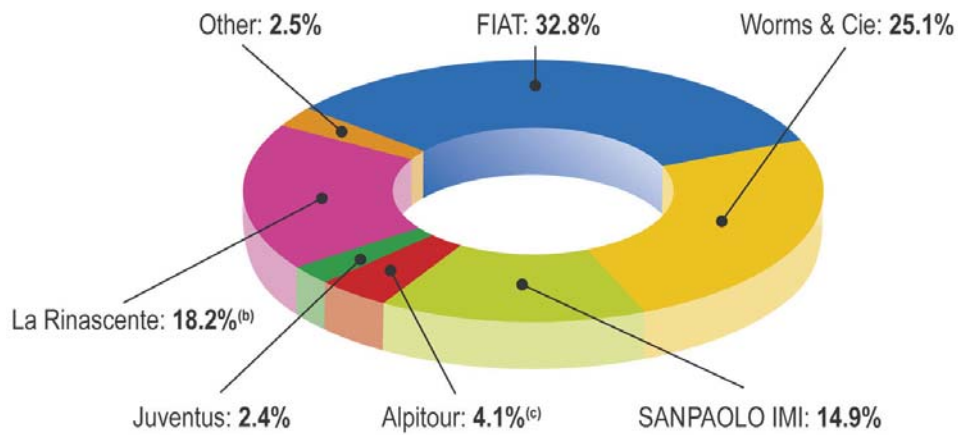


(a) IFIL also holds 30.09% of preferred capital stock.

(b) Control is exercised jointly with the Auchan Group through Eurofind (50% by IFIL and 50% by Auchan); Eurofind also holds 99.06% of the savings capital stock and 88.92% of the preferred capital stock of La Rinascente.

The following charts show the composition of the investment portfolio at current values and the change in its value over the last 10 years.

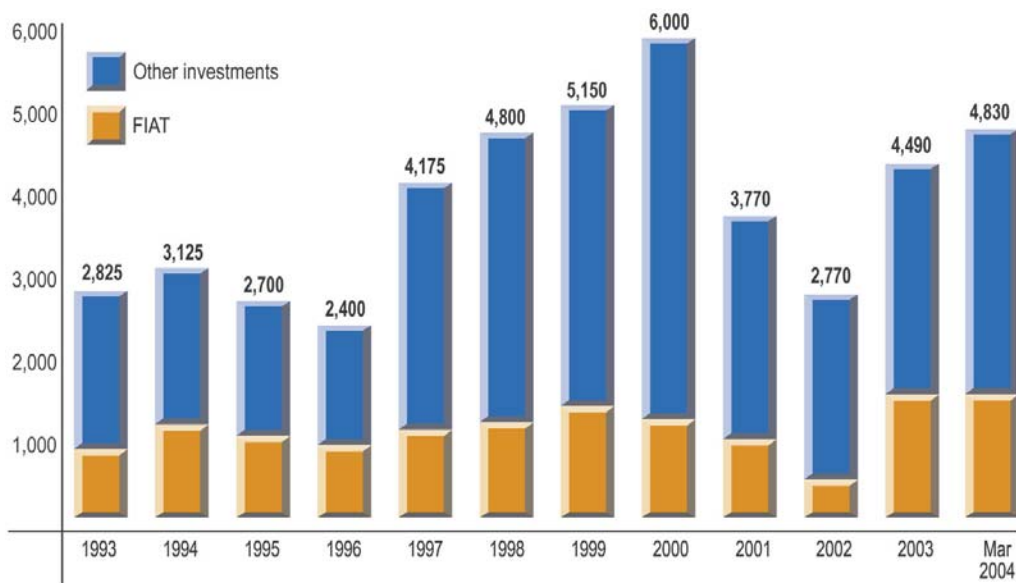
INVESTMENT PORTFOLIO



Portfolio Current Value: €4,830 m ^(a)

- (a) Listed investments valued on the basis of the average official market prices during the period between March 1 and March 17, 2004.
- (b) Through Eurofind (50% IFIL).
- (c) Through NHT (100% IFIL).

CURRENT VALUE OF INVESTMENT PORTFOLIO € ML^(a)



- (a) The current value of the portfolio is calculated consistently with the change in the accounting representation. The value of the portfolio recorded at March 2004 was calculated, as in the previous chart, using the average market prices of the listed investments from March 1 to March 17, 2004.

KEY OPERATING AND FINANCIAL DATA

The key results of the Group and IFIL S.p.A. are presented as follows:

IFIL GROUP

Condensed consolidated figures ^(a)					
€ in millions	2003	2002	2001	2000	1999
Consolidated net income (loss) - Group	(45)	(367)	351	345	285
Share of earnings (losses) and dividends	(28)	(271)	289	306	194
Financial fixed assets	4,223	3,207	3,695	3,400	3,186
Consolidated stockholders' equity - Group	3,954	2,708	3,395	3,142	2,947
Net financial position of the "Holdings System"	(235)	(484)	(323)	(120)	(203)
Earnings per share (€)					
Consolidated net income (loss) - Group ^(b)	(0.06)	(0.85)	0.81	0.78	0.64
Consolidated stockholders' equity - Group ^(c)	3.68	6.13	7.69	7.12	6.41

(a) Details regarding the criteria used for the preparation of the financial statements are provided in the section "Analysis of IFIL Group condensed consolidated results".

(b) Calculated using the average number of shares outstanding.

(c) Calculated using the number of shares issued at the end of the year; in 1999, the calculation is net of the treasury stock that was being cancelled.

IFIL S.p.A.

€ in millions	2003	2002	2001	2000	1999
Net income (loss) - IFIL S.p.A.	73	(516)	104	102	141
Stockholders' equity - IFIL S.p.A.	3,194	1,823	2,421	2,399	2,474
Total dividends paid out	70.5 ^(a)	-	81.2	82.6	78.3
Dividends paid out per share (€)					
Per ordinary share	0.0620	-	0.18	0.18	0.17
Per savings share	0.0827 ^(b)	-	0.2007	0.2007	0.1907

(a) These dividends will be covered in motion to be proposed to the Stockholders' Meeting convened for the approval of the financial statements for the year ended December 31, 2003.

(b) In addition to € 0.0827 for the adjustment of the preference dividends referring to 2002 for a total of € 3 million.

STOCKHOLDERS AND THE STOCK MARKET

Capital stock

At December 31, 2003, IFIL S.p.A.'s capital stock, fully subscribed to and paid-in, amounted to € 1,075,195,737 and was composed of 1,037,812,717 ordinary shares and 37,383,020 savings shares all with a par value of € 1 each.

The savings shares carry no voting rights and can either be registered or bearer shares, as elected by the stockholders. They carry the right to a preference dividend of 8.27% of their par value and to a total dividend higher than that of ordinary shares by 2.07% of the same par value.

The directors have the right, for a period of five years from the resolution passed on May 14, 2003, to increase, at one or more times, also in divisible form, the capital stock up to a maximum of € 1,500 million and to issue, at one or more times, bonds, also convertible bonds, up to the same figure but for amounts which, each time, do not exceed the limits established by law.

The directors also have the right, for a period of five years from the date of the resolution passed on May 25, 2001, to increase, at one or more times, the capital stock, excluding option rights, for a maximum amount of € 4 million, through the issue of a maximum of 4 million ordinary and/or savings shares, with a par value of € 1 each, to be offered for subscription to the employees of the Company or its subsidiaries or the parent companies or the subsidiaries of the same parent companies.

Stockholders

IFIL has approximately 33,600 stockholders.

The controlling stockholder, IFI – Istituto Finanziario Industriale S.p.A., holds 62.03% of ordinary capital stock (62.8% of ordinary capital stock outstanding).

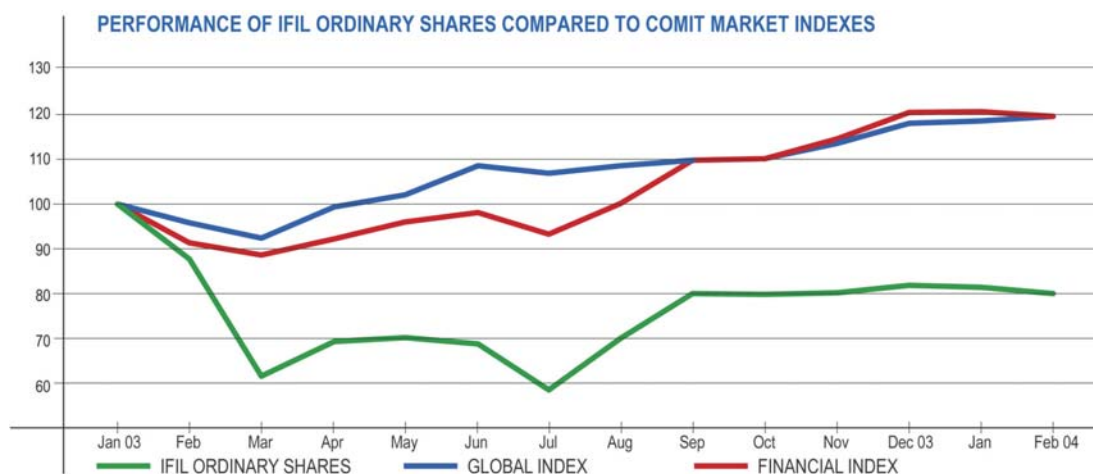
Treasury stock

At the end of February 2004, IFIL holds 12,627,410 ordinary shares of treasury stock (1.22% of the class of stock) including 810,262 shares held through the subsidiary Soiem.

On March 29, 2004, the Board of Directors voted to present a motion to the Ordinary Stockholders' Meeting for renewal of the resolution for the authorization of the buyback of treasury stock for a maximum of 90 million IFIL ordinary shares and/or savings shares, setting aside a total of € 300 million.

Stock performance

During the first half of 2003, the share price of IFIL ordinary shares performed negatively until mid-July. After the successful conclusion of the capital stock increase, the share price began to rise and steadily continued the upward trend which made it possible to close the second half of 2003 with a 51.5% gain compared to 10.3% by the Global Index during the same period. At the beginning of 2004, the ordinary share price continues to show gains. Even so, the overall share performance of IFIL ordinary shares for the entire year is a negative 16.1% compared to the positive 13.6% performance by the Global Index.

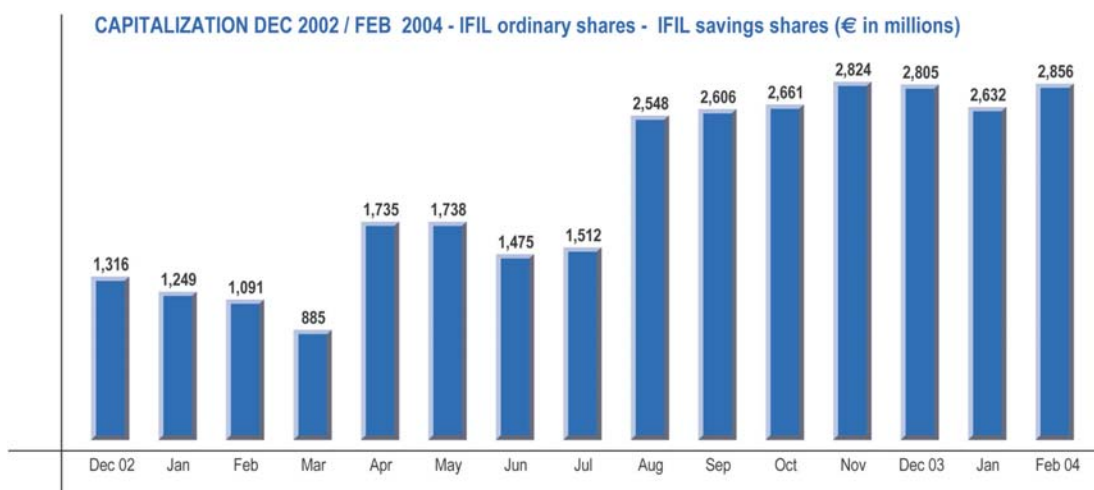


In the first quarter of 2003, IFIL savings shares generally followed the negative performance of the ordinary shares. Afterwards, thanks to the defensive profile which characterizes the shares and the operation for the conversion of savings shares to ordinary shares (which ended in May), the savings shares began to gain and this performance continued into the first months of 2004.

In 2003, savings shares showed a positive 7.36% performance.



During 2003, IFIL's capitalization went from € 1,300 million to € 2,800 million. This change can principally be ascribed to the two capital stock increase transactions which took place in the first half and at the beginning of the second half of 2003: the Reorganization transaction (March – May) and the capital increase (June – July). Since July 2003, IFIL's capitalization began a steady bullish trend which also continues into the first months of 2004.



During 2003, the amount and quantity of shares traded increased considerably. The increment in the volumes of ordinary shares traded (liquidity) is specifically one of the objectives reached with the Reorganization, thanks also to the success of the conversion of savings shares to ordinary shares. The conversion also explains the reduction, in absolute terms, of the volumes of savings shares traded in comparison with 2002. Such volumes, however, are important considering that, after the conversion, there are still about 37.4 million savings shares that remain outstanding.

In September, after IFIL's ordinary stock was listed on the MIDEX for mid-cap companies, the liquidity of IFIL's ordinary stock increased even more.

MARKET INFORMATION	2003	2002	2001	2000	1999
Market price per ordinary share (€):					
. year-end	2.62	3.00	4.62	7.76	8.38
. high	3.40	4.72	7.88	11.36	8.47
. low	1.65	2.64	3.92	6.34	5.06
Market price per savings share (€):					
. year-end	2.38	2.13	3.52	4.57	3.67
. high	2.54	3.66	4.81	4.92	4.47
. low	1.42	1.91	2.89	3.22	3.31
Quantities traded during the year					
. ordinary shares (millions of shares)	464	62	104	164	122
. savings shares (millions of shares)	67	87	85	176	130
Equivalent annual volumes traded on stock market (€ in millions)					
. ordinary shares	1,025	274	710	1,527	895
. savings shares	121	304	388	845	546

The market prices have been adjusted on the basis of the capital stock increase in July 2003.

FINANCIAL COMMUNICATIONS AND INVESTOR RELATIONS

Again in 2003, IFIL devoted special attention to relations with stockholders, analysts, institutional investors and Italian and foreign economic journalists.

By way of information:

- more than 1,200 copies (in Italian and English) of the annual report, the first-half report and the quarterly reports have been distributed. These reports are sent, on request, to stockholders, and are also available on the corporate website at www.ifil.it;
- meetings with institutions (at Milan in July and September) and conference calls (in March) with investors and analysts have been organized;
- intensive contacts have been established through individual meetings with financial analysts and Italian and foreign institutional investors;
- far-reaching, comprehensive information has been circulated through the Italian and foreign economic and financial press.

Information for Stockholders, Investors and the Press

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MAJOR EVENTS IN 2003

The Reorganization of the Group

Following the resolution passed by IFIL's Extraordinary Stockholders' Meeting held on April 23, 2003, IFI and IFIL gave effect to the Group Reorganization Plan proposed by the respective Boards of Directors on March 3, 2003.

IFIL thus received the following investments and warrants as a contribution from the parent company IFI:

	Number	% of class of stock	Contribution value			
			Accounting value		Economic value	
			Per share (€)	Total (€ ml)	Per share (€)	Total (€ ml)
Fiat ordinary shares	77,944,334	17.99%	7.197	561.0	8.869	691.3
Fiat preferred shares	19,582,500	18.96%	5.165	101.1	5.165	101.1
Warrants 2007 on Fiat ordinary shares	11,216,334	-	0.319	3.6	0.319	3.6
SANPAOLO IMI ordinary shares	16,300,000	1.13%	6.605	107.7	6.605	107.7
Juventus Football Club	74,992,103	62.01%	0.156	11.7	1.823	136.7
Soiem	18,286,500	50.10%	0.516	9.4	0.633	11.6
TOTAL				794.5		1,052.0

The economic value of the contribution was calculated (with the exception of Soiem, which is unlisted and valued at net asset value) on the basis of the average official market prices on the stock exchange in the period between September 2, 2002 and February 28, 2003 and resulted in a total of € 1,052 million.

The contribution, however, was recorded for € 794.5 million in that, in accordance with the provisions of art. 3 of Legislative Decree No. 358 of October 8, 1997, the Fiat ordinary shares, the Juventus Football Club shares and the Soiem shares (representing investments in subsidiaries or affiliates) were contributed with a view to the continuity of the accounting values recorded in the financial statements of IFI S.p.A. for the year ended December 31, 2002, whereas the SANPAOLO IMI ordinary shares, the Fiat preferred shares and the Fiat 2007 warrants on ordinary shares were contributed at economic values.

In exchange for this contribution, based upon the economic value of IFIL determined for purposes of the transaction, IFIL issued to IFI 167,450,949 ordinary shares at the accounting per share price of approximately € 3.122 and 119,635,991 savings shares at the accounting per share price of approximately € 2.272. The par value of the IFIL shares issued amounted to € 287,086,940, plus € 507,460,128 of additional paid-in capital, for a total of € 794,547,068.

After this transaction, IFIL's capital stock was fully subscribed to and paid-in and amounted to € 728,824,587 and was composed of 425,105,958 ordinary shares and 303,718,629 savings shares, all with a par value of € 1.

On May 12, 2003, the voluntary conversion of IFIL savings shares to IFIL ordinary shares based upon a conversion ratio of 17 IFIL ordinary shares for every 20 IFIL savings shares was closed without payment of any cash differential. There were 266,335,609 IFIL savings shares (equal to 87.69% of savings capital stock) converted to 226,385,269 IFIL ordinary shares, which bear the same features and have the same rights as the shares outstanding. The remaining 39,950,340 IFIL savings shares were cancelled in September 2003, in conformity with the provisions of article 2445 of the Italian Civil Code, with the consequent reduction of the capital stock by € 39,950,340. In order to provide greater protection to the creditors of the company, the par value of the cancelled IFIL savings shares has been posted to an undistributable reserve except, upon authorization of the Extraordinary Stockholders' Meeting, it can be used for allocation to the capital stock account or to cover losses.

By notification on May 8, 2003, inferring illegal acts due to a conflict of interest and the unlawful valuation of the contributions in kind, the stockholder K Capital contested the resolution to increase IFIL's capital stock reserved for Istituto Finanziario Industriale S.p.A. passed by the Extraordinary Stockholders' Meeting of IFIL held on April 23, 2003 and sought compensation from IFIL for (alleged) damages (not quantified) suffered as a result of the unlawful conduct (allegedly) by IFI.

At the next hearing, scheduled for April 7, 2004, the judge will rule on the preliminary inquiries that might be presented by the litigants.

Both of the above complaints (request to declare the stockholders' resolution null and void and to seek an unspecified sum of compensation for damages) appear to be inadmissible and groundless and therefore at this time the Company does not believe that any contingent liabilities or losses will arise as a consequence.

Earlier, the appeal filed under ex article 2378, paragraph 4, of the Italian Civil Code by which the stockholder K Capital had sought the suspension of the execution of the resolution was denied by the Turin Court, by decree filed on June 9, 2003.

IFIL S.p.A. capital stock increase

On June 27, 2003, by the power vested in it pursuant to art. 2443 of the Italian Civil Code by the Extraordinary Stockholders' Meeting held on May 14, 2003, the Board of Directors of IFIL S.p.A. voted to increase the capital stock against payment, and in divisible form, for a maximum amount of par value € 386,321,490, through the issue of a maximum of 386,321,490 IFIL ordinary shares of par value € 1 each, with normal dividend rights, with option rights offered to the stockholders at a price of € 1.30, at a ratio of 57 shares for every 100 IFIL ordinary and/or savings shares held.

At the end of the rights offering period, 383,794,965 new IFIL ordinary shares were subscribed to, equal to 99.35% of the shares offered.

Following the subsequent offering of the 4,432,500 unexercised rights on the market (which generated proceeds of € 1.8 million for IFIL that were allocated as an increase to stockholders' equity), the remaining 2,526,525 new IFIL ordinary shares were subscribed to in August.

The capital stock increase was concluded, without the intervention of the Underwriting Syndicate, with the subscription of all 386,321,490 ordinary shares in the rights offering for proceeds of € 504 million (of which € 1.8 million deriving from the sale of unexercised rights).

At December 31, 2003, IFIL S.p.A. capital stock was fully subscribed to and paid-in and amounted to € 1,075,195,737 and was composed of 1,037,812,717 ordinary shares and 37,383,020 savings shares all with a par value of € 1 each.

Subscription to Fiat capital stock increase

In July 2003, Fiat S.p.A. launched the capital stock increase voted by the Board of Directors on June 26, 2003 upon the occasion of the approval and presentation of the Fiat Group Relaunch Plan.

The capital stock increase was concluded in August, without the intervention of the Underwriting Syndicate, with the subscription of all the 367,197,108 Fiat ordinary shares in the rights offering at the price of € 5 per share, for a total equivalent amount of € 1,836 million.

IFIL, after having purchased 18,791,725 rights for € 5 million, subscribed to 108,921,627 Fiat ordinary shares for an investment of € 544.6 million. On December 31, 2003, IFIL thus held 240,583,447 Fiat ordinary shares (30.06% of ordinary capital stock) and 31,082,500 Fiat preferred shares (30.09% of preferred capital stock).

Transactions regarding La Rinascente and Eurofind

In January 2003, Eurofind, the subsidiary jointly controlled by Ifil Investissements and the Auchan Group, launched a tender offer for the residual ordinary and preferred shares of La Rinascente and a voluntary tender offer for the purchase of La Rinascente savings shares for the purpose of obtaining all La Rinascente shares not yet held by Eurofind.

By the end of the offer period (February 28, 2003), the total shares tendered comprised 10,768,383 ordinary shares, equal to 3.6% of ordinary capital stock, 491,006 preferred shares, equal to 15.61% of preferred capital stock, and 2,596,139 savings shares, equal to 2.52% of savings capital stock.

The transaction involved a total payment of € 60.9 million (€ 4.45 per ordinary and preferred share and € 4.15 per savings share) and the delisting of all classes of La Rinascente stock.

In the following months, Eurofind purchased off-market 7,380,130 ordinary shares (2.47% of ordinary stock), 45,215 preferred shares (1.44% of preferred stock) and 308,225 savings shares (0.30% of savings capital stock) for a total amount of € 34.4 million.

At the end of December 2003, Eurofind holds 401,223,236 La Rinascente shares (equal to 99.09% of capital stock) and, in particular, 296,556,269 ordinary shares (99.21% of ordinary capital stock), 2,797,086 preferred shares (88.92% of preferred capital stock) and 101,869,881 savings shares (99.06% of savings capital stock).

In December 2003, La Rinascente paid extraordinary dividends of € 600 million which gave rise to receipts of € 240.6 million for the IFIL Group (€ 594.5 million for Eurofind).

In accordance with what was previously agreed, in January 2003, the subsidiary Ifil Investissements had sold a further 270,666 Eurofind shares (0.85% of capital stock) to Mediobanca at the price of € 15.2 million; likewise, the Auchan Group had sold the same stake to Société Générale.

After these transactions, Ifil Investissements and the Auchan Group each held a 40.47% interest (50% of voting rights) in Eurofind's capital stock. Mediobanca and Société Générale each owned 9.53% of Eurofind's capital stock (represented by shares without voting rights). Such holdings were covered by sale and purchase options (puts and calls) structured so as not to in any way alter the joint control over Eurofind by Ifil Investissements and the Auchan Group.

Mediobanca had a sales option (put) with IFIL on 9.53% of the Eurofind capital stock held, exercisable from June 2004 to December 2004, except for the accelerating events stated in the agreements, in line with market practice. In January 2004, Ifil Investissements exercised its call option and purchased 9.53% of Eurofind capital stock from Mediobanca for an outlay of € 116.1 million, including accrued interest and net of dividends paid by Eurofind.

Currently, Eurofind is controlled equally by Ifil Investissements and the Auchan Group, with each holding 50% of Eurofind's capital stock.

Increase in IFIL bonds

In February 2003, the IFIL bonds issued in December 2002 were increased from € 145 million to € 200 million. These are three-year bonds placed with primary institutional investors.

In December 2003, IFIL floated a second bond issue for € 100 million. These are also three-year bonds subscribed to by primary institutional investors.

Both bond issues are listed on the Luxembourg stock exchange.

Transactions relating to Worms & Cie

Ifil Investissements purchased 1,438,059 Worms & Cie shares (equal to 1.37% of capital stock) for a total equivalent amount of € 23.7 million.

After this transaction, Ifil Investissements holds 55,922,623 Worms & Cie shares, equal to 53.07% of capital stock.

In May 2003, Worms & Cie paid dividends of € 1.5 per share (including extraordinary dividends for € 0.9) which gave rise to receipts of € 83.9 million for Ifil Investissements.

Purchase of 1.96% of SANPAOLO IMI ordinary capital stock from Ifil Investissements

In May 2003, IFIL purchased 28,419,000 SANPAOLO IMI ordinary shares (equal to 1.96% of ordinary capital stock) from Ifil Investissements at a per share price of € 7.183 (corresponding to the average market price during the period April 9, 2003 – May 9, 2003) for a total of € 204.1 million. The transaction was entered into so that the entire investment in SANPAOLO IMI could be concentrated in IFIL S.p.A.

Sale of Juventus Football Club shares

In May 2003, the subsidiary Soiem sold on the market 394,000 Juventus Football Club shares (0.33% of capital stock), for a total of € 0.9 million, realizing a gain of € 0.1 million.

At December 31, 2003, IFIL held 74,992,103 Juventus Football Club ordinary shares (equal to 62.01% of capital stock).

Atlanet investment

In May 2003, the Extraordinary Stockholders' Meeting of Atlanet voted to absorb the losses in excess of stockholders' equity by reducing capital stock to zero and consequently canceling the shares outstanding. Ifil Investissements decided not to subscribe to its share (3.1%) of the recapitalization of Atlanet's capital stock and is therefore no longer a stockholder of the company.

Sale of 25% of Sifalberghi capital stock

In August 2003, IFIL sold 25% of the capital stock of Sifalberghi to the Accor Group for the price of € 32 million, realizing a gain of € 25.1 million on consolidation, with a 12.5% IRR.

Buyback of IFIL treasury stock

In September 2003, IFIL purchased 700,000 of its ordinary shares on the market, equal to 0.07% of the class of stock, for € 1.7 million; these shares were recorded in current assets since they will be used to service stock option plans.

At December 31, 2003, IFIL and the subsidiary Soiem also held 11,927,410 IFIL ordinary shares (respectively, 11,117,148 and 810,262) recorded in fixed assets, equal to 1.15% of ordinary capital stock and 1.11% of capital stock.

ANALYSIS OF IFIL GROUP CONDENSED CONSOLIDATED RESULTS

IFIL holds important investments through Dutch and Luxembourg holding companies. This control structure is the result of the Group's strategy to globalize investments and secure strategic agreements with leading foreign partners in the sectors of investment. Moreover, IFIL controls two companies incorporated under Irish law operating with the aim of optimizing the management of the financial resources of the Group, and Soiem, a services company. The aggregate of these companies constitutes the so-called "Holdings System".

In order to assist in the analysis of the financial position and results of operations of the IFIL Group, a **condensed consolidated Balance Sheet** and a **condensed consolidated Statement of operations** have been prepared wherein the financial holding companies have been consolidated line-by-line or proportionally while the investments in the operating holding companies and in the other subsidiaries and associated companies have been accounted for using the equity method.

In detail, the scope of consolidation is as follows:

		% holding in capital stock outstanding	
		12/31/2003	12/31/2002
H O L D I N G S S Y S T E M	Consolidated line-by-line		
	- IFIL S.p.A.	-	-
	- Ifil Investment Holding N.V. (Netherlands)	100	100
	- Ifil Investissements S.A. (Luxembourg)	100	100
	- Ifil Capital B.V. (Netherlands)	100	100
	- Ifil Finance B.V. (Netherlands)	100	100
	- Ifilgroup Finance Ltd (Ireland)	100	100
	- Ifil International Finance Ltd (Ireland)	100	100
	- Soiem S.p.A. (a)	100	-
	- New Business Quindici S.r.l. (b)	100	-
	O P E R A T I V E C O M P A N I E S	Consolidated proportionally	
- Eurofind S.A. (Luxembourg)		40.47	41.32
- Eufin Investments Unlimited (United Kingdom)		40.47	41.32
O P E R A T I V E C O M P A N I E S	Accounted for using the equity method		
	- Fiat Group	27.62	10.88
	- Worms & Cie Group	53.07	51.71
	- Rinascente Group (c)	40.10	38.74
	- NHT Group (d)	90.00	90.00
	- Juventus Football Club S.p.A.	62.01	-
	- Sifalberghi S.r.l. (e)	-	25.00
- Soiem S.p.A. (a)	-	49.90	

(a) Control was assumed in the second quarter of 2003 following the Reorganization of the Group. The 49.9% stake in Soiem was previously accounted for using the equity method.

(b) Non-operating company purchased in December 2003.

(c) At December 31, 2003, Eurofind holds 99.09% of La Rinascente's capital stock outstanding (93.76% at December 31, 2002).

(d) New Holding for Tourism BV is the operating holding company for the tourism sector and holds the 100% stakes in Alpitour, Welcome Travel Group and Neos.

(e) Sold to the Accor Group in August 2003.

Lastly, there follows a description of the criteria applied in accounting for the transactions regarding the Reorganization of the Group (for additional details, please refer to "Major events in 2003"):

- the total accounting value of the investments contributed by the parent company, IFI S.p.A., recorded in the statutory financial statements of IFIL S.p.A., in exchange for the capital stock increase (including additional paid-in capital) reserved for IFI, amounted to € 794.5 million. In the consolidated financial statements, in order to eliminate tax interference, this value has been adjusted to the economic value attributed to the investments contributed, equal to € 1,052 million, with a contra-entry to the reserves in the consolidated stockholders' equity of the IFIL Group for € 257.5 million;
- the investment in Soiem has been consolidated line-by-line starting April 1, 2003 (previously, the investment was accounted for using the equity method);
- the investments in Fiat and in Juventus Football Club have been accounted for using the equity method starting April 1, 2003;
- the difference of € 277.1 million between the economic value of the contribution of the Fiat investment (€ 792.4 million) and the underlying share of the consolidated stockholders' equity of the Fiat Group at March 31, 2003 (€ 1,069.5 million) has been recorded in the caption "Consolidation reserve for risks and future expenses". This reserve has been partly utilized (€ 207.5 million to cover the share of the loss of the Fiat Group for the period April 1 – December 31, 2003, on the shares acquired in the contribution);
- a difference on consolidation of € 83.2 million arose from the comparison between the economic value of the contribution of the investment in Juventus Football Club (€ 136.7 million) and the underlying share of the stockholders' equity of the company at March 31, 2003 (€ 53.5 million), a portion of which, equal to € 42.8 million, has been deducted from the consolidation reserve, set up during 2003, up to the amount of the same; the remaining difference on consolidation (€ 40.4 million) is being amortized pro rata over a period of 10 years;
- the difference of € 1.9 million emerging from the comparison between the economic value of the contribution of the investment in Soiem (€ 11.6 million) and the underlying share of the stockholders' equity of the company at March 31, 2003 (€ 9.7 million) has been allocated as an increase to the value of the building owned by Soiem, within the limits of its appraisal value.

Consolidated net loss for the year and condensed consolidated statement of operations

The year 2003 closed with a consolidated net loss of € 45 million for the IFIL Group compared to a consolidated net loss of € 367 million in 2002.

The main captions of the condensed consolidated statement of operations for the year 2003 are examined in the following paragraphs.

The **Group's share of earnings (losses) of companies** accounted for using the equity method amounted to losses of € 49.7 million (losses of € 301.6 million in the year 2002). The positive change of € 251.9 million was due to the share of lower losses reported by the Fiat Group (+€ 229.3 million) and the NHT Group (+€ 8.8 million), the share of higher earnings by the Rinascente Group (+€ 65.2 million), the share of lower earnings by the Worms & Cie Group (-€ 45.8 million) and the losses reported by Juventus (-€ 5.5 million) and, finally, other changes (-€ 0.1 million). The abovementioned changes include consolidation adjustments.

Dividends from other holdings amounted to € 21.2 million (of which € 21.1 million was received from SANPAOLO IMI).

At December 31, 2002, the dividends received from SANPAOLO IMI had totaled € 30.6 million.

Gains (losses), net, were due to the sale of 25% of Sifalberghi capital stock (€ 25.1 million) and losses, net, stemming from various transactions (-€ 0.1 million). In 2002, the losses, net (-€ 51.8 million) had also included the writedowns of the investment in Club Méditerranée (-€ 33.7 million) and IFIL treasury stock (-€ 15.4 million).

Amortization of differences on consolidation amounted to € 13.7 million (€ 6.8 million in 2002).

The increase of € 6.9 million compared to December 31, 2002 was due to the increases in the investments in Juventus Football Club and in La Rinascente.

Financial expenses, net, totaled € 23.6 million (€ 20.6 million in 2002) and increased by € 3 million due to higher average net indebtedness position during the year (the reduction in gross indebtedness was more than compensated by the reduction in cash).

General expenses, net, amounted to € 13 million and decreased by € 0.4 million compared to the year 2002 (€ 13.4 million).

Other expenses, net, amounted to € 6.1 million (€ 12.2 million in 2002) and included the amortization of the expenses related to the IFIL S.p.A. capital stock increase (€ 2.2 million), nondeductible VAT associated with such costs (€ 1 million), legal consulting fees regarding pending litigation (€ 1.5 million), provisions for extraordinary expenses (to be paid over several years) in connection with recourse to the "Solidarity Fund for the support of earnings" in reference to some employees of IFIL and Soiem (€ 0.8 million) and lastly, other expenses, net, (€ 0.6 million).

Deferred taxes amounted to € 2.9 million and included deferred taxes accrued on the 2003 earnings of the foreign holdings (-€ 2.3 million) and the credit to the statement of operations for the release of excess deferred taxes set aside by IFIL in prior years (+€ 5.2 million).

Since there is no reasonable certainty of future recovery, the parent company IFIL did not book any deferred tax assets on the fiscal 2001, 2002 and 2003 tax losses and on the portions of investment writedowns posted in 2002 that, as allowed by existing tax legislation, will be deductible in future years.

The **condensed consolidated Statement of Operations** and details of the main captions are presented below.

€ in millions	2003	2002	Change
Group's share of earnings (losses) of companies accounted for using the equity method	(49.7)	(301.6)	251.9
Dividends from other holdings	21.2	30.6	(9.4)
Dividend tax credits	11.9	8.2	3.7
Gains (losses), net	25.0	(51.8)	76.8
Amortization of differences on consolidation	(13.7)	(6.8)	(6.9)
Investment expenses, net	(5.3)	(321.4)	316.1
Financial expenses, net	(23.6)	(20.6)	(3.0)
General expenses, net	(13.0)	(13.4)	0.4
Other expenses, net	(6.1)	(12.2)	6.1
Loss before taxes	(48.0)	(367.6)	319.6
Current income taxes, net	0.1	4.6	(4.5)
Deferred taxes	2.9	(4.0)	6.9
Net loss - Group	(45.0)	(367.0)	322.0

Group's share of earnings (losses) of companies accounted for using the equity method

€ in millions	Earnings (losses)		IFIL's share		Change
	2003	2002	2003	2002	
Fiat Group	(1,900.0)	(3,948.0)	(410.4)	(429.5)	19.1
Worms & Cie Group	111.6	189.7	59.2	98.1	(38.9)
Rinascente Group	200.4	50.8	80.4	15.2	65.2
NHT Group (a)	(11.2)	(21.0)	(10.1)	(18.9)	8.8
Juventus Football Club	(8.9) (b)	-	(5.5)	-	(5.5)
Other	-	-	0.2	0.2	0.0
			(286.2)	(334.9)	48.7
Consolidation adjustments	-	-	236.5	33.3	203.2
Group's share of earnings (losses) of companies accounted for using the equity method			(49.7)	(301.6)	251.9

(a) For the NHT Group, the year coincides with the period November 1 - October 31.

(b) Result for the last three quarters of 2003; the loss of € 7.2 million for the first quarter of 2003 is not included.

At December 31, 2003, consolidation adjustments amounted to € 236.5 million (€ 33.3 million in 2002). They referred to:

- the use of the "Consolidation reserve for risks and future expenses" (+€ 207.5 million) to cover IFIL's share of Fiat Group's loss (April 1, 2003 – December 31, 2003) on the investment acquired in Fiat by IFIL in 2003 (17.039%);
- IFIL's share of the Fiat Group's result (+€ 11.8 million, equal to the gain from the dilution generated by the disposal of Fiat treasury stock held by Toro Assicurazioni, which was sold by the same Fiat);
- Worms & Cie Group's result (+€ 9.5 million, for higher gains on the sale of Groupe Danone shares and reversal of the amortization on the difference on consolidation relating to Permal Group);
- reversal of amortization taken by NHT on the difference on consolidation relating to Alpitour (+€ 7.8 million);
- allocation of Soiem's net income for the first-half of 2003 (-€ 0.1 million) to IFI.

Comments on the operating performance of the investment holdings are presented later in the report.

Amortization of differences on consolidation

€ in millions	Balance at 12/31/2002	Change in the year 2003			Balance at 12/31/2003
		Increase	Decrease	Amortization	
Rinascente Group (a)	158.2	7.4	-	(9.7)	155.9
Juventus Football Club (b)	-	83.2	(42.8) (c)	(4.0)	36.4
Total	158.2	90.6	(42.8)	(13.7)	192.3

(a) Amortized over 20 years.

(b) Amortized over 10 years.

(c) Deducted from the consolidation reserve.

Gains (losses), net

€ in millions	2003	2002	Change
Gains (losses)			
- Sifalberghi, sale of 25% of capital stock	25.1	-	25.1
- Other, net	(0.1)	(2.7)	2.6
Writedowns			
- 1,393,090 Club Méditerranée shares (from € 49.404 to € 25.243)	-	(33.7)	33.7
- 3,946,896 IFIL ordinary shares (from € 5.774 to € 4.133)	-	(6.5)	6.5
- 8,435,575 IFIL savings shares (from € 4.063 to € 3.008)	-	(8.9)	8.9
Gains (losses), net	25.0	(51.8)	76.8

Income taxes

€ in millions	2003	2002	Change
Current income taxes	(0.2)	(3.3)	3.1
Tax credits (a)	0.3	7.9	(7.6)
Current income taxes, net	0.1	4.6	(4.5)
Deferred taxes	2.9	(4.0)	6.9
Income taxes	3.0	0.6	2.4

(a) On dividends received by companies consolidated line-by-line or accounted for using the equity method.

Condensed consolidated balance sheet

€ in millions	12/31/2003	12/31/2002	Change
Financial fixed assets:			
- investments	4,174.0	3,161.0	1,013.0
- treasury stock	44.5	41.7	2.8
- bonds	4.6	4.5	0.1
	4,223.1	3,207.2	1,015.9
Financial assets recorded in current assets:			
- cash and short-term investments	434.6	244.5	190.1
- treasury stock	1.7	0.0	1.7
	436.3	244.5	191.8
Other assets	87.3	53.8	33.5
Total assets	4,746.7	3,505.5	1,241.2
Stockholders' equity, Group	3,953.9	2,708.1	1,245.8
Financial payables:			
- short-term	216.9	434.2	(217.3)
- medium-term	450.0	295.0	155.0
	666.9	729.2	(62.3)
Reserve for employee severance indemnities and reserves for risks and charges	99.6 (a)	41.3	58.3
Other liabilities	26.3	26.9	(0.6)
Total liabilities and stockholders' equity	4,746.7	3,505.5	1,241.2

(a) Includes the remaining "Consolidation reserve for risks and future expenses" of € 69.6 million.

Financial fixed assets

€ in millions	12/31/2003	12/31/2002	Change
Investments accounted for using the equity method			
Fiat Group	1,876.1	806.2	1,069.9
Worms & Cie Group	1,019.3	1,066.2	(46.9)
Rinascente Group (40.47% holding)	461.6	626.4	(164.8)
Juventus Football Club S.p.A.	84.2	-	84.2
NHT Group	70.6	86.0	(15.4)
Sifalberghi S.r.l.	0.0	7.3	(7.3)
Soiem S.p.A. (a)	0.0	9.5	(9.5)
	3,511.8	2,601.6	910.2
Investments valued at cost			
SANPAOLO IMI S.p.A.	620.0	512.3	107.7
Club Méditerranée S.A.	35.2	35.2	0.0
Warrants 2007 on Fiat ordinary shares	3.6	0.0	3.6
Other	3.4	11.9	(8.5)
	662.2	559.4	102.8
Total investments	4,174.0	3,161.0	1,013.0
Treasury stock			
IFIL ordinary shares	44.5	16.3	28.2
IFIL savings shares	-	25.4	(25.4)
Total treasury stock	44.5	41.7	2.8
Ocean Club Méditerranée bonds	4.6	4.5	0.1
Total financial fixed assets	4,223.1	3,207.2	1,015.9

(a) Consolidated line-by-line beginning 2003.

The increase in the carrying value of investments, equal to € 1,013 million, is due to the following changes:

€ in millions	
Investments contributed by IFI	1,052.0
Additions to investments	611.9
Changes in the net equity of companies accounted for using the equity method	(278.2)
Translation adjustments in the stockholders' equity of companies accounted for using the equity method	(272.9)
Share of earnings (losses) of companies accounted for using the equity method	(49.7)
Change due to the line-by-line consolidation of Soiem	(21.0)
Sales of investments	(15.4)
Amortization of differences on consolidation	(13.7)
Net change during the year	1,013.0

Investments accounted for using the equity method – Other information

€ in millions	Number of shares held	% holding of		Carrying value	
		Class of stock	Capital stock	Per share (€)	Total (€ ml)
Investments accounted for using the equity method					
Fiat Group:					
- ordinary shares	240,583,447	30.06	24.46	6.91	1,661.4
- preferred shares	31,082,500	30.09	3.16	6.91	214.7
			27.62		1,876.1
Worms & Cie Group	55,922,623	-	53.07	18.23	1,019.3
Rinascente Group:					
- ordinary shares	120,010,391 (a)	40.15	29.64	2.84	341.2
- savings shares	41,224,703 (a)	40.09	10.18	2.84	117.2
- preferred shares	1,131,925 (a)	36.00	0.28	2.84	3.2
			40.10		461.6
Juventus Football Club S.p.A.	74,992,103	-	62.01	1.12	84.2
NHT Group	29,682	-	90.00	2,378.95	70.6
Total investments accounted for using the equity method					3,511.8

(a) Equal to 40.47% of shares held by Eurofind.

Investments, treasury stock and bonds valued at cost – Comparison between carrying values and market prices

	Number of shares held	% holding of class of stock	Carrying value		Average market price			
			Unit (€) Total (€ ml)		2nd half 2003		December 2003	
			Unit (€)	Total (€ ml)	Unit (€)	Total (€ ml)	Unit (€)	Total (€ ml)
SANPAOLO IMI S.p.A. - ordinary shares	70,371,000	4.86	8.81	620.0	9.34	657.1	10.81	760.5
Club Méditerranée S.A. - shares	1,393,090	7.20	25.24	35.2 (a)	31.70	44.2	31.94	44.5
Warrants 2007 on Fiat ordinary shares	18,914,511	-	0.19	3.6	0.27	5.2	0.25	4.7
IFIL ordinary shares, treasury stock	11,927,410 (b)	1.15	3.73	44.5 (c)	2.33	27.7	2.60	31.0
Ocean Club Méditerranée bonds	76,614	-	60.52	4.6	60.75	4.7	60.84	4.7
Total			707.9		738.9		845.4	

(a) Net of writedowns of € 86.4 million made in previous years.

(b) Including 810,262 IFIL ordinary shares held by the subsidiary Soiem.

(c) Net of writedowns of € 19.3 million made in previous years.

The per share carrying value of IFIL ordinary shares (€ 3.73) is basically in line with the per share value of the consolidated stockholders' equity of the IFIL Group at December 31, 2003 (€ 3.68).

IFIL ordinary treasury stock recorded in current assets

These refer to 700,000 IFIL ordinary treasury stock (0.07% of class of stock), used to service stock option plans, recorded at the purchase price of € 1.7 million, which is below estimated realizable value.

Stockholders' equity - Group

At December 31, 2003, the stockholders' equity - Group, amounted to € 3,953.9 million (€ 2,708.1 million at the end of 2002). The positive change of € 1,245.8 million is due to the following changes:

€ in millions	
Stockholders' equity - Group at December 31, 2002	2,708.1
IFIL S.p.A. capital stock increase reserved for IFI S.p.A.	794.5 (a)
Difference between the economic value (€ 1,052 million) and accounting value (€ 794.5 million) of the investments contributed by IFI S.p.A.	257.5
IFIL S.p.A. capital stock increase against payment (b)	504.0
Posting of the consolidation reserve arising from the increases in the investments in Fiat and Worms & Cie	42.8
Use of consolidation reserve for the amortization of the difference on consolidation on Juventus Football Club	(42.8)
Translation adjustments (-€ 272.9 million) in the stockholders' equity of companies accounted for using the equity method and other changes, net (+€ 7.7 million)	(265.2)
Consolidated net loss - Group	(45.0)
Net change during the year	1,245.8
Stockholders' equity - Group at December 31, 2003	3,953.9

(a) Accounting value of IFIL shares issued.

(b) Includes the gain on sale of unexercised rights for € 1.8 million.

Consolidated net financial position of the "Holdings System"

The consolidated net financial position of the "Holdings System" refers to companies consolidated line-by-line and proportionally and showed a net indebtedness position at December 31, 2003 of € 234.7 million (€ 484.4 million at the end of 2002). The composition of the consolidated net financial position is detailed as follows:

€ in millions	12/31/2003			12/31/2002		
	Short-term	Medium/long-term	Total	Short-term	Medium/long-term	Total
Cash and short-term investments	434.6	0.0	434.6	244.5	0.0	244.5
Other assets (financial accrued income and prepaid expenses)	0.2	0.0	0.2	0.3	0.0	0.3
Total financial assets	434.8	0.0	434.8	244.8	0.0	244.8
Borrowings from banks	(216.9)	(150.0)	(366.9)	(428.5)	(150.0)	(578.5)
IFIL 2002/2005 bonds	0.0	(200.0)	(200.0)	0.0	(145.0)	(145.0)
IFIL 2003/2006 bonds	0.0	(100.0)	(100.0)	0.0	0.0	0.0
Other liabilities (financial accrued expenses and deferred income)	(2.6)	0.0	(2.6)	(5.7)	0.0	(5.7)
Total financial liabilities	(219.5)	(450.0)	(669.5)	(434.2)	(295.0)	(729.2)
Consolidated net financial position "Holdings System"	215.3	(450.0)	(234.7)	(189.4)	(295.0)	(484.4)

The positive change of € 249.7 million (more than 51%) was due to the following flows:

€ in millions	
Consolidated net financial position of the "Holdings System" at December 31, 2002	
(484.4)	
Dividends received from:	
- La Rinascente	258.9
- Worms & Cie	83.9
- SANPAOLO IMI	21.1
- Sifalberghi	0.6
- Other	0.1
Dividends received	
364.6	
Financial expenses, net	(23.6)
General expenses, net	(13.0)
Investments:	
- Fiat, subscription to the capital stock increase (and purchase of rights for € 5 million)	(549.6)
- La Rinascente, 2.16% of capital stock	(38.6)
- Worms & Cie, 1.37% of capital stock	(23.7)
Investments	
(611.9)	
Sales:	
- Sifalberghi, 25% of capital stock (to Accor Group)	32.0
- Eurofind, 0.85% of capital stock (to Mediobanca)	15.2
- Other	2.2
Sales	
49.4	
Other changes:	
- IFIL S.p.A. capital stock increase against payment	504.0 (a)
- IFIL S.p.A. capital stock increase expenses	(11.2)
- Change in the scope of consolidation	5.2 (b)
- Other, net	(13.8)
Other changes	
484.2	
Net change during the year	249.7
Consolidated net financial position of the "Holdings System" at December 31, 2003	
(234.7)	

(a) Including the gain on sale of unexercised rights for € 1,8 million.

(b) Cash of the subsidiary Soiem, consolidated line-by-line beginning 2003.

Since the end of June 2003, Standard & Poor's Rating Services has assigned an "A-" rating to IFIL's long-term debt and an "A2" rating to its short-term debt, with a negative outlook.

ANALYSIS OF IFIL GROUP CONSOLIDATED RESULTS

The summarized consolidated **Statement of Operations** and the summarized consolidated **Balance Sheet** drawn up in accordance with Legislative Decree 127/91 (line-by-line consolidation), as well as the composition and the change in the line-by-line consolidated net financial position are shown below.

Summarized consolidated statement of operations (line-by-line consolidation)

€ in millions	2003	2002
Value of production	55,554	5,390
Costs of production	(55,941)	(5,246)
Difference between value and costs of production	(387)	144
Financial expenses, net	(982)	(14) (a)
Adjustments to financial assets	(83)	(459) (a)
Extraordinary income, net	437	246 (a)
Loss before taxes	(1,015)	(83)
Income taxes	(714)	(175)
Net loss before minority interest	(1,729)	(258)
Minority interest	1,477	(109)
Use of consolidation reserve for risks and future expenses	207	0
Net loss - Group	(45)	(367)

(a) Items reclassified for purposes of comparison with the data supplied by the subsidiaries.

Summarized balance sheet (line-by-line consolidation)

€ in millions	12/31/2003	12/31/2002
Fixed assets	23,705	5,559
Current assets	45,317	2,540
Other assets	849	40
Total assets	69,871	8,139
Stockholders' equity	10,517	3,752
Reserves for risks and charges and employee severance indemnities	7,312	606
Financial payables	24,345	2,533
Other liabilities	27,697	1,248
Total liabilities and stockholders' equity	69,871	8,139

The line-by-line consolidation of the Fiat Group and the subsidiary Soiem beginning from April 1, 2003 does not make it possible to homogeneously compare the 2003 data with the data previously published in 2002, wherein the investments then held in the Fiat Group and in Soiem had been valued using the equity method. Accordingly, to facilitate the comparative analysis, the consolidated data of the IFIL Group at December 31, 2002 has been restated to give effect to the line-by-line consolidation of the economic and balance sheet data of the Fiat Group and Soiem (please refer to the statements on the following page), however without modifying the previously published economic results and consolidated stockholders' equity of the IFIL Group.

Summarized consolidated statement of operations (line-by-line consolidation in 2003) compared to the consolidated statement of operations (line-by-line consolidation in 2002) restated for purposes of comparison

€ in millions	2003	2002 (restated) (a)	Change	
			Amount	%
Value of production	55,554	63,487	(7,933)	-12.5
Costs of production	(55,941)	(64,104)	8,163	-12.7
Difference between the value and costs of production	(387)	(617)	230	-37.3
Financial expenses, net	(982)	(685)	(297)	43.4
Adjustments to financial assets	(83)	(838)	755	-90.1
Extraordinary income (expenses), net	437	(2,257)	2,694	n.a.
Loss before income taxes	(1,015)	(4,397)	3,382	-76.9
Income taxes	(714)	379	(1,093)	n.a.
Net loss before minority interest	(1,729)	(4,018)	2,289	-57.0
Minority interest	1,477	3,651	(2,174)	-59.5
Use of consolidation reserve for risks and future expenses	207	0	207	n.s.
Net loss - Group	(45)	(367)	322	n.s.

(a) Restated for purposes of comparison to give effect to the line-by-line consolidation of the data of the Fiat Group and Soiem.

Summarized consolidated balance sheet (line-by-line consolidation in 2003) compared to the consolidated balance sheet (line-by-line consolidation in 2002) restated for purposes of comparison

€ in millions	12/31/2003		12/31/2002 restated (a)		Change
	Amount	%	Amount	%	
Fixed assets:					
- intangible fixed assets	4,711	7	6,223	6	(1,512)
- property, plant and equipment	10,813	15	13,323	13	(2,510)
- financial fixed assets	8,181	12	18,846	19	(10,665)
	23,705	34	38,392	38	(14,687)
Current assets:					
- inventories	15,938	23	15,880	16	58
- receivables	10,757	15	13,994	14	(3,237)
- financial assets	15,161	22	26,354	26	(11,193)
- cash	3,461	5	3,733	4	(272)
	45,317	65	59,961	60	(14,644)
Other assets	849	1	1,281	2	(432)
Total assets	69,871	100	99,634	100	(29,763)
Stockholders' equity:					
- Group	3,954	6	2,708	3	1,246
- Minority interest	6,563	9	8,696	8	(2,133)
	10,517	15	11,404	11	(887)
Reserves for risks and charges and employee severance indemnities	7,312	10	25,843	26	(18,531)
Financial payables	24,345	35	31,457	32	(7,112)
Other liabilities	27,697	40	30,930	31	(3,233)
Total liabilities and stockholders' equity	69,871	100	99,634	100	(29,763)

(a) Restated for purposes of comparison to give effect to the line-by-line consolidation of the data of the Fiat Group and Soiem.

Consolidated net financial position (line-by-line consolidation)

The consolidated net financial position (line-by-line consolidation) showed a net indebtedness position of € 4,230 million (€ 5,357 million at December 31, 2002).

At December 31, 2003, the consolidated net financial position (line-by-line consolidation) was composed as follows:

€ in millions	12/31/2003	12/31/2002 (restated) (a)	Change
Cash	3,461	3,733	(272)
Marketable securities and other short-term investments	4,269	1,828	2,441
Financial receivables, finance lease contracts receivable and other financial fixed assets	12,959	21,805	(8,846)
Financial accrued income and prepaid expenses	387	662	(275)
Total financial assets	21,076	28,028	(6,952)
Financial payables due within one year	(8,274)	(10,229)	1,955
Financial payables due beyond one year	(16,071)	(21,228)	5,157
Financial accrued expenses and deferred income	(961)	(1,928)	967
Total financial payables	(25,306)	(33,385)	8,079
Consolidated net financial position (line-by-line consolidation)	(4,230)	(5,357)	1,127

(a) Restated for purposes of comparison to give effect to the line-by-line consolidation of the data of the Fiat Group and Soiem.

Reconciliation between the consolidated net financial position of the "Holdings System" and the net financial position (line-by-line consolidation)

€ in millions	12/31/2003	12/31/2002 restated (a)	Change
Consolidated net financial position of the IFIL "Holdings System"	(235)	(479)	244
Adjustment to eliminate the net financial position of the holdings consolidated proportionally (b)	(6)	(52)	46
Consolidated net financial position:			
- Fiat Group	(3,028)	(3,780)	752
- Worms & Cie Group	(887)	(999)	112
- NHT Group	(74)	(47)	(27)
Consolidated net financial position (line-by-line consolidation)	(4,230)	(5,357)	1,127

(a) Restated for purposes of comparison to give effect to the line-by-line consolidation of the data of the Fiat Group and Soiem; the latter is included in the "Holdings System".

(b) Balances not included in the consolidated financial statements (line-by-line consolidation) of the IFIL Group since they refer to Companies accounted for using the equity method (consolidated, instead, proportionally in the "Holdings System").

Research and development costs

In 2003, research and development costs expensed directly to income during the year totaled € 1,763 million, including € 1,747 million relative to the Fiat Group (€ 1,748 million in 2002) and € 16 million relative to the Worms & Cie Group (€ 14 million in 2002).

ANALYSIS OF IFIL S.p.A. STATUTORY RESULTS

Net income for the year and summarized statement of operations of IFIL S.p.A.

The net income of IFIL S.p.A. for 2003 was € 72.7 million, compared to the net loss of € 516.4 million for 2002 due to writedowns of the carrying values in the investments held, directly and indirectly, in Fiat, Club Méditerranée and Soiem, and also in IFIL treasury stock.

The main captions of the summarized statement of operations are described in the following paragraphs.

Dividends received from holdings amounted to € 76.8 million (€ 54,5 million in 2002). The increase of € 22.3 million is due to higher dividends paid by the subsidiaries Ifil Investissements and Ifil Investment Holding (+€ 36 million) and by SANPAOLO IMI (+€ 6.5 million, following the increase in the investment) and the absence of dividends from Fiat (-€ 20.2 million).

Gains (€ 23 million) derived from the sale of 25% of Sifalberghi capital stock.

Financial expenses, net, amounted to € 28.6 million in 2003 and decreased by € 1.8 million due to lower average indebtedness during the year.

General expenses, net, increased by 1.8% (from € 11.3 million to € 11.5 million) mainly as a result of higher personnel expenses.

Other expenses, net, equal to € 4.4 million, included the amortization of costs connected with capital stock increases (€ 2.2 million), nondeductible VAT associated with such costs (€ 1 million), legal consulting fees regarding pending litigation (€ 1.5 million), extraordinary expenses (to be paid over several years) in connection with recourse to the "Solidarity fund for the support of earnings" (€ 0.3 million) and, lastly, other income, net (€ 0.6 million).

The taxable income calculated in accordance with tax laws did not generate any current income taxes for 2003 and led to the release of excess deferred income taxes payable of € 5.2 million booked in prior years. Since there is no reasonable certainty of future recovery, the parent company IFIL did not book any deferred tax assets on the fiscal 2001, 2002 and 2003 tax losses and on the portions of investment writedowns posted in 2002 that, as allowed by existing tax legislation, will be deductible in future years.

The summarized statement of operations is presented below:

€ in millions	2003	2002	Change
Dividends	76.8	54.5	22.3
Dividend tax credits	12.2	16.2	(4.0)
Gains	23.0	1.8	21.2
Writedowns	0.0	(537.7)	537.7
Income/(expenses), net, from investments and other financial fixed assets	112.0	(465.2)	577.2
Financial expenses, net	(28.6)	(30.4)	1.8
General expenses, net	(11.5)	(11.3)	(0.2)
Other expenses, net	(4.4)	(7.3)	2.9
Income (loss) before taxes	67.5	(514.2)	581.7
Deferred taxes	5.2	(2.2)	7.4
Net income (loss)	72.7	(516.4)	589.1

Summarized balance sheet

The summarized balance sheet is presented below:

€ in millions	12/31/2003		12/31/2002		Change
	Amount	%	Amount	%	
Intangible fixed assets	9.0	0.2	0.0	0.0	9.0
Financial fixed assets	3,808.3	98.1	2,520.8	98.0	1,287.5
Other assets	67.1	1.7	52.0	2.0	15.1
Total assets	3,884.4	100.0	2,572.8	100.0	1,311.6
Stockholders' equity	3,194.4	82.2	1,823.2	70.9	1,371.2
Financial payables:					
- bonds 2002/2005	200.0	5.1	145.0	5.6	55.0
- bonds 2003/2006	100.0	2.6	0.0	0.0	100.0
- banks, short-term	216.9	5.6	428.5	16.7	(211.6)
- banks, medium-term	150.0	3.9	150.0	5.8	0.0
- subsidiaries	8.6	0.2	0.0	0.0	8.6
	675.5	17.4	723.5	28.1	(48.0)
Other liabilities and reserves	14.5	0.4	26.1	1.0	(11.6)
Total liabilities and stockholders' equity	3,884.4	100.0	2,572.8	100.0	1,311.6

The principal equity and financial captions are analyzed in the following tables.

Financial fixed assets

Details are presented below:

€ in millions	12/31/2003	12/31/2002	Change
Subsidiaries			
Fiat S.p.A. (ordinary shares)	1,600.7	476.4 (a)	1,124.3
Fiat S.p.A. (warrants 2007 on ordinary shares)	3.6	0.0 (a)	3.6
Fiat S.p.A. (preferred shares)	146.9	59.4 (a)	87.5
	1,751.2	535.8	1,215.4
Ifil Investissements S.A.	1,356.0	1,610.5	(254.5)
Ifil Investment Holding N.V.	162.8	162.8	0.0
Juventus Football Club S.p.A.	11.7	0.0	11.7
Soiem S.p.A.	21.7	9.6 (a)	12.1
New Business Quindici S.r.l.	0.0 (b)	0.0	0.0
	3,303.4	2,318.7	984.7
Associated companies - Sifalberghi S.r.l.	0.0	9.0	(9.0)
Other companies - SANPAOLO IMI S.p.A. (ordinary shares)	463.2	151.4	311.8
Other investments	3,766.6	2,479.1	1,287.5
Treasury stock			
IFIL ordinary shares	41.7	16.3	25.4
IFIL savings shares	0.0	25.4	(25.4)
	41.7	41.7	0.0
Total financial fixed assets	3,808.3	2,520.8	1,287.5

(a) Associated companies up to December 31, 2002.

(b) Carried at € 9,668.

The net increase in financial fixed assets of € 1,287.5 million was the result of the following movements:

€ in millions	
Financial fixed assets at December 31, 2002	2,520.8
Contribution by IFI S.p.A.:	
- Fiat, 77,944,334 ordinary shares (17.99% of the class of stock)	561.0
- Fiat, 11,216,334 warrants 2007 on ordinary shares	3.6
- Fiat, 19,582,500 preferred shares (18.96% of the class of stock)	101.1
- SANPAOLO IMI, 16,300,000 ordinary shares (1.13% of the class of stock)	107.7
- Juventus Football Club, 74,992,103 shares (62.01% of capital stock)	11.7
- Soiem, 18,286,500 shares (50.1% of capital stock)	9.4
	794.5
Other increases (decreases)	
- Fiat, subscription to 108,921,627 ordinary shares (capital stock increase)	549.6 (a)
- SANPAOLO IMI, purchase of 28,419,000 ordinary shares (1.96% of the class of stock) by Ifil Investissements	204.1
- Soiem, payment against future capital increase	2.7
- Ifil Investissements, partial reimbursement of additional paid-in capital	(254.4)
- Sifalberghi, sale of 25% capital stock	(9.0)
	493.0
Net change during the year	1,287.5
Financial fixed assets at December 31, 2003	3,808.3

(a) Including purchase of rights for € 5 million.

A comparison of carrying values and market prices of listed financial fixed assets shows the following unrealized gains (losses):

€ in millions	Fiat ord.	Warrants 2007	Fiat pref.	SANPAOLO		IFIL ord.	Total
	shares	Fiat ord. shares	shares	IMI	Juventus	shares	
Market price at December 30, 2003	(123.0)	0.3	(31.8)	269.6	114.0	(12.6)	216.5
Average market price in the second half of 2003	(76.6)	1.6	(28.2)	193.9	133.5	(15.8)	208.4
Average market price March 1-17, 2004, update	(133.8)	0.2	(31.4)	256.8	105.4	(10.2)	187.0

The carrying values of Fiat ordinary and preferred shares (respectively, € 6.65 and € 4.73) are lower than the per share value of the consolidated stockholders' equity of the Fiat Group at December 31, 2003 (€ 6.91).

The per share carrying value of IFIL ordinary shares (€ 3.75) is substantially in line with the per share value of the consolidated stockholders' equity of the IFIL Group at December 31, 2003 (€ 3.68).

Stockholders' equity

Stockholders' equity at December 31, 2003 amounted to € 3,194.4 million (€ 1,823.2 million at December 31, 2002). The positive change of € 1,371.2 million was due to the following changes:

€ in millions	
Stockholders' equity at December 31, 2002	1,823.2
Capital stock increase reserved for IFI S.p.A.	794.5 (a)
Capital stock increase against payment	504.0 (b)
Net income for 2003	72.7
Net change during the year	1,371.2
Stockholders' equity at December 31, 2003	3,194.4

(a) Accounting value of the IFIL shares issued.

(b) Including the sale of unexercised rights for € 1.8 million.

Net financial position

The net financial position of IFIL S.p.A. at December 31, 2003 showed a net indebtedness position of € 677.8 million (€ 729.2 million at the end of 2002) which is composed as follows:

€ in millions	12/31/2003	12/31/2002	Change
Short-term financial receivables	0.2	0.0	0.2
Bonds	(300.0)	(145.0)	(155.0)
Financial payables:			
- short term	(216.9)	(428.5)	211.6
- medium-term	(150.0)	(150.0)	0.0
Financial payables to subsidiaries	(8.6)	0.0	(8.6)
Financial accrued expenses	(2.5)	(5.7)	3.2
Net financial position	(677.8)	(729.2)	51.4

The positive change, equal to € 51.4 million in 2003, resulted from the following cash flows:

€ in millions		
Net financial position at December 31, 2002		(729.2)
Dividends received from holdings		76.8
Financial expenses, net		(28.6)
General expenses, net		(11.5)
Investments:		
- Fiat, subscription to 108,921,627 ordinary shares	(549.6) (a)	
- SANPAOLO IMI, purchase of 28,419,000 ordinary shares (1.96% of the class of stock) from Ifil Investissements	(204.1)	
- Soiem, payment against future capital increase	(2.7)	
- IFIL, purchase of 700,000 ordinary shares (0.07% of the class of stock)	(1.7)	
	Investments	(758.1)
Sale of 25% of Sifalberghi capital stock		32.0
Partial reimbursement of additional paid-in capital by Ifil Investissements		254.4
Other changes:		
- IFIL S.p.A. capital stock increase against payment	504.0 (b)	
- Capital stock increase expenses	(11.2)	
- Other, net	(6.4)	
	Other changes	486.4
Net change during the year		51.4
Net financial position at December 31, 2003		(677.8)

(a) Including the purchase of rights for € 5 million.

(b) Including the proceeds on the sale of unexercised rights for € 1.8 million.

OTHER INFORMATION

Corporate structure of the Group

IFIL holds important investments through Dutch and Luxembourg holding companies. This control structure is the result of the Group's strategy to globalize investments and secure strategic agreements with leading foreign partners in the sectors of investment.

Moreover, IFIL controls two companies incorporated under Irish law which operate with the aim of optimizing the management of the financial resources of the Group, Soiem and the services companies.

Possible Fiat S.p.A. capital increase in execution of the Convertible Mandatory Facility agreements dated July 26, 2002

In 2003, the major rating agencies downgraded Fiat's debt to below investment grade level and, accordingly, should this condition exist at July 2004, the lending Banks could bring forward the conversion of the debt to capital stock for an amount up to € 2 billion.

In this eventuality, should IFIL decide not to exercise, in whole or in part, the option rights to which it is entitled or should it not be in a condition to exercise, in whole or in part, such rights, the investment held by IFIL in Fiat could be diluted to below 30% of the capital stock with voting rights.

Transition to International Financial Reporting Standards

Following the coming into force of the European Union Regulation No. 1606, dated July 19, 2002, beginning from 2005 those EU companies whose securities are traded on an EU regulated market must prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS/IAS).

IFIL is operating on three levels to ensure a proper transition.

At its operating subsidiaries and associated companies (Fiat, Worms & Cie, Juventus F.C., New Holding for Tourism and La Rinascente), IFIL has taken note of the transition processes in progress, agreeing the timetables to obtain the 2003 and 2004 data, in compliance with IFRS, which will be necessary for the preparation of the opening consolidated balance sheet as at January 1, 2004, as well as the 2004 interim quarterly and semi-annual consolidated financial statements of the IFIL Group, prepared in accordance with IFRS (to be shown for comparative purposes with the equivalent data for 2005).

With regard to IFIL and the Italian and foreign subsidiaries that are part of the "Holdings System", a working group was created to identify the differences between the national and Group accounting principles currently in place and the IFRS/IAS, to ascertain the adequacy of the accounting systems and procedures compared to the new requirements and to ensure that each company prepares, on a timely basis, the necessary accounting statements (equivalent to those examined with regard to the operating subsidiaries and associated companies).

Finally, a working group was established at IFIL, which includes a representative of each operating subsidiary and associated company, to verify the observance of deadlines, gather information on the progress of the transition processes at Group companies, contribute to the timely distribution of updates of the standards and, where necessary, manage the consistency of interpretation of the new standards within the companies of the Group.

With regard to IFIL S.p.A., the first indications from the work performed to date are that the adoption of the new IFRS will principally impact the following items:

Financial fixed assets:	the LIFO method (last in-first out) can no longer be used.
Treasury stock:	the carrying value of treasury stock should be recorded as a reduction of stockholders' equity; any gains/losses deriving from disposals should be recorded in stockholders' equity.
Employee severance indemnities and employee benefits:	should be recalculated for each employee in accordance with the provisions of IAS19; to that end, the Company will use an independent actuary.
Intangible fixed assets:	the residual balance of some costs that benefit more than one year that have been capitalized and amortized in accordance with the regulations in force should be eliminated from assets and recorded as a reduction of stockholders' equity.

Transactions among Group companies and with related parties

Transactions among IFIL, the parent companies, the subsidiaries and the companies in which a significant influence is exercised are entered into in conformity with the provisions of existing laws, based upon an evaluation of reciprocal economic gain.

In addition to the comments in respect of the Reorganization of the Group, the most important transactions can be summarized as follows:

- services rendered to subsidiaries and associated companies and recoveries of costs;
- services rendered by the parent company, IFI, and by the subsidiary Soiem;
- purchase of 28,419,000 SANPAOLO IMI ordinary shares (1.96% of the class of stock) from Ifil Investissements for € 204.1 million;
- partial reimbursement of additional paid-in capital by Ifil Investissements for € 318.7 million, of which € 254.3 million to IFIL and € 64.3 million to Ifil Investment Holding;
- use of loans from the subsidiary Soiem for € 8.5 million and from the parent company, Giovanni Agnelli e C., for € 51.7 million (repaid in May) bearing interest at monthly floating market rates;
- sale of receivables from the tax authorities to the subsidiary Francorosso Incentive (€ 250 thousand);
- payment of € 2.7 million to the subsidiary Soiem to be used to set up the undistributable reserve, pursuant to art. 2359 bis, paragraph 4, of the Italian Civil Code, in respect of the carrying value of IFIL ordinary shares owned by Soiem.

The effects on the balance sheet and statement of operations of the transactions among IFIL S.p.A., the Group companies and the other related parties can be summarized as follows:

€ in thousands	Accounts	Accounts	Income 2003	Expenses 2003
	receivable 12/31/2003	payable 12/31/2003		
La Rinascente S.p.A.	64	7	67	
Alpitour S.p.A.	5		28	
Ifil Investissements S.A.	12		18	
Ifil Finance BV	4		4	
Ifil Capital BV			6	
Ifil International Finance Ltd	4		4	
Ifilgroup Finance Ltd			4	
Giovanni Agnelli e C. S.a.p.az.				74
Juventus Football Club S.p.A.	2		2	192
Orione - Consorzio Industriale per la Sicurezza e la Vigilanza		3	34	
Ifil Investment Holding N.V.	17		19	
Espin S.p.A.		7		
Fiat Auto S.p.A.		3		
Gestione Lavoro S.p.A.		1		1
Fiat Sava S.p.A.		1		18
Fiat Sepin S.p.A.		10		12
Savarent S.p.A.		22		138
Human Resources Services S.p.A.		2		4
IFI S.p.A.		201		201
Eurofind S.A.			1	
Eufin Investments UK			1	
SICI S.p.A.	5			
Soiem S.p.A.	24	9,072		1,796
Publikompass S.p.A.		1		
SANPAOLO IMI S.p.A.		23,535		4,635
Total	137	32,865	188	7,071

The IFIL Group, through the Companies which make up the Group, has maintained and maintains relations with "related" parties as defined by Consob, which, even when considered from the standpoint of potential conflicts of interest, are nonetheless governed by market terms. In this sense, particular mention should be made of:

- option rights on IFIL ordinary shares granted to Directors and Managers of IFIL, the parent company, IFI, and the subsidiary Soiem;
- option rights on Alpitour shares granted by Alpitour to the Directors of IFIL under a stock option plan for the Directors, Managers and Cadres of Alpitour and its direct and indirect subsidiaries.

In February 2003, all the Directors and Managers of the Group, who had the right, sold their Atlanet shares to Ifil Investissements (from which they had previously bought the Atlanet shares) at prices slightly lower than the investments made.

With a view to optimizing the management of the Group's financial resources, loan transactions were entered into among foreign companies of the Group during the year.

Additionally, certain transactions between Group companies and related parties are described in the following paragraphs:

- partial reimbursement of additional paid-in capital:
 - . by Eurofind to Ifil Investissements for € 240.7 million;
 - . by Ifil International Finance to Ifil Investissements for € 120 million;
 - . by Eufin Investments to Eurofind for € 111.5 million;
- payments against future capital increases by Ifil Investissements to Ifil International Finance for € 255 million.

In March 2003, Alpitour purchased 60% of the capital stock of Altamarea, headed by three current directors of the same company, for € 2.2 million.

In October 2003, Francorosso Incentive purchased 30% of the capital stock of Promoviaggi, headed by two current directors of the same company, for € 1.1 million.

In January 2003, the NHT Group repaid a US\$ 4.4 million loan secured from companies headed by two directors of Maldivian subsidiaries.

During the course of the year, the Director Franzo Grande Stevens rendered professional services to the Fiat Group for consideration of € 875 thousand.

Additional information and details (including commitments for purchases and sales of investments, dividends received and purchases and sales of investments) are disclosed in the section "Major events in 2003" of the Directors' report on operations, in the "Notes to the statutory financial statements of IFIL S.p.A." and in the consolidated financial statements.

On the basis of information received from the companies of the Group, there are no exceptional or unusual transactions to report.

Equity investments held by Directors, Statutory Auditors and General Manager
(Art. 79 of Consob resolution No. 11971 dated May 14, 1999 and subsequent amendments)

Name	Company	Number of shares			
		Held at 12/31/2002	Increase	Decrease	Held at 12/31/2003
Directors					
Gabetti Gianluigi	IFIL ordinary shares (a)	0	120,000		120,000
	Worms & Cie (a)	0	1		1
Arnaudo Luigi	IFIL ordinary shares (a)	60,000			60,000
	IFIL savings shares (a)	70,000			70,000
Brandolini d'Adda Tiberto	Worms & Cie (a)	88			88
Garosci Luigi	IFIL savings shares (b)	6,000		(6,000) (c)	0
	IFIL ordinary shares (b)	0	8,007		8,007
Lombardi Giancarlo	IFIL ordinary shares (a)	12,650			12,650
Marocco Antonio Maria	IFIL ordinary shares (a)	46,750	26,619		73,369
	Fiat ordinary shares (a)	15,000			15,000
Teodorani-Fabbri Pio	IFIL ordinary shares (a)	0	200,000		200,000
	IFIL ordinary shares (b)	0	500,000		500,000
	Fiat ordinary shares (b)	1,969	4,614		6,583
	Warr. 2007 on Fiat ord. shares (b)	825			825
	Fiat savings shares (b)	5,720			5,720
Agnelli Umberto	Worms & Cie (a)	2			2 (e)
	Permal Group (a)	1			1 (e)
	Juventus F.C. (a)	26,595			26,595 (e)
Statutory Auditors					
Ferrero Cesare	Fiat ordinary shares (a)	1			1
Girolamo Natale Ignazio	IFIL savings shares (b)	12,500		(12,500) (d)	0
	IFIL ordinary shares (b)	-	10,625		10,625
General Manager					
Winteler Daniel John	Worms & Cie (a)	1	1		2

(a) Direct holding.

(b) Indirect holding through spouse.

(c) Converted into 5,100 IFIL ordinary shares.

(d) Converted into 10,625 IFIL ordinary shares.

(e) Shares held on March 3, 2003, date of resignation from the post.

SIGNIFICANT SUBSEQUENT EVENTS

Purchase of 9.53% of Eurofind capital stock

As stated earlier, in January 2004, Ifil Investissements purchased 3,029,651 Eurofind shares (equal to 9.53% of capital stock) from Mediobanca for an investment of € 116.1 million.

Eurofind's capital stock is currently held equally by the IFIL Group (50%) and the Auchan Group (50%).

Purchase of 10% of NHT New Holding for Tourism capital stock

In January 2004, Ifil Investissements purchased 3,298 NHT New Holding for Tourism shares (equal to 10% of capital stock) from the TUI Group for an outlay of € 46.3 million. As part of this transaction, NHT also purchased the remaining 50% of the capital stock of Neos S.p.A. from the TUI Group for an investment of € 2.7 million.

IFIL currently holds, through the subsidiaries Ifil Investissements and Ifil Finance, complete control of NHT.

IFIL's new organization in the United States of America

For the purpose of contributing to the search for new investment opportunities, IFIL set up an organization in the United States with offices in New York. Thanks to its positioning in one of the most interesting international financial centers and with its highly-qualified professional management staff, the organization – which will operate in close coordination with IFIL's offices in Turin – could significantly boost the opportunities of creating economic value for the Company.

Change in the consolidated net financial position of the "Holdings System"

At the end of February 2004, the net financial position of the "Holdings System" showed an indebtedness position of € 393 million. The net negative change during the period (€ 158.3 million) was determined by the following flows:

€ in millions	
Consolidated net financial position of the "Holdings System" at December 31, 2003	(234.7)
Purchase of 9.53% of Eurofind capital stock (from Mediobanca)	(116.1)
Purchase of 10% of capital stock of NHT New Holding for Tourism (from the TUI Group)	(46.3)
Financial expenses, net	(4.9)
Receivables collected from the tax authorities	8.8
Other changes, net	0.2
Net change during the period	(158.3)
Consolidated net financial position of the "Holdings System" at the end of February 2004	(393.0)

Programming document on security

The Company has prepared the programming document on security (Dps) for the year 2003 according to the laws then in force and is currently proceeding to update this document pursuant to the provisions of Legislative Decree No. 196 dated June 30, 2003, Attachment B – technical specifications regarding minimum safety measures.

BUSINESS OUTLOOK

For 2004, the parent company, IFIL S.p.A., based on the data available to date, is expected to report a profit.

The consolidated result of the IFIL Group for 2004 will be closely linked to the performance of its main holdings. The forecasts formulated by the holdings themselves are as follows:

Fiat Group

The forecast for 2004 calls for the global economy to grow, driven by expansion in the United States and Southeast Asia. However, the growth rates projected for Italy and the rest of Europe are significantly lower. Consequently, the Fiat Group will be faced with market demand that will expand slightly in the United States but hold relatively steady in most other countries, and with aggressive competition from other carmakers.

In this environment, all of the Group's Sectors will strive to achieve significant gains in profitability. They will pursue this goal by following the guidelines set out in the Relaunch Plan, by restructuring and by streamlining their manufacturing operations. At the same time, they will be making major investments in renewing their product range and improving their distribution networks.

The Group will continue to strengthen its management organization by pursuing a strategy of bringing in top professionals from the outside and leveraging the competencies available inside.

While taking into account the current business outlook, management's goal will continue to be to achieve the objectives of the Relaunch Plan: an operating breakeven for the Group, a further reduction of Fiat Auto's losses and better operating results than in 2003 from all other Sectors.

Worms & Cie Group

In 2003, although operating in a difficult economic context, the companies of the Worms & Cie Group raised or maintained their market share and took structural actions that will make it possible to consolidate or improve their operating results in 2004.

The first two months of 2004 confirm this forecast with a strong level of activities for the subsidiaries SGS and Permal Group and make it possible to anticipate a gradual turnaround in the paper sector where manufacturing costs are being subjected to a rigorous controlling policy.

Rinascente Group

In the first two months of 2004, the Rinascente Group reported sales of € 1,023.9 million, with an increase of 7.9% compared to the corresponding period of the prior year.

In an economic context with growth forecasts uncertain, the Rinascente Group will support every commercial initiative necessary to pursue the objectives of efficiency and process effectiveness in order to preserve and, if possible, improve the operating result.

NHT Group

In view of the actions undertaken to reduce operating costs and the performance during the first few months, the NHT Group is forecasting a further improvement in its results for the year 2003/2004. However, the impacts deriving from a worsening of international political tension, partly as a result of recent terrorist attacks in Spain, could make reaching the anticipated results more difficult.

Juventus Football Club

Juventus, in light of the economic and balance sheet performance for the first six months of the year and information available to date, should register a negative net result for the year that will end on June 30, 2004. Such result could nevertheless be significantly affected by any extraordinary transactions regarding its assets.

SANPAOLO IMI

SANPAOLO IMI recently announced the distribution of dividends per share of € 0.39 which will bring IFIL receipts of € 27.4 million.

PERFORMANCE OF THE MAJOR GROUP COMPANIES



(30.06% of ordinary capital stock and 30.09% of preferred capital stock)

For the Fiat Group, 2003 was a difficult and challenging year of transition.

The Company operated in a global economy characterized by stagnant or contracting markets, while contending with the strengthening of the euro versus the U.S. dollar and other major currencies as well as the impact of highly destabilizing international political events. At the same time, in 2003 Fiat launched one of the most profound transformations in its history: a new management team was put in charge in late February. June saw the launch of a four-year industrial and financial plan; and the Group drastically altered the scope of its operations, focusing on its core automotive businesses and divesting a number of companies: Toro Assicurazioni, FiatAvio, FiatAuto's European and Brazilian retail financing operations, Fraikin, and a controlling interest in IPI.

The results for the full year 2003 show that the Group's continuing operations made significant progress. Most importantly, Fiat Auto is already beginning to benefit from cost reductions and the industrial synergies developed with General Motors, even though profit margin improvements were not fully realized, as new models launched at the end of 2003 could not produce their full positive impact on the year's result. There are still challenges ahead as the Group continues on its long and difficult course, but Fiat can take satisfaction in having met its goals for 2003 and brought its main operating and financial metrics in line with the objectives of its Relaunch Plan.

As regards the main activity sectors, in 2003, **Fiat Auto** worked hard to launch new products, upgrade its existing models and improve the performance of its industrial operations. This effort gained fresh momentum during the second half of the year with the start of specific programs implemented under the Relaunch Plan. Special focus was placed on increasing the competitiveness of Fiat Auto's cost structure, revitalizing its technological innovation capabilities and requalifying its distribution networks. Most importantly, Fiat Auto significantly stepped up the renewal of its product line, launching four new models (Lancia Ypsilon, Fiat Panda, Fiat Idea, Alfa GT) and overhauling three existing models (Fiat Punto, Alfa 156 and Alfa 166). These new products were immediately welcomed by the motoring public and received prestigious international rewards. Most notably, the Fiat Panda was named 2004 Car of the Year.

Fiat Auto reported revenues of € 20,010 million for 2003, 9.6% less than the € 22,147 million reported in 2002, due to the contraction in sales volumes and disposal of retail financing activities (decrease of approximately 8% on a comparable basis). Fiat Auto sold a total of approximately 1,700,000 automobiles and light commercial vehicles, down to 8.8% less from 2002. In Western Europe, 1,179,000 units were sold and the decrease was 9.4% with respect to the previous year. The main causes for this downturn were persistent softness on its principal markets, growing competitive pressures, and anticipation leading up to the introduction of new products. The new models came onto the market only at the end of 2003 and, thus the benefits deriving from their sale were only marginal. FiatAuto reduced its operating loss, equal to € 979 million in 2003, compared with a loss of € 1,343 million in 2002. On a comparable basis – excluding from both years the results of the financial companies that were sold – the reduction in losses totaled € 468 million. This improvement is the result of savings on product costs and overhead deriving from the cost reduction plan and industrial synergies generated by the alliance with General Motors; on the other hand, the Sector suffered from the negative effects of lower volumes and higher research and development costs.



In 2003, **CNH** posted revenues of € 9,418 million, -10,4% compared with the € 10,513 million reported in the previous year, in consequence of the negative foreign exchange effect caused by the weakening of the dollar against the euro. On a comparable basis, revenues would have been largely unchanged from the previous year, insofar as the higher revenues from agricultural equipment sales were offset by the reduction in revenues from construction equipment. **CNH** posted operating income of € 229 million in 2003, up from the € 163 million reported in 2002, notwithstanding the negative foreign exchange effect stemming from appreciation of the euro. The Sector result improved markedly thanks to improved margins on new products, higher sales prices, and cost savings realized through the integration plans with Case and the Relaunch Plan. These factors more than compensated for the negative impact of volumes and product mix, the costs associated with the introduction of new products, and higher social security and medical costs for its employees.



Iveco had revenues of € 8,440 million in 2003, down by 7.6% from the € 9,136 million reported in 2002, caused by the disposal of activities and deconsolidation of Naveco. On a comparable basis, revenues would have been virtually the same as in 2002.

Iveco closed fiscal year 2003 with operating income of € 81 million, against income of € 102 million in the previous year, which included the positive result of sold activities.

On a comparable basis, it would have posted a slight decrease: the Sector was negatively impacted by a contraction in volumes and intense price pressures, connected with the difficult market situation, and an unfavorable foreign exchange effect. Iveco responded to these negative factors by significantly reducing manufacturing costs and overhead.

In 2003, Iveco continued to work tirelessly on product innovation. The most recent fruits of these efforts include the Stralis equipped with the innovative Active Day and Active Time cabs, which was honored with the 2003 Truck of the Year award, and the recent launch of the New Eurocargo, which represents a further enhancement of the Sector's line of intermediate vehicles.



The consolidated results of the Fiat Group in 2003 can be summarized as follows:

€ in millions	2003	2002	Change	
			Amount	%
Net revenues	47,271	55,649	-8,378	-15.1%
Operating result	(510)	(762)	+252	-33.1%
Result before taxes	(1,298)	(4,817)	+3,519	-73.1%
Group's interest in net result	(1,900)	(3,948)	+2,048	-51.9%
Investments in property, plant and equipment and R&D	3,758	4,519	-761	-16.8%
Cash flows provided by operations	321	(1,649)	+1,970	-119.5%
Net financial position	(3,028)	(3,780)	+752	-19.9%
Number of employees	162,237	186,492	-24,255	-13.0%

Fiat Group's **net revenues** totaled € 47,271 million in 2003, reflecting a 15.1% decrease from the previous year, largely due to the disposal of activities. If continuing operations are considered – excluding the revenues of businesses sold in 2003 from the values for both fiscal years – the reduction would have been 7.3%. The negative foreign exchange effect caused by appreciation of the euro against other currencies and contraction in the volumes of Fiat Auto were the principal causes of the change.

The 2003 **operating result** reflected a reduction in losses, which decreased from € 762 million in 2002 to € 510 million in 2003. This improvement of € 252 million is even more evident if the performance of Continuing Operations alone is considered, which reported a € 634 million decrease in operating loss (from a loss of € 1,348 million in 2002 to a loss of € 714 million in 2003). The recovery accelerated over the course of the year, reflecting the efficiency gains realized through implementation of the Relaunch Plan.

The **Group's consolidated interest in net result** reported a loss of € 1,900 million, compared with a loss of € 3,948 million in fiscal year 2002. This improvement, which reflects the decrease in the operating loss, was also made possible by:

- better results from the equity investments, equal to -€ 156 million compared to a negative balance of € 690 million for the previous year, which included the losses incurred by marking equity securities portfolios held by the insurance companies, which were sold in May 2003;
- a reduction in non-operating charges, which decreased mainly due to lower provisions, restructuring charges and extraordinary asset writedowns;
- higher gains earned on asset disposals compared with 2002. These gains included € 1,258 million, net of transaction costs, on the sale of FiatAvio; € 390 million, net of transaction costs, on the disposal of Toro Assicurazioni; € 103 million on the disposal of Fiat Auto's Brazilian retail financing operations; and € 15 million on the sale of IPI. Non-operating income earned in 2002 included, among other items, the gains generated by the disposals of a 34% interest in Ferrari and a 14% interest in Italenergia Bis.

Net income taxes for the year totaled € 650 million, compared with a credit of € 554 million in 2002. In particular, the income taxes due for fiscal year 2003 include the use of the tax assets that had been previously recorded against expected gains on disposal of the Toro Assicurazioni Group and FiatAvio S.p.A., which were subsequently realized.

As for the equity and financial aspects:

- **Consolidated stockholders' equity - Group** at December 31, 2003 was € 6,793 million, compared to € 7,641 million at December 31, 2002;

- The **net financial position**, i.e. net indebtedness (financial payables and related accruals and deferrals, net of cash and securities) minus financial receivables, totaled - € 3,028 million at December 31, 2003, reflecting an improvement of € 752 million compared with the negative net financial position of € 3,780 million at December 31, 2002. During the fiscal year, the net resources generated by disposals and the capital increase concluded in August more than offset the financial and operating requirements (loss for the fiscal year and increase in working capital).

€ in millions	31/12/2003	31/12/2002	Change
Financial payables, net of intersegment	(22,034)	(28,923)	6,889
Accrued financial expenses	(593)	(785)	192
Prepaid financial expenses	85	118	(33)
Cash	3,211	3,489	(278)
Securities	3,789	1,507	2,282
Net indebtedness	(15,542)	(24,594)	9,052
Financial receivables and lease contracts receivable	12,576	21,406	(8,830)
Accrued financial income	301	543	(242)
Deferred financial income	(363)	(1,135)	772
Net financial position	(3,028)	(3,780)	752

At December 31, 2003, the financial payables included:

- bonds for € 9,610 million;
- the five year bond issued at the beginning of 2002 and exchangeable for 32,053,422 General Motors shares (US\$ 2,229 million – equal to € 1,765 million). It should be noted, however, that each bondholder has the right to request early reimbursement, with payment on July 9, 2004, of all or part of his bonds pursuant to the terms and conditions envisaged in the issue prospectus;
- borrowings from banks for a total of € 9,384 million. This amount includes, among others, the mandatory convertible facility (€ 3 billion) and the loan by Citigroup (lead manager of a restricted pool of banks), secured by the agreements with EDF as part of the Italenergia Bis transaction (approximately € 1,150 million).

Financial receivables and finance lease contracts receivable at December 31, 2003, include financial receivables from the dealer network totaling € 2,020 million (€ 1,904 million at December 31, 2002). Receivables from the dealer network are a typical component of the portfolio of the financial services companies. The receivables from the dealer network illustrated in the preceding table are net of allowances for doubtful accounts totaling € 313 million at December 31, 2003 (€ 333 million at December 31, 2002), computed on the basis of historical statistical analyses and updated according to evolutions in market trends. At December 31, 2003, the Group held guarantees totaling over € 2 billion as security for these receivables.

The Group met the targets agreed to with the lending banks under the mandatory convertible facility agreement by reducing its net financial position to € 3 billion and reducing gross indebtedness to € 23.6 billion. At December 31, 2003, gross indebtedness totaled € 22.5 billion, while net financial position was substantially in line with the agreed target without using the previously mentioned Citigroup loan (approximately € 1,150 million) to reduce net financial position (approximately € 3,028 million), as determined by the agreements with the lending banks.

At December 31, 2003, the rating assigned to the Fiat Group by the leading rating agencies was “non investment grade”. Therefore, if this situation persists, in July 2004, the banks could convert up to € 2 billion of the principal loaned into equity.

As regards the significant events occurring since the end of the fiscal year, the most relevant transactions completed by the Fiat Group during early months of 2004 are reviewed below:

- in February 2004, 100% of the interest held in Fiat Engineering S.p.A. was sold to Maire Investimenti S.p.A. At the same time, Fiat Partecipazioni S.p.A. subscribed to a capital increase in Maire Investimenti S.p.A. and now owns 30% of its capital. On said 30% interest, both parties hold call and put options that are exercisable within three years at a predetermined price;
- Fiat signed an agreement to sell 65 million ordinary shares of Edison S.p.A., representing Fiat's direct stake in Edison. Fiat retains its 24.6% interest in Italenergia Bis, the controlling entity of Edison. The transaction does not change any of the future strategic options of the Fiat Group;
- with regard to the new products introduced during the first quarter of 2004, Fiat Auto chose the 74th International Geneva Motor Show for the worldwide introduction of several Fiat-brand models, including the on-road and off-road versions of the gasoline and diesel-powered Panda 4X4, the new Fiat Multipla with updated styling, and the Trepùno, a small car that serves as a styling and technological laboratory for the development of future microcars.

Alfa Romeo staged the worldwide launch of the Alfa Crosswagon, a sporty and elegant all-wheel-drive car capable of handling off-road driving conditions.

Lancia presented to buyers worldwide its Musa, a new compact MPV for motorists who want to enjoy good taste but are unwilling to give up convenience.



(53.07% of capital stock through Ifil Investissements)

Worms & Cie is one of the major investment holding companies in France listed on the "Premier Marché" of the Paris stock exchange.

The Group's portfolio is essentially made up of industry holdings (ArjoWiggins and Carbonless Europe) and services holdings (Antalis, Permal Group and SGS SA).

The condensed consolidated results, with the operating companies accounted for using the equity method, are summarized below:

(€ in millions)	2003	2002	Change	
			Amount	%
Share of earnings (losses) of consolidated subsidiaries accounted for using the equity method				
- ArjoWiggins	73	114	(41)	-36
- Carbonless Europe	(7)	5	(12)	n.s.
- Antalis	6	(5)	11	n.s.
- SGS	36	22	14	64
- Permal Group	25	15	10	67
- Other	15	9	6	67
Share of earnings and dividends	148	160	(12)	-7.5
Financial income/(expenses), net	12	18	(6)	-33
General expenses, net	(12)	(15)	3	-20
Income taxes	11	32	(21)	-67
Current net profit	159	195	(36)	-18
Extraordinary items	31	74	(43)	-58
Amortization of differences on consolidation	(78)	(79)	1	-1
Total net income - Group	112	190	(78)	-41
Stockholders' equity - Group	1,998	2,157	(159)	-
Net financial position	(612)	(698)	86	-

The consolidated net income - Group was € 112 million compared to € 190 million in 2002.

The change from the prior year can be explained as follows:

- the current net profit decreased (-18%) mainly due to a worsening in the results of the industrial companies (ArjoWiggins and Carbonless Europe) which was not compensated by the improvement in the results of the service companies (Antalis, Permal Group and SGS SA), besides a lower net income tax benefit;
- financial income/(expenses), net, showed an income balance in 2003 of € 12 million in that certain financial assets, not included in net debt for accounting purposes, generated considerable interest income (the Appleton crédit vendeur, in particular);
- general expenses in 2003 were € 12 million, a reduction of € 3 million from 2002;
- a reduction in extraordinary items from € 74 million to € 31 million, was recorded principally due to lower gains, net of taxes, realized in 2003 compared to 2002.

Stockholders' equity of the Group amounted to € 1,998 million at the end of December 2003, compared to € 2,157 million at the end of December 2002.

Net financial position of the Group was € 612 million at the end of December 2003, a decrease of € 86 million compared to € 698 million at the end of December 2002.

Worms & Cie Group's stockholders at December 31, 2003 were:

	% of capital stock	% of voting rights
IFIL Group	53.07	53.11
Family Group	22.85	22.86
A.G.F.	14.83	14.84
Public	9.18	9.19
Treasury stock	0.07	-

The operating performance of the main holdings of the Worms & Cie Group in 2003 is described below.



ARJOWIGGINS

(100% of capital stock through Worms & Cie)



ArjoWiggins is the world leader in the manufacture of high value-added paper products for industry and the world of merchandising and graphic arts, with operations principally in Europe, in North America, in South America and Asia. Its ranges of products are marketed throughout the world and can count on a highly visible corporate image thanks to its brands (Canson, Conqueror, etc....) and its excellent reputation for product and service quality.

Numerous negative factors affected the business climate in 2003 (wars, SARS and economic slowdown) which together with the strengthening of the euro had a strong impact on the markets and prices of paper products. Additionally, the reduction in advertising investments and communication budgets begun in 2002 continued for all of 2003. Despite the unfavorable setting, however, sales by ArjoWiggins kept pace thanks to its strategic positioning at the high end of the niche market in the paper segment and the introduction of new products. Volumes, in fact, grew by 2% from last year. In contrast, sales registered a 7% decline due to price reductions and the negative foreign exchange effect. Meanwhile, stable pulp prices led to a contraction of margins.

Even though intense efforts were again made in 2003 to reduce fixed costs, the operating result was € 122 million, a decline of 33% compared to the prior year, and with a reduction in the operating margin from 9.8% to 7.1% of sales.

Beginning January 1, 2004, ArjoWiggins incorporated Carbonless Europe's activities relating to the manufacture of carbonless paper. The purpose is to exploit every possible synergy between the two companies in order to be better able to confront the tendential contraction of the carbonless paper segment by offering, in the meantime, competitive capacity for the development projects in the coated paper and printing paper segments.

The tardy arrival of the proclaimed economic recovery in the paper sector and market weakness and lower competitiveness caused by a strong euro continue to weigh heavily on sales prices. In this climate of uncertainty, an increment in the result will mostly come about from the implementation of efficiency programs and the introduction of new products on the market.

The key consolidated highlights are presented in the following table:

€ in millions	2003	2002	Change	
			Amount	%
Net revenues	1,727	1,863	(136)	-7
Operating income	122	183	(61)	-33
Operating margin	7.1%	9.8%		

CARBONLESS EUROPE



(100% of capital stock through Worms & Cie)

Carbonless Europe is the European leader in the manufacture of carbonless paper. With operations in every country of Europe, in South America, in Asia and East Europe, its products are marketed under the Idem brand.

The company has a strong commercial position, especially in Europe where it has about a 35% market share.

The demand for carbonless paper on the world market in 2003, as anticipated, declined significantly, depending on the geographic area, and featured strong tension over prices and margins.

Given this situation, Carbonless ended the year with an operating result that was close to breakeven, thanks to:

- the diversification strategy which translated into a growth in uncoated paper sales;
- the continuation of the restructuring plan.

After three years of significant restructuring, efforts to reduce fixed costs will also continue into 2004. However, the priorities for the year will mainly be directed towards the diversification of products with a higher margin and the exploitation of new commercial opportunities resulting from the incorporation in ArjoWiggins.

The main results reported for 2003 are summarized as follows:

€ in millions	2003	2002	Change	
			Amount	%
Net revenues	304	334	(30)	-9
Operating income (loss)	(2)	6	(8)	n.s.
Operating margin	-0.7%	1.8%		



(100% of capital stock through Worms & Cie)

Antalis is the leading European group in the merchandising of printing and writing paper for printing firms and corporate businesses. It is present in almost all the nations of Europe, in South America, Asia and in the south of Africa. In each of these markets, Antalis ranks as the leader or co-leader.

In 2003, the lack of confidence in the economic panorama had an impact on communication and advertising expenses with immediate repercussions on corporate investments. The European merchandising market thus registered, for the third consecutive year, a decline in volumes of 3% together with a notable reduction in prices.

Surrounded by this weak economic climate, Antalis showed a great capacity for resistance, continuing to significantly improve its operating performance.

Pursuing a strategy founded upon customer satisfaction, Antalis concentrated its efforts on responding to the needs of the market. The effectiveness of the commercial policy translates into a consolidation of market share and a jump in margins. Operational rigor and the continuation of cost-cutting programs have enabled the company to effectively face the negative impact of the contraction in volumes connected with the deterioration of the markets.

Despite the decline in sales, Antalis doubled its operating margin, now at 1.6% of sales, and increased operating income to € 37 million from € 19 million last year.

Economic prospects for 2004 are still uncertain, irrespective of the recovery in demand during the last two months of the year. Having a solid basis, Antalis could capitalize on its strong points to grow even in the absence of market expansion.

The key consolidated results of the Group can be summarized as follows:

€ in millions	2003	2002	Change	
			Amount	%
Net revenues	2,324	2,458	(134)	-5
Operating income	37	19	18	95
Operating margin	1.6%	0.8%		



(23.8% of capital stock through Worms & Cie)

Founded in 1878, SGS SA is today the world leader in the sector of verification, inspection and certification of product and service quality. Present in 140 countries, the Group operates with more than 1,200 offices and laboratories. SGS is listed on the Zurich stock exchange.

In an uneven international trading environment, whose development was hampered by a wide range of factors, from geopolitical events to unusual climatic conditions, revenues for the Group were CHF 2,454 million, an increase of CHF 163 million compared to the prior year in local currency terms.

The key consolidated results can be summarized as follows:

CHF in millions	2003	2002	Change	
			Amount	%
Net revenues	2,454	2,392	62	3
Operating income (before extraordinary items)	300	216	84	39
Operating margin	12.2%	9.0%		
Net income - Group	227	109	118	108

Strong revenue growth was achieved in Consumer Testing, Oil Gas & Chemicals and Systems and Services Certification with all these businesses delivering more than 10% growth.

Operating income, before extraordinary items, was CHF 300 million, with an increase of 39% compared to 2002. Operating margins improved in all the businesses compared to the previous year with the most significant upward shifts being achieved by Consumer Testing, Systems and Services Certification, Life Sciences and Trade Assurances Services. The operating margin of the Group passed from 9% in 2002 to 12.2% in 2003.

Consolidated net income before extraordinary items for the year improved from CHF 159 million to CHF 224 million (+41%). Consolidated net income - Group reached CHF 227 million, compared to CHF 109 million in 2002.

SGS expects to continue to significantly improve operating performance in 2004, determined to achieve the 2005 target of CHF 45 earnings per share. This is notwithstanding the recent weakness in the U.S. dollar and the currencies which trend highly depends on it.

At December 31, 2003, SGS Group's significant stockholders were composed as follows: Worms & Cie which held a 23.8% stake and Mr August Von Finck and his family who held a 23.7% stake.



(100% of capital stock through Worms & Cie)

Active in the management of funds since 1974, Permal Group is an international group offering highly specialized financial services.

After three challenging years for the market and despite the financial scandals, the war in Iraq and the soaring American deficit, the financial market ended 2003 with important gains (S&P 500 +28.7%, MSCI World Index +33.8% and Nikkei 225 +24.5%).

In this context, Permal Group continued to demonstrate throughout the entire year the validity of the management model developed.

Attention is specifically drawn to the following distinguishing characteristics:

- assets managed totaled US\$ 12,945 million, with an increase of US\$ 5.630 million;
- net subscriptions during the year stood at US\$ 4,100 million, 61% of which was through new distribution channels attesting to the effectiveness of the diversification policy of the sales network;
- an AA rating was assigned by Standard & Poor's to five of the principal funds managed by Permal;
- registration with the SEC was obtained by Permal Asset Management Inc, a wholly-owned subsidiary of Worms & Co Inc.

Permal Group intends to uphold its performance thanks to the continuation of the development of the distribution network and the opening of new markets.

The key results for the year 2003 were as follows:

U.S. dollars in millions	2003	2002	Change	
			Amount	%
Net revenues	178	99	79	80
Operating income	43	19	24	126
Operating margin	24.2%	19.2%		
Assets managed	12,945	7,315	5,630	77

Gruppo Rinascente

(99.21% of ordinary capital stock and 99.06% of savings capital stock through Eurofind)



Economic stagnation and lower consumption in its reference markets were the backdrop for the Rinascente Group in 2003.

The Group's store formulas have confronted the new wave of weakness in demand with actions aimed at improving the quality of its product offering, the competitiveness of its prices, the level of service rendered to the customer and reception at the points of sale.

- *Auchan* hypermarkets have affirmed the desire to continue along the strategic lines that were decided in 2002 to be the low-price and commercial attraction leader in its class. The projects now underway are geared to enhancing all operating levers, particularly the competitiveness of purchase and sale prices, promotions, customer loyalty, the preservation of basic services, merchandise assortment and operating efficiency. The sales network was expanded in the South by the stores opened at Mesagne (BR) and Meilli (SR).
- *SMA* supermarkets have operated along the same lines as the hypermarkets to achieve the objectives of food safety, private label development, competitive market repositioning and intensification of promotional pressure. They are also involved in developing a multi-formula organization which comprises Cityper, Sma and Punto Sma in order to take advantage of the possible synergies of a company of national importance but strongly rooted in the single territories in which it is present. The direct network increased with the opening of five new supermarkets.
- The *Upim* division is transforming the Variety Store formula to the new Multi-Specialty Store format based upon five merchandise modules that identify the world of apparel for men, for women, for children and cosmetics and the home. Consequently, the offering structure, the marketing policy, the service model, the operating processes and the organization were revised. Seven new units were opened, 16 were renovated and, with a view towards relaunching the sales network based upon a standard model that guarantees the uniformity of the image of the stores, 10 points of sale were closed.
- *La Rinascente* department stores are going forward with the implementation of the restructuring program for all the branches and the design of new marketing formats, in parallel with projects to improve the offering and leverage the label name, the service and the operational methods. Two new branches came into operation in 2003: the Bergamo branch and the new *JAM* sign in the Rome-Galleria Colonna mall targeting the youth market.
- The company *SIB*, the Italian leader in the bricolage sector, directed its efforts to improving the operations of the stores and developing the network by adding three new units and moving a *Bricocenter* to bigger premises. A significant step was taken with the inauguration at Bologna of the largest bricolage store in Italy under the *Leroy Merlin* store name.

The Rinascente Group took important steps along the road to renovation and development in 2003 which can be summed up as follows:

- the programs continue for the transfer of operational and managerial tools to the divisions and, in the meantime, the creation of a Services Center, with the aim of offering itself as a recognized professional entity capable of providing its services to the users with increasing levels of quality, efficiency and competitiveness as compared to market values. In order to best achieve these objectives, Rinascente identified Accenture, a world leader in the consulting and management and technological sector, as the partner best able to provide the know-how necessary to create a center that over time would guarantee the supply of services characterized by the highest qualitative standards. The activities, the persons and the infrastructures of the Services Center of the Rinascente Group, effective August 5, 2003, were contributed to Arthis S.p.A., a company in which Accenture has an 80% stake and Rinascente a 20% stake. Arthis supplies the divisions of the Rinascente Group with administrative and accounting services in addition to personnel administration, general services and information systems services which provide support to these areas;

- a joint venture was set up with Simon Property Group Inc., the leading American shopping center operator, for the management and development of malls in Italy. In December 2003, the relative shopping center activities were contributed to Gallerie Commerciali Italia S.p.A. and as of December 22, 2003 the company is 49%-owned by the Simon Property Group and 51%-owned by Rinascente. The partnership is consistent with the Rinascente Group's plan to focus on the trades and the businesses and is directed towards consolidating and increasing the leadership position reached in Italy in this sector.

The consolidated results of the Rinascente Group in 2003 can be summarized as follows:

€ in millions	2003	2002	Change	
			Amount	%
Gross sales	6,652.1	6,145.6	506.5	8.2
Gross operating profit	377.9	348.9	29.0	8.3
Operating income	175.3	152.1	23.2	15.3
Current profit	178.9	149.0	29.9	20.1
Net income - Group	200.4	50.8	149.6	294.5
Stockholders' equity - Group	762.5	1,208.5	(446.0)	-36.9
Consolidated net financial position	(481.2)	18.5	(499.7)	n.s.

Specifically:

- **gross sales** of the Group, including VAT incorporated in the retail sales price, were € 6,652.1 million, with a growth of 8.2%;
- **gross operating profit** (gross cash flow) amounts to € 377.9 million, compared to € 348.9 million, with an increase of 8.3%;
- **operating income** was € 175.3 million, with a growth of € 23.2 million;
- **current profit** amounted to € 178.9 million compared to € 149 million, with an increase of 20.1%. Financial management generated net financial income of € 3.5 million (compared to net financial expenses of € 3.1 million in 2002);
- **net extraordinary items** generated an income balance of € 148.7 million (compared to € 19.3 million in 2002) thanks to the gain of € 172.3 million realized on the sale of the 49% equity interest in Gallerie Commerciali Italia S.p.A.;
- **net income - Group** amounted to € 200.4 million, compared to € 50.8 million in 2002; the decrease in consolidated stockholders' equity - Group was due to the payment of extraordinary dividends of € 600 million, voted last December.
- **net cash flows** provided by operations (net income + amortization and depreciation) totaled € 437.6 million compared to € 281.1 million in 2002.

An analysis of performance by store formula is presented in the following paragraphs.

Food formulas accounted for a higher percentage of total sales (from 83.3% to 83.6%). An analysis is presented below:

- *Auchan* hypermarkets generated sales of € 2,899.6 million (+7.0%), of which € 1,722.5 million (+5.2%) referred to food products and € 1,177.1 million to non-food products (+9.8%).

The *Auchan* hypermarkets demonstrated a clear and precise desire to increase competitiveness and productivity and every operating lever was used to reach this objective:

- commerce (strengthening of the pricing positioning compared to the competition, more promotions, greater assortment in the low-price product range and in private labels);
- human resource management (generalization of the progress bonus and responsabilization of the teams);
- costs (optimization of logistics);
- *SMA* supermarkets reported sales of € 2,581.4 million, with an increase of 11.4%. The supermarkets work in harmony and synergy with the hypermarkets to achieve the objectives of food safety, development of the private label and competitive repositioning. The significant increase in private label products and the importance of the lowest priced product lines allowed SMA to respond satisfactorily to the demands for savings voiced by the clientele.

Promotional pressure was increased and contributed to raising the level of public awareness for traditional campaigns (sales and below cost promotions). Sales by franchising activities totaled € 563.4 million (+35.7%).

Traditional non-food formulas now account for a lower percentage of total sales, from 16.8% to 16.4%. An analysis is presented below:

- *Upim* posted sales of € 573 million, including franchising activities, with an increase of 3.1%. Sales by franchising activities totaled € 60 million (+8.5%).
- *Department stores* reported sales of € 310.1 million, with an increase of +0.8%. Sales performance was affected by the negative economic picture which continues to limit the flow of foreign customers, and the adverse weather conditions in 2003, which had an effect on the entire textile area.
- *Bricolage* - the sector managed by *S.I.B.* S.p.A., which contributes 50% of its results to the Rinascente Group - reported sales of € 206.1 million, including franchising business, with an increase of 19.7%.

SANPAOLO IMI

(4.86% of ordinary capital stock)



In the first half of 2003, initiatives continued with the aim of implementing the development and rationalization plan for the SANPAOLO IMI Group's distribution networks. The plan is directed towards gradually introducing the model already successfully adopted by the Sanpaolo Network, which is based upon the specialization of the operating points, to all the Group's networks. The model found immediate application in the territorial reorganization of the Sanpaolo and Banco di Napoli distribution networks following the merger of SANPAOLO IMI and the Neapolitan bank on December 31, 2002.

All of the activities necessary to integrate the SanPaolo and Banco di Napoli branches from the commercial, credit, organizational and information system standpoints were put into place. The company SANPAOLO BANCO DI NAPOLI was also set up; all the Sanpaolo and Banco di Napoli branches in the four Mezzogiorno continental regions of Campania, Apulia, Calabria and Basilicata were spun-off to this new bank of the Group. SANPAOLO BANCO DI NAPOLI can count on 745 operating points and serves more than one million customers and approximately 20,000 companies.

On November 25, 2003, the Stockholders' Meeting approved the merger by incorporation of Cardine Finanziaria into the Parent Bank, becoming legally effective from December 31, 2003 and effective for accounting and tax purposes from January 1, 2003. The aim of this integration is:

- realization of scale and scope economies with the gradual centralization in the Partner Bank of the operating support (MOI and Logistics);
- best exploitation of local brands, deeply rooted in the regional reference markets;
- maximizing distributive effectiveness through a common commercial policy.

The merger has led, as already envisaged in the 2003-2005 Plan, to the creation of the North East Territorial Direction, in support of the bank networks operating in the Triveneto (comprising the regions Veneto, Friuli Venezia Giulia and Trentino Alto Adige) and Emilia areas. The Direction, based in Padua, controls the commercial and credit activities of the Group branches operating in this area.

In the same month of November 2003, the merger between Cassa di Risparmio di Udine e Pordenone and Cassa di Risparmio di Gorizia was effected, with the establishment of a regional bank named Friulcassa S.p.A. Cassa di Risparmio Regionale.

On November 18, 2003, SANPAOLO IMI acquired 7% of the capital of Banca delle Marche, in accordance with the agreement signed in July with Banca delle Marche, Fondazione CR Jesi, Fondazione CR Provincia di Macerata and Fondazione CR Pesaro; in particular, a 4.8% share was purchased directly from Banca delle Marche and 2.2% from the Fondazioni. The purchase price of € 1.77 per share, involved a total outlay of € 92 million. SANPAOLO IMI also granted the Fondazioni a put option on a further 8% of the bank's capital, exercisable before 12/31/2006.

The agreement also provides for a collaboration agreement aimed at developing commercial and operating synergies in wealth management, in investment banking, corporate and international banking and in the financing of public works.

Banca delle Marche, leader in one of Italy's most dynamic regions, operates for retail customers and small-and-medium-sized companies through a network of 262 branches in Central Italy, of which 230 situated in the Marche.

On March 3, 2003, SANPAOLO IMI and Santander Central Hispano, which jointly participate in the capital of Finconsumo Banca, reached an agreement which provides for the sale of the stockholding of Finconsumo Banca held by SANPAOLO IMI to Santander Central Hispano. The transaction determined, on consolidation, a total gross capital gain of € 100 million. The agreement provided for the sale of an initial share of 20% in September 2003 at a total price of € 60 million, with a gross capital gain on consolidation of € 44 million, while on the remaining 30%, SANPAOLO IMI exercised a put option on January 20, 2004 at a total price of € 80 million, giving rise to a gross capital gain on consolidation € 55 million.

In December 2003, the disposal of 60% of the French subsidiary Banque Sanpaolo to Caisse Nationale des Caisses d'Epargne (CNCE) was completed by SANPAOLO IMI. The initiative, which is part of the context of the strategic agreements defined in 2001 between SANPAOLO IMI and Eulia, a French holding company created by the Caisse des Dépôts et Consignations Group and by the Caisse d'Epargne Group, generated a gross capital gain of € 240 million for the Group and implemented the first part of the agreement signed on July 31, 2003. This agreement, for the remaining 40%, provides for a put and call option system exercisable after four years, liable to extension by two, in exchange for cash or shares in one of the companies of the CNCE Group.

In December 2003, full control was acquired in Noricum Vita, an insurance company which sells its own products through the branches of Cassa di Risparmio in Bologna and Banca Popolare dell'Adriatico, with the acquisition (by Sanpaolo Vita) of the 51% share belonging to Unipol Assicurazioni and of the 5% share belonging to Reale Mutua (directly by the Parent Bank), which join the 44% already held by SANPAOLO IMI. The transaction, which involved a total outlay of € 44 million, allows consolidation of the Group's already relevant presence in the insurance sector.

Noricum Vita is the corporate vehicle identified for the realization of the plan to concentrate the Group's insurance activities. This plan provides for the concentration of all the life insurance companies and those in the property and casualty branch into a single pole, and is aimed at expanding and strengthening the range and innovative capacity of products in sectors such as pensions, personal protection and property insurance.

The lively trend in operating revenues and the cost containment actions, together with the writebacks and profits made on the investment portfolio, enabled extensive compensation for adjustments to loans and extraordinary expenses (€ 475 million) linked with the staff leaving incentives. The net income of € 972 million for the year, showed a growth of 7.9% compared with 2002.

The key results of the SANPAOLO IMI Group can be summarized as follows:

€ in millions	2003	2002 pro-forma (a)	Change	
			Amount	%
Net interest income	3,716	3,653	63	1.7
Net interest, commissions and other banking income	7,482	7,066	416	5.9
Operating income	2,717	2,334	383	16.4
Income before extraordinary items	1,700	704	996	141.5
Net income - Group	972	901	71	7.9
Total assets	202,580	199,645	2,935	1.5
Stockholders' equity - Group	10,995	10,702	293	2.7
Numbers of employees	43,465	45,217	(1,752)	-3.9

(a) The pro-forma figures for 2002, which are unaudited, were prepared to enable consistent comparison with the figures for 2003. The pro-forma schedules reflect the line-by-line consolidation of the Inter-Europa Bank and Eptaconsors and the proportional consolidation of Carifortit commencing from January 1, 2002, as well as the exclusion of Banque Sanpaolo and IW Bank from the line-by-line consolidation area and of Finconsumo Banca from the proportional consolidation area as of the same date and, with exclusive regard to the first quarter of 2002, the line-by-line consolidation of the former Cardine Group, taking place for the first time as of June 30, 2002, with accounting effect as of January 1, 2002.

Net interest income for 2003 was € 3,716 million; the 1.7% increase compared with the prior year was the result of the positive contribution of volumes, joined by a greater spread in transactions with customers.

Net interest income, commissions and other banking income totaled € 7,482 million, an increase of 5.9% compared to the corresponding period of the prior year. This change is not only due to the favorable increase in interest income but also to the positive trend in commission income (+8.6%), the gains from financial transactions and dividends from holdings (+47 %).

Operating income in 2003, equal to € 2,717 million, increased by 16.4%.

With regard to the balance sheet components at the end of December 2003, the following can be said:

- **total consolidated assets** amounted to € 202,580 million;
- **net loans to customers**, excluding non-performing loans and loans to SGA, amounted to € 122,415 million; the percentage of net non-performing loans to total net loans to customers was 0.9%;
- **total customer financial assets** amounted to € 368,042 million, including assets managed of € 143,711 million;
- **stockholders' equity - Group** was € 10,995 million, compared to € 10,702 million at the end of December 2002.

Juventus won its twenty-seventh Italian Championship title triumphing in the 2002/2003 season and took second place of the 2003/2004 U.E.F.A. Champions League.

In August 2003, Juventus also captured the fourth Italian Supercup, the 50th title in its list of victories.

The fiscal year July 1, 2002 – June 30, 2003 ended with a net income of € 2.2 million (compared to € 6.3 million in the prior year); the decrease was mainly due to the lower contribution from player management.

The increase in operating revenues from € 175.3 million to € 215.4 million (+22.9%) reflects all the components of the value of production, which benefited from the brilliant sports results achieved during the season.

Operating costs rose but to a lower extent than revenues so that a gross operating profit was reported (€ 16.3 million) compared to the operating loss for the prior year of € 12.8 million.

As far as player management is concerned, the net income from the management of players' registration rights amounted to € 13 million, with a considerable reduction compared to € 116.2 million in 2001/2002. Investments totaled € 39 million while the transfer campaign as a whole showed a negative net financial balance of € 9.4 million. The amortization of the investments in players amounted to € 61.6 million (€ 68.2 million in the prior year). In this regard, Juventus chose not to take advantage of the benefits allowed under Law No. 27 dated February 21, 2003 and thus continued to amortize players' registration rights using the normal process.

Moreover, on June 30, 2003, Juventus sold 27.2% of the subsidiary Campi di Vinovo to Costruzioni Generali Gilardi, a contractor in Turin, realizing an extraordinary gain of € 32.5 million.

Stockholders' equity at June 30, 2003 amounted to € 99.6 million, substantially unchanged compared to June 30, 2002. The net financial position, however, showed a cash position of € 69.2 million (compared to a net cash position of € 95 million at the end of the prior year).

For purposes of the preparation of the consolidated financial statements of the IFIL Group, Juventus prepared financial statements for the period January 1 – December 31, 2003, which can be summarized as follows:

Year	2002/2003 (a) € in millions	2003 (b)	2002 (b)	Change	
				Amount	%
	215.4	212.9	189.0	23.9	12.6
	16.3	(51.1)	(70.1)	19.0	-27.1
	2.2	(16.1)	(35.3)	19.2	-54.4
	99.6	77.0	93.6	(16.6)	-17.7
	69.2	13.1	34.8	(21.7)	-62.4

(a) Corresponding to the period July 1, 2002 – June 30, 2003.

(b) Periods corresponding to the financial year.

(c) Before amortization of players' registration rights.

(d) Data referring to the end of the year.

The result for the year 2003 was a loss of € 16.1 million, an improvement of € 19.2 million compared to 2002 due particularly to the increase in revenues, which also had a positive effect on the operating income.

The economic effect of the 2003 transfer campaign, originating from the sale of players' registration rights and the termination of player copartnerships, produced income of € 2.3 million and was impacted by the overall contraction of the market.

The reduction in stockholders' equity from € 93.6 million at December 31, 2002 to € 77 million at December 31, 2003 is basically due to the loss for the period. The net financial position shows a net cash position of € 13.1 million.

Among the major events in 2003, in addition to the above, is the signing, in June, of the notarized deed for the ninety -nine year lease on the Stadio delle Alpi and adjacent areas, renewable at the end of the lease period. The consideration is equal to € 25 million, of which € 1 million was paid when the contract was signed, € 6 million when the building permit was received (application filed in December) and € 18 million is payable over nine years.

In February, as part of a judicial inquiry on the soccer sector by the Public Prosecutor's Office in Rome, the Revenue Guard Corp took documentation from the headquarters of F.I.G.C. – Federazione Italiana Giuoco Calcio, L.N.P. - Lega Nazionale Professionisti and all the teams registered in the Serie A and Serie B Championships for the soccer seasons 1999/2000 to 2003/2004 with respect to the manner of the preparation of the financial statements and the registrations for the Championships during that period.

As far as the current soccer season is concerned, the First Team was eliminated in the qualifying round of the U.E.F.A. Champions League but reached the finals in Coppa Italia TIM Cup 2003/2004.

The Primavera under-21 team won the 56th edition of the Viareggio International Coppa Carnevale, duplicating last season's victory.

Gruppo NHT New Holding for Tourism

(100% of capital stock through Ifil Investissements and Ifil Finance)



NHT New Holding for Tourism unites the IFIL Group's investments in the tourism sector. Such holdings specifically refer to the Alpitour Group, which is active in the tour operating, incoming and hotel management segments, Welcome Travel Group, which offers tourist packages through owned agencies and affiliates and via the Internet, and Neos, which is an airplane charter operator with three B737-800 airplanes.

The key consolidated results of the NHT Group for the year 2002/2003 can be summarized as follows:

€ in millions	2002/2003	2001/2002	Change	
			Amount	%
Net revenues	945.9	937.7	8.2	0.9
Operating income	26.7	23.4	3.3	14.1
Net loss - Group	(11.2)	(21.0)	9.8	-46.8
Stockholders' equity - Group	227.2	253.0	(25.8)	-10.2
Net financial position	(74.2)	(46.9)	(27.3)	58.1

After a 2002 marked by a weak economic performance and for the most part affected by the September 11 crisis, the first quarter of 2002/2003 confirmed some signs of an upturn in demand that first became evident in the summer season of last year. This helped to increase sales and raise volumes and margins. The second quarter, which was impacted by the international political events culminating with conflict in Iraq and the SARS health emergency which hit the Asian areas, again registered symptoms of weakness in demand. The third quarter, thanks to the re-emergence of a quieter international political scene, slowly returned to a substantially normal market situation which was then consolidated during the course of the summer season.

The above overall scenario obviously influenced the economic performance of all the tourism sectors in which the Group operates, namely the tour operating, incoming, hotel management, distribution and airline carrier segments, although the area that was most directly affected by the general situation was obviously tour operating which is headed by the Alpitour Group and which represents the core business of the Group.

The consolidated results of the holdings in the NHT Group are described in the following paragraphs:

€ in millions	2002/2003	2001/2002	Change	
			Amount	%
Tour operating	806.6	821.8	(15.2)	-1.8
Incoming	193.4	197.4	(4.0)	-2.0
Hotel management	77.4	55.7	21.7	39.0
Distribution	14.8	9.7	5.1	52.6
Total	1,092.2	1,084.6	7.6	0.7
Eliminations of intersegment relations	(146.3)	(146.9)	0.6	-0.4
Total	945.9	937.7	8.2	0.9

As far as tour operating is concerned, despite the first line-by-line consolidation of Viaggidea, the year ended with a decrease in sales of approximately € 15 million (€ 807 million in 2002/2003 compared to € 822 million in 2001/2002), equal to a reduction of roughly 2 percentage points. This decrease is principally due to weaker demand in certain periods of the year in conjunction with international turbulence (the war in Iraq and SARS), as well as the fall in sales in the "incentive" sector.

With regard to volumes, in 2002/2003, there were 950,000 passengers compared to 1,015,000 recorded in the previous year, with a reduction of some 6.4%.

The sales mix in 2002/2003 recorded a good recovery in long-haul destinations, centered mainly in the Caribbean area (Mexico, Cuba, Santo Domingo and Jamaica), with an average increase of about 4%. An appreciable gain of 13% in volumes was also registered in destinations to the Indian Ocean, whereas travel to all destinations in the Far East took a sharp plunge on account of SARS. A considerable downturn was also reported in Tanzania and Zanzibar, destinations that were penalized by local political tensions which led to the closing, in the middle of the high season, of the resorts (Bravo Club and Sea Club) owned by the Group.

In Mediterranean Africa, on the other hand, the year just ended produced a slight increase in volumes to destinations in Egypt and a decline to Morocco and Tunisia.

Short-haul destinations generally displayed a decline in volumes, especially in the area of Spain and destinations in the east Mediterranean (Turkey, in particular). Volumes were positive, instead, to Cape Verde where the local Bravo Club received more than 13,000 holiday seekers.

Lastly, destinations in Italy had an excellent showing, with growth of roughly 9% in volumes, thanks to the opening of the new Bravo Clubs in Sardinia, Calabria and Basilicata.

In October 2003, a further 30% stake was acquired in Promoviaggi S.p.A., the second-largest Italian operator in the incentive tourism market. This brought the Group's equity interest in the company to 60% and strengthened its position as leader in that market.

The incoming sector, headed by the Jumboturismo Group, reported consolidated sales of approximately € 193.4 million in 2002/2003 (€197.4 million in 2001/2002), including € 110.9 million in sales to the Alpitour Group. The reduction in sales of about 2% is mostly attributable to the contraction of volumes from third-party, mainly British, Irish and Dutch tour operators. The traffic produced by these operators totaled 601,000 passengers compared to 682,000 in 2001/2002, following a decline in demand to destinations in the Canary Islands and Balearic Islands on all major European markets.

Volumes contributed by the tour operators of the Group, instead, totaled 396,000 passengers for an increase of over 18% compared to 2001/2002, thanks mainly to incoming which came into full operation in Tunisia and the build up of Cape Verde.

The hotel sector, which reports to the Horizon Holidays Group and the new subsidiary Altamarea (a 60% holding purchased in March 2003), posted consolidated sales of approximately € 77.4 million, compared to a corresponding amount of € 55.7 million in 2001/2002. This increase of roughly 39% was achieved thanks to the first-time consolidation of Altamarea, as well as the increase in volumes of sales to registered third-party operators for the hotels in Tunisia, Mexico and Cape Verde. The hotel complexes owned by the Group, which are principally marketed under the "Bravo Club" brand by Alpitour and "Sea Club" brand by Francorosso, reported a daily presence in 2002/2003 of more than 980,000, corresponding to about 110,000 guests.

The distribution sector generated sales of approximately € 14.8 million (€ 9.7 million in the prior year), operating mainly through the travel agency network of the Welcome Travel Group, which developed a network of 200 affiliated agencies (under franchising arrangements) and 38 owned agencies.

Notwithstanding higher sales, mainly achieved by an increment in the sales of the Group's products, the Welcome Group's results were still negative, although much better than last year. Economic performance, in fact, is still affected by the structure costs and the start-up costs of the new activities which had a negative impact on the operating margin.

The Welcome Group, however, continued to pursue its development plans by opening new agencies in important Italian cities such as Rome, Bergamo and Brescia. Thanks to the good trend of network activities, the number of franchises is constantly growing.

The Welcome Group also operates through the Welcome On Line brand, which is a virtual travel agency and tourism portal.

Regardless of the persisting unfavorable economic situation and an unstable international political climate which undoubtedly penalized the entire tourism sector, the year just ended nevertheless produced a considerable improvement in the economic result of the Group which, besides benefiting from extraordinary transactions, is the result of numerous actions undertaken mainly on the front of cutting operating costs.



(7.2% of capital stock through Ifil Capital)



Club Méditerranée's business in 2002/2003 was still impacted by the difficulties of the sector (and that of the airplane carrier sector) as a result of the war in Iraq, the persisting threat of world terrorism and the SARS syndrome.

At October 31, 2003, the consolidated financial statements of the Group showed revenues of € 1.6 billion, with a reduction of 7.7% compared to the prior year, resulting in a net loss of € 94 million (net loss of € 62 million in 2001/2002). At the operating level, the Group substantially reported breakevens at both the economic operating level (an operating loss of € 6 million) and the financial operating level (balanced operating cash flows).

The relaunch plan begun in prior years continued through actions aimed at reducing structure costs and bringing the hotel capacity into line with the changed conditions of the market. The divestiture of non-profitable businesses generated net financial flows of € 42 million compared to a negative free cash flow of € 12 million in 2001/2002. The consolidated stockholders' equity of the Group at October 31, 2003 amounted to € 474 million.

In 2003/2004, the Group expects a gradual improvement in the economic climate, which, for the last three years, has negatively affected its results.

Ifil Investissements (Luxembourg)

(100% of capital stock directly and through Ifil Investment Holding)

The key highlights for the year ended December 31, 2003 can be summarized as follows:

€ in millions	2003	2002	Change
Net income (loss)	(154.2)	112.1	(266.3)
Stockholders' equity	1,947.3	2,483.0	(535.7)
Financial fixed assets	1,917.6	2,497.1	(579.5)
Net financial position	34.1	(1.1)	35.2

The most important transactions which took place in 2003 are described in the section "Major events in 2003".

The loss for the year of € 154.2 million was basically the result of the loss (€ 161.3 million) on the sale of 1.96% of SANPAOLO IMI ordinary capital stock to the parent company, IFIL, at market price, and the adjustment (€ 106.8 million) of the accounting carrying value of the investment in NHT to the value of the share of its consolidated net equity at October 31, 2003.

These negative components were partly compensated by dividends received from Worms & Cie (€ 83.9 million) and Eurofind (€ 22.6 million) and other net positive components of € 7.4 million.

Stockholders' equity decreased by € 535.7 million following the partial reimbursement of additional paid-in-capital to the parent companies IFIL (€ 254.4 million) and Ifil Investment Holding (€ 64.3 million), dividends paid to these same companies (€ 62.8 million in total) and the loss for the year (€ 154.2 million).

Financial fixed assets comprised the following investments and bonds at December 31, 2003:

€ in millions	Number of shares	12/31/2003		12/31/2002	Change
		% of capital stock	Carrying value		
Worms & Cie S.A.	55,922,623	53.07	775.5	751.7	23.8
Eurofind S.A.	12,863,063	40.47	431.9	687.8	(255.9)
Ifil International Finance Ltd	4,000,000	100.00	544.0	409.0	135.0
SANPAOLO IMI S.p.A.	-	-	0.0	365.4	(365.4)
NHT - New Holding for Tourism BV	19,682	59.68	135.6	242.4	(106.8)
Ifil Finance BV	10,000	100.00	18.5	18.5	0.0
Atlantet S.p.A.	-	-	0.0	6.4	(6.4)
Other	-	-	7.4	11.4	(4.0)
Total investments			1,912.9	2,492.6	(579.7)
Ocean Club Méditerranée convertible bonds	76,614	-	4.7	4.5	0.2
Total financial fixed assets			1,917.6	2,497.1	(579.5)

A comparison of carrying values and market prices of listed financial fixed assets shows the following unrealized gains/(losses):

€ in millions	Ocean Club Med		Total
	Worms & Cie	bonds	
Market price at December 30, 2003	261.9	0.2	262.1
Average market price in the second half of 2003	229.2	0.2	229.4
Average market price March 1-17, 2004, update	437.0	0.2	437.2

Eurofind (Luxembourg)

(50% of capital stock through Ifil Investissements)

The key highlights for the year ended December 31, 2003 can be summarized as follows:

€ in millions	2003	2002	Change
Net income	640.4	55.8	584.6
Stockholders' equity	1,734.8	1,745.1	(10.3)
Financial fixed assets	1,721.8	1,737.9	(16.1)
Net financial position	13.7	13.7	0.0

Eurofind's activities in 2003 were marked by the voluntary takeover bid for La Rinascente shares which ended in February 2003 and the subsequent tender offer for residual shares (referred to in the section "Major events in 2003").

Net income amounted to € 640.4 million and mainly derives from the receipt of extraordinary dividends from La Rinascente totaling € 594.5 million.

Financial fixed assets comprised the following investments at December 31, 2003:

€ in millions	Number of shares	12/31/2003		12/31/2002	Change
		% of capital stock	Carrying value		
La Rinascente (Italy)					
- ordinary shares	296,556,269	73.24	1,325.5	1,244.5	81.0
- savings shares	101,869,881	25.16	383.4	371.5	11.9
- preferred shares	2,797,086	0.69	12.6	10.2	2.4
		99.09	1,721.5	1,626.2	95.3
Eufin Investments	243,100	100.00	0.3	111.7	(111.4) (a)
Financial fixed assets			1,721.8	1,737.9	(16.1)

(a) The reduction of € 111.4 million relates to the reimbursement of reserves by Eufin Investments in January 2003.

Ifil International Finance Ltd (Ireland)

(100% of capital stock through Ifil Investissements)

The company ended its year of operations on December 31, 2003 with a net income of € 0.3 million (€ 0.6 million in 2002), stockholders' equity of € 544.8 million (€ 409.6 million at the end of 2002) and a net cash position of € 544.9 million (€ 409.7 million at December 31, 2002).

The liquidity is mainly invested in two medium/long-term loans granted to Ifil Investissements and due in December 2006 and January 2007 (€ 540 million at year-end).

Ifil Finance BV (Netherlands)

(100% of capital stock through Ifil Investissements)

The company closed the year ended December 31, 2003 with a loss of € 15 thousand (€ 12 thousand in 2002) and stockholders' equity of € 18.4 million, unchanged compared to the prior year.

The company holds 30.32% of the capital stock of NHT New Holding for Tourism carried at € 18.4 million.

The net financial position at December 31, 2003 is in equilibrium.

Ifil Investment Holding (Netherlands)

(100% of capital stock)

The key highlights for the year ended December 31, 2003 can be summarized as follows:

€ in millions	2003	2002	Change
Net income (loss)	7.8	(43.4)	51.2
Stockholders' equity	165.6	162.8	2.8
Financial fixed assets	320.3	384.6	(64.3)
Net financial position	(155.0)	(222.4)	67.4

Financial fixed assets comprised the following investments at December 31, 2003:

€ in millions	Number of shares	12/31/2003		12/31/2002	Change
		% of capital stock	Carrying value		
Ifil Investissements S.A.	224,194	20.18	285.2	349.5	(64.3) (a)
Ifil Capital B.V.	11,000	100.00	35.1	35.1	0.0
Financial fixed assets			320.3	384.6	(64.3)

(a) The reduction is due to the partial reimbursement of additional paid-in capital by Ifil Investissements for the same amount.

Ifil Capital BV (Netherlands)

(100% of capital stock through Ifil Investment Holding)

The key highlights for the year ended December 31, 2003 can be summarized as follows:

€ in millions	2003	2002	Change
Net loss	- (a)	(33.8)	33.8
Stockholders' equity	35.1	35.1	0.0
Investment in Club Méditerranée (b)	35.2	35.2	0.0
Net financial position	(0.1)	(0.1)	0.0

(a) Loss equal to € 31 thousand.

(b) 7.2% of capital stock.

A comparison of the carrying value of the investment in Club Méditerranée with the market price shows the following unrealized gains:

€ in millions	Club Med
Market price at December 30, 2003	6.6
Average market price in the second half of 2003	9.1
Average market price March 1-17, 2004, update	13.8

In view of the loss of € 94 million reported by Club Méditerranée for the year ended October 31, 2003, the company prudently did not record the partial increase in the market share price of the investment which was written down in prior years for € 61.4 million.

MOTION FOR APPROVAL OF THE FINANCIAL STATEMENTS, INCREASE OF THE LEGAL RESERVE AND APPROPRIATION OF NET INCOME FOR THE YEAR

To our Stockholders,

We ask you to approve the financial statements for the year ended December 31, 2003 which show a net income of € 72,671,094, which we propose to appropriate, after adjusting the legal reserve to one-fifth of capital stock, equal to € 1,075,195,737, by drawing € 69,274,230 from the extraordinary reserve (which, after this withdrawal, will amount to € 128,821,989), as follows:

To the savings shares:

- preference dividend due for the year 2002, corresponding to 8.27% of the par value of the shares, not paid out in 2003 (art. 24 of the by-laws): € 0.0827 equal to a maximum	€	3,091,575.75
- dividends due for the year 2003: € 0.0827 equal to a maximum	€	3,091,575.75
To the ordinary shares, dividends for the year 2003: € 0.062 equal to a maximum	€	<u>64,344,388.45</u>

The proposed dividends are due on shares that will be outstanding, thus excluding shares held by the company at the ex dividend date, for a total maximum

€ 70,527,539.95

To the extraordinary reserve, the remaining amount, equal to a minimum

€ 2,143,554.05

Net income for the year 2003 € **72,671,094.00**

On the maximum amount of the proposed dividends (€ 70,527,539.95) to the recipients who could still be entitled to dividends with an ordinary tax credit (equal to 51.51%), the tax credit would be on a maximum of € 54,924,684.53; on the remaining € 15,602,855.42, there would be a limited tax credit (equal to 51.51%).

Turin, March 29, 2004

For the Board of Directors
The Chairman and Managing Director
Gianluigi Gabetti

IFI
Istituto Finanziario Industriale

Annual report 2004

TABLE OF CONTENTS

DIRECTORS' REPORT ON OPERATIONS	
1	Board of Directors, General Manager, Board of Statutory Auditors and Independent Auditors
2	Chairman's letter
4	IFI Group profile
10	Major events in 2004
10	Analysis of the IFI Group condensed consolidated results
14	Analysis of the results of the IFI Group consolidated financial statements (line-by-line consolidation)
16	Analysis of the results of the IFI S.p.A. statutory financial statements
19	Other information
24	Significant subsequent events
24	Business outlook
25	Operating performance of the IFIL and Exor Group holdings
31	Motion for approval of the financial statements and appropriation of net income for the year
33	IFI GROUP – CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2004
34	Consolidated balance sheet
38	Consolidated statement of operations
40	Notes to the consolidated financial statements
107	IFI S.p.A. – STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2004
108	Balance sheet
111	Statement of operations
112	Notes to the statutory financial statements
129	Annexes
141	BOARD OF STATUTORY AUDITORS' REPORTS
144	REPORTS OF THE INDEPENDENT AUDITORS
146	IFI GROUP'S COMPANIES

This is an English translation of the Italian original document "Relazioni e Bilanci 2004" approved by the IFI Board of Directors on March 30, 2005, which has been prepared solely for the convenience of the reader.

The version in Italian takes precedence and for complete information about IFI S.p.A. and the Group, reference should be made to the full original report in Italian "Relazioni e Bilanci 2004" containing the Directors' Report on Operations and the Consolidated and Statutory financial statements also available on the corporate website: <http://www.gruppoifi.com>.

Board of Directors

<i>Chairman</i>	Gianluigi Gabetti
<i>Deputy Chairman</i>	Pio Teodorani-Fabbri
<i>Directors</i>	Annibale Avogadro di Collobiano John Elkann Luca Ferrero Ventimiglia (*) Gabriele Galateri di Genola Franzo Grande Stevens Andrea Nasi Lupo Rattazzi

(*) Coopted by the Board of Directors meeting on June 23, 2004.

<i>Secretary to the Board</i>	Pierluigi Bernasconi
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General Manager

Virgilio Marrone

Board of Statutory Auditors

<i>Chairman</i>	Cesare Ferrero
<i>Standing Auditors</i>	Giorgio Giorgi Lionello Jona Celesia
<i>Alternate Auditors</i>	Giorgio Ferrino Paolo Piccatti

Independent Auditors

Deloitte & Touche S.p.A.

Expiry of term of office

The three-year terms of office of the Board of Directors and the Board of Statutory Auditors, elected by the Stockholders' Meeting on May 29, 2003, expire concurrently with the Stockholders' Meeting for the approval of the financial statements for the year ending December 31, 2005.

The Independent Auditors are appointed for the three-year period 2003-2005.

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 Deputy Chairman and the General Manager.

CHAIRMAN'S LETTER

To our Shareholders

In 2004, overall, the global economy reported steady growth. According to the International Monetary Fund, GDP growth worldwide increased by more than 5% and international trade rose by approximately 10% in terms of quantity. In the United States, GDP, which by itself represents one fifth of the world's wealth, increased by 4.4%.

The recovery was largely focused in South-East Asia and North America, whereas, in Europe, the economy continued to mark time. Sharp increases in the prices of energy-related raw materials did not lead to a marked acceleration in consumer prices in industrialized countries, thus allowing monetary policies to continue their expansive trend.

According to most economic forecasts, in 2005, once again, Asia and the United States should provide the main impetus for world growth, confirming current trends. However, there are also those who disagree, who question the effective state of health of the world economy and who detect worrying signs in the structural weaknesses of the traditional "locomotive" of the planet: namely, the United States. In the opinion of many observers, unless suitable corrective measures are implemented, the problems highlighted by the United States could lead to a serious imbalance in world trade and finance, which would seriously jeopardize the future growth of many countries.

During 2004, the "twin deficit", which constitutes the main problem of the American economy, deteriorated: the national debt and the balance of trade deficit reached 4.3% and 6.3% of GDP, respectively. Although this is certainly a serious phenomenon, it is not new, and can usually be explained by a series of well-known causes: the war in Iraq, the price of crude oil, a policy of tax incentives, on the one side; the increase in global competitiveness and the aggressive nature of the Asian economy, particularly the Chinese economy, on the other.

But, in fact, it is not the phenomenon in itself which is causing alarm, rather the apparent ineffectiveness of the counter-measures that have been implemented so far. American exports have continued to stagnate, whereas imports – especially from China – have increased considerably.

Until now, the continuous shift of wealth towards Asia has so far found compensation in the refinancing of the American national debt by the central banks of the countries concerned, but this "virtuous circle" - which only benefits the U.S.A. – cannot continue indefinitely. The decision of the Federal Reserve to raise interest rates can thus be interpreted as having two aims: to contain the risks of inflation in the North American economy and, at the same time, to increase the profitability of investment in Treasury bills, to avoid any possibility that such a mass of debt should remain uncovered. A hypothesis which could have disastrous consequences for all the industrialized countries.

Although economists are divided in their assessment of what the future holds for the U.S. economy, the diagnosis of the situation in Europe seems, unfortunately, to be unanimous. Also in 2004, the optimistic expectations of growth for Europe were not fulfilled. On average, growth in the eurozone was 1.8%. In the last quarter of 2004, there was a slowdown of the overall GDP, caused mainly by a contraction of the German and Italian economies. The weakness of internal demand was a contributory factor in the slow growth of these two countries. The gradual gain in value of the euro against the U.S. dollar and currencies linked to the dollar (China, the Far East) severely penalized the other potential growth factor: exports. The European institutions were slow to define a monetary policy and initiatives to combat the growth of the super-euro against the dollar and the Asian currencies. Fortunately they responded to pleas from the leading European economies to make changes to the Stability Pact. The revised plan should ensure greater flexibility and make it possible to take account of the adverse economic situation so that stability, seen as a target that will take several years to achieve, can be combined with structural reforms and significant investments in the public sector.

In Italy, the weakness of net exports was accompanied by a standstill in productivity, which affected potential growth of the country. Loss of competitiveness was manifested in foreign trade, which, for the first time since 1992, reported a deficit, partly as a result of the increase in the price of crude oil. The persisting difficulties in the manufacturing sector were another sign that all was not well.

Apart from lower production, there were numerous factors which resulted in a loss of competitiveness: the nature of the Italian market (the fact that the work force represents a small percentage of the overall population, the inflexibility of the labor unions, high pension and health costs which make the Clup (the cost of labor per unit of product) higher

than that of our competitors; the fact that our companies tend to be of a modest size, which prevents them from achieving significant economies of scale; the prevalence of traditional industry and a low level of technology, now a "typical" characteristic of our country, together with the persisting phenomenon of the underground economy; the lack and obsolescence of our infrastructures (especially in transportation and logistics); the limited efficiency or high cost of services; less possibility of resorting to the bond market following several corporate scandals; and, finally, the difficulty of financing new industrial initiatives by subtracting resources from "safe" (but unproductive) investments and thus refueling the virtuous circle of capital and business.

Today, we have become more aware of these problems: unfortunately, although the measures that have been recently adopted or which will be adopted shortly are a step in the right direction, they are not enough to solve the problems due to the fact that the funds that have been made available for the purpose are not sufficient, since the objectives are many and highly diversified.

The aims of the decree law and the bill on competitiveness are all valid, but, in order to combat the decline or malaise of our industrial system we should give priority to and set aside more resources for measures that will have a greater impact on businesses: IRAP tax reductions, grants for innovation and research, expansion of infrastructures, simplification of bureaucratic and administrative procedures, augmenting social "shock absorbers", partly with a view to implementing more far-reaching, urgent measures that will allow industrial restructuring to take place.

IFIL closed 2004 on a positive note, reporting a profit of € 38 million in the statutory financial statements and € 117 million in the consolidated financial statements. The improvement compared to the prior year, which ended with a profit of € 15 million for the company and € 130 million for the Group, was made possible by the positive results announced by both the IFIL Group and Exor Group, of € 119 million and € 93 million, respectively.

Having implemented the restructuring process in 2003, in its capacity as operating holding company of the Group, IFIL implemented the strategies that would lead to the reorganization and appreciation of the investment portfolio which the difficult international context and the situation of some of the investment holdings demanded.

In particular, we would like to mention the measures adopted at Fiat, where the severe nature of the problems involved demanded the utmost attention and commitment: changes in top management, the definition of a clear industrial perimeter and a more streamlined structure and responsabilization of management so that it can act and intervene more rapidly. When the Fiat Group reached operational breakeven in 2004, it was an important step within the broader plan to relaunch the company, which involves all sectors. The decision to end the alliance with General Motors, which took place in the first months of the current year, made it possible to generate significant financial inflows and to regain the strategic freedom needed for its future development.

The monetization of the investment in Rinascente represents one of the most important transactions in the history of IFIL. The food activities were sold to Auchan and the textile sector was later sold by auction, which attracted the major Italian and foreign industrial and financial operators. The enormous financial resources thus acquired by the company will, first of all, allow the company to reduce its existing debt but, foremost, will constitute the necessary presuppositions for development in terms of new investments.

IFIL's strategic objective remains an equilibrated and constant return for its stockholders commensurate with the economic performance of the sectors and the countries in which the subsidiaries operate. With this in mind, faced with the persisting weakness of the economies in the European area, IFIL opened new offices in New York and Hong Kong to seize the opportunities that could be offered by the greater growth of the American and Asian areas.

As for its part, Exor Group continued in the strategy to monetize its investments, selling the residual stake in Société Foncière Lyonnaise and – together with the IFIL Group, the respective interests held – in that of Club Méditerranée. The aim of the company is now directed to the growth of the remaining investments (Graphic Packaging, in particular) and the management of the cash resources that came from the divestitures concluded during the last few years.

Finally, along with the Board of Directors, I would like to thank the Stockholders for their loyalty, the Statutory Auditors and the Independent Auditors for the care employed throughout their mandate, and the Executives as well as Employees of the company and the subsidiaries for their excellent contribution.

Gianluigi Gabetti

IFI GROUP PROFILE

THE INVESTMENT PORTFOLIO

IFI – Istituto Finanziario Industriale S.p.A., is the controlling financial holding company of the Group led by Giovanni Agnelli e C. S.a.p.az. The Company's assets are represented by investments in IFIL Investments S.p.A. (the new name of IFIL – Finanziaria di Partecipazioni S.p.A.), equal to approximately 63% of ordinary capital stock, and in Exor Group, equal to 29.3% of capital stock.

IFIL Investments is the investment company of the Group commanding two distinctive areas of operations: the active management of the controlling investment in Fiat and the dynamic management of the other holdings.

Fiat, controlled with 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 Auto, 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.

Worms & Cie (52.96% holding in capital stock) 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 (Carbonless Europe was absorbed by ArjoWiggins as from January 1, 2004);
- Antalis (100% holding), the leading European group in the distribution of paper products for printing and writing;
- Permal Group (77% holding), one of the leaders in the management of investment funds;
- 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;

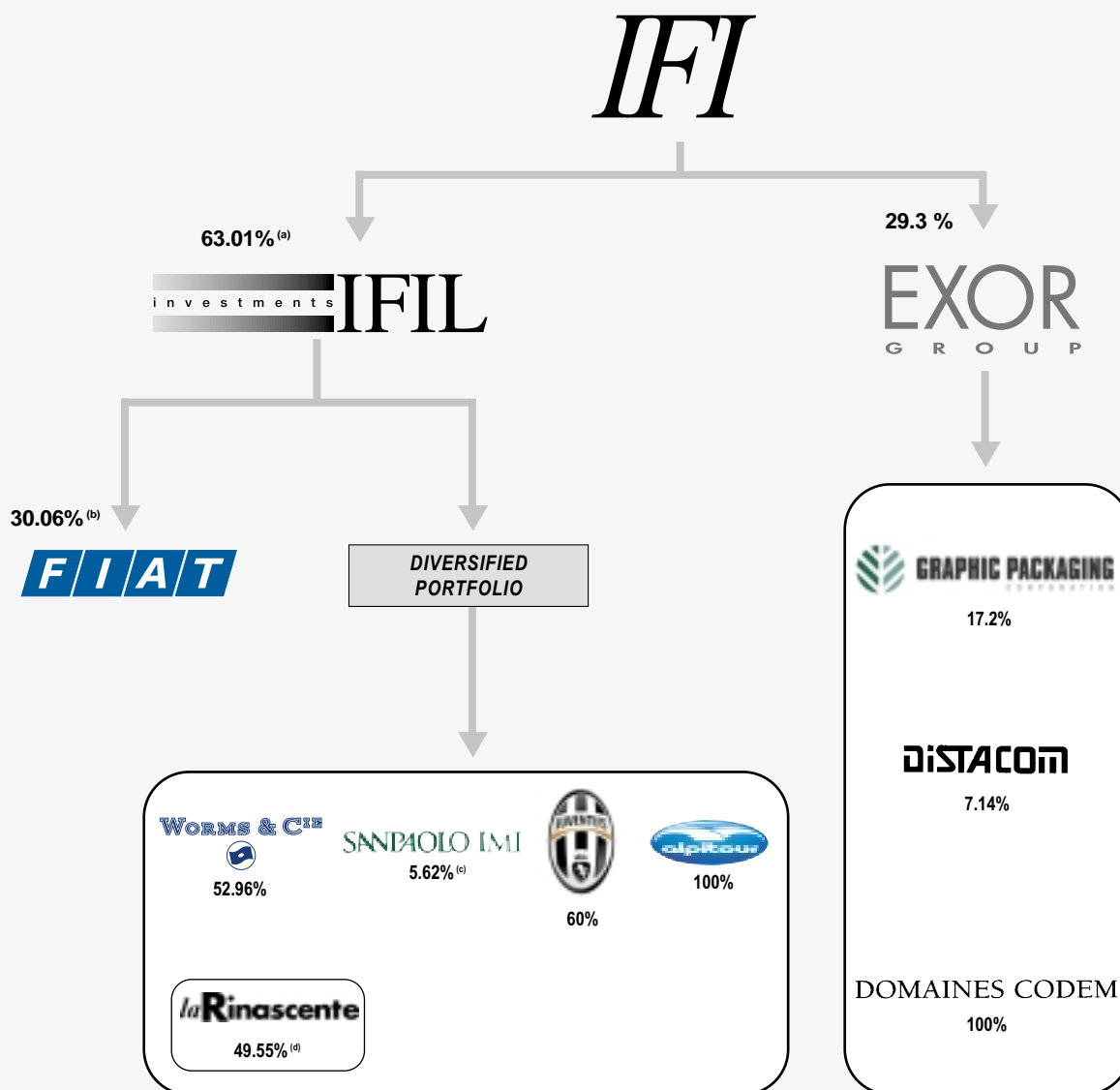
SANPAOLO IMI (5.62% holding by IFIL of ordinary capital stock) is a leading national banking group with over 3,000 branches throughout Italy;

Alpitour (100% holding) is the leading group in Italian tourism;

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.

Exor Group is a Luxembourg holding company; its principal investments are the 17.2% stake in Graphic Packaging Corporation (a listed U.S.A. company in the packaging sector), the 100% holding in Domaines Codem (a French wine company) and the 7.14% stake in Distacom (a company headquartered in Hong Kong operating in the telecommunications sector).

The following chart is updated to the end of March 2005 and presents the simplified structure of the investment portfolio. Percentage holdings refer to ordinary capital stock.



- (a) IFI also holds 2% of savings capital stock.
- (b) IFIL also holds 30.09% of preferred capital stock.
- (c) Equal to 4.45% of capital stock.
- (d) Subject of the contract of sale to Tamerice S.r.l. dated March 13, 2005. The percentage is calculated on capital stock.

KEY OPERATING AND FINANCIAL DATA

The key results of the Group and IFI S.p.A. are presented as follows.

IFI GROUP

Condensed consolidated figures (a)					
€ in millions	2004	2003	2002	2001	2000
Consolidated net income (loss) - Group	117	(130)	(803)	164	218
Share of earnings (losses) of holdings and dividends	130	(117)	(740)	113	238
Financial fixed assets	2,525	2,513	2,444	3,430	3,422
Consolidated stockholders' equity - Group	2,269	2,221	2,026	3,164	3,088
Earnings per share (€)					
Consolidated net income (loss) - Group (b)	0.74	(1.21)	(14.17)	2.83	3.66
Consolidated stockholders' equity - Group (c)	13.90	13.61	32.81	51.23	50.00

(a) Details regarding the criteria used for the preparation of the financial statements are provided in the section "Analysis of the IFI Group condensed consolidated results".

(b) Calculated using the average number of shares outstanding.

(c) Calculated using the number of shares issued at the end of the year.

IFI S.p.A.

€ in millions	2004	2003	2002	2001	2000
Net income (loss) - IFI S.p.A.	38	15	(227)	117	77
Stockholders' equity - IFI S.p.A.	1,605	1,567	1,095	1,356	1,082
Net indebtedness position	(264)	(295)	(427)	(239)	(695)
Total dividends paid out	-	-	-	34	35
Dividends paid out per share (€)					
Per ordinary share	-	-	-	0.5783	0.5783
Per preferred share	-	-	-	0.63	0.63

STOCKHOLDERS AND THE STOCK MARKET

Capital stock

At December 31, 2004, IFI S.p.A.'s capital stock, fully subscribed to and paid-in, amounts to € 163,251,460 and is composed of 86,450,000 ordinary shares and 76,801,460 preferred shares of par value € 1.

The directors have the right, for a period of five years from the resolution passed on April 22, 2003, to increase, at one or more times, also in divisible form, the capital stock up to a maximum of € 561,750,000.

The ordinary shares are 100% held by the parent company Giovanni Agnelli e C. S.a.p.az.

The preferred shares are listed on the Mercato Telematico Azionario (Electronic Trading Market) organized and operated by Borsa Italiana S.p.A..

In accordance with art. 10 of the bylaws, preferred shares have voting rights only for the resolutions set forth in art. 2365 of the Italian Civil Code.

Pursuant to art. 27 of the bylaws, preferred shares have the right to a preference dividend, which is not cumulative from one year to the next, equal to 5.17% of par value (€ 1).

IFI has approximately 13,000 stockholders at December 31, 2004.

The major preferred stockholders, indicated below, represent 60.54% of the class of stock.

Major stockholders at December 31, 2004		
Stockholders	%	Number of shares
Ing Bank NV - London	11.45	8,791,652
K Capital Partners LLC Group	11.33	8,700,731
Morgan Stanley Group	10.94	8,405,820
Lyxor Amber Fund LTD	6.32	4,851,627
UBS AG	4.32	3,314,587
Banca Esperia S.p.A.	4.24	3,260,000
Pictet & Cie.	4.10	3,145,375
Centaurus Alpha Master Fund	3.43	2,630,530
Kairos Fund Limited	2.34	1,796,700
Banca d'Italia	2.07	1,593,625
	60.54	46,490,647

Treasury stock

At December 31, 2004, IFI holds 5,360,300 preferred shares of treasury stock (6.98% of the class of stock).

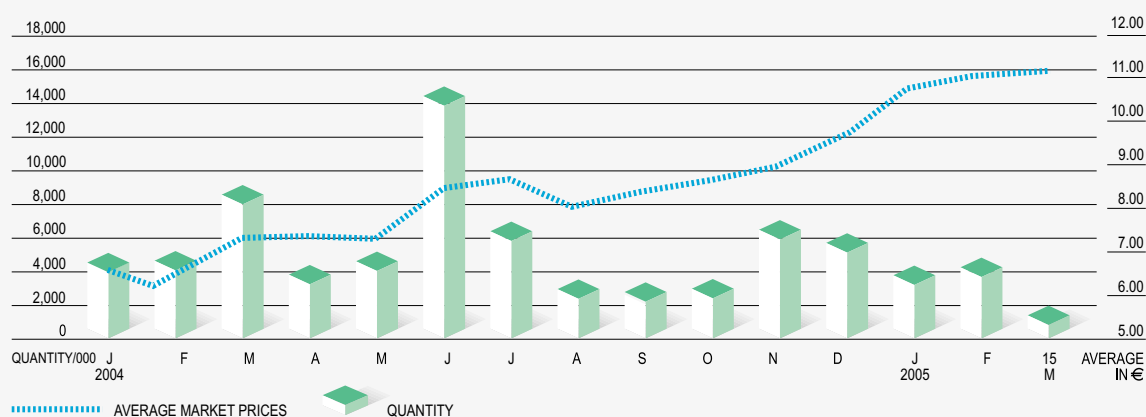
On March 30, 2005, the Board of Directors voted to put forward a motion to the Ordinary Stockholders' Meeting to renew the resolution for the authorization of the buyback of treasury stock for a maximum of 16 million IFI ordinary shares and/or preferred shares, setting aside a total of € 150 million.

Stock performance

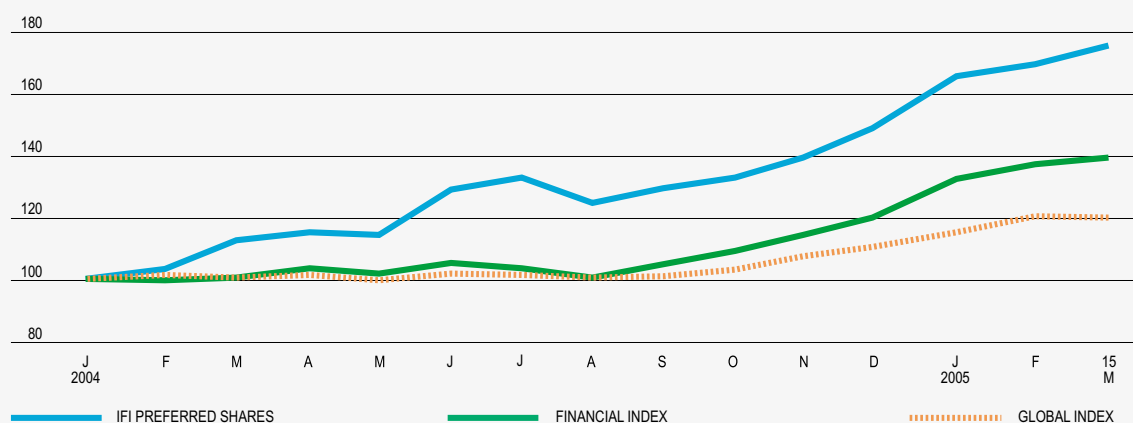
Since January 2004, IFI preferred stock entered a bullish phase which led to its current market price of more than € 11.

Performance of the stock in 2004 overall was positive, gaining 55.5% compared to 19.9% by the Global Index.

IFI PREFERRED SHARES - AVERAGE MARKET PRICES IN € - QUANTITIES TRADED



PERFORMANCE OF IFI PREFERRED SHARES COMPARED TO COMIT MARKET INDEXES



MARKET INFORMATION

	2005 (January 1 - March 15)	2004	2003	2002
Market price per preferred share (€)				
. year-end	11.593	10.431	6.708	7.951
. high	11.593	10.431	9.466	21.451
. low	10.562	6.23	5.003	7.762
Trading volumes during the period (in millions of preferred shares)				
	9.7	67.7	60.9	14.9
Value of trading volumes during the period				
- preferred shares (€ in millions)	110.1	556.8	383.8	269

The market prices of 2003 and 2002 have been adjusted to take into account the capital stock increase in July 2003.

FINANCIAL COMMUNICATIONS AND INVESTOR RELATIONS

IFI has its own website (<http://www.gruppoifi.com>) which has recently been revised to respond to the information needs of investors, analysts and journalists. The site presents a descriptive profile of the Group, outlines the activities and strategies of the Company and also contains accounting and financial information as well as press releases and other corporate reports.

During 2004, about 900 copies (in Italian and English) of the annual report, the first-half report and the quarterly reports have been distributed. These reports are also available on request.

Intensive contacts have been established with financial analysts and institutional investors and also the Italian and foreign economic and financial press.

The corporate service functions in charge of communications and external relations are the following:

External Relations and Press Office

Tel. +39011 – 5090320
Fax +39011 – 5090386
relazioni.esterne@gruppoifi.com

Institutional Investors and Financial Analysts Relations

Tel. +39011 – 5090246
Fax +39011 – 5090280
relazioni.investitori@gruppoifi.com

Stocks and Bonds Service

Tel. +39011 – 5090323
Tel. +39011 – 5090205
Fax +39011 – 5090321
servizio.titoli@gruppoifi.com

MAJOR EVENTS IN 2004

In 2004, the management of the company continued with activities of ordinary administration. It should be pointed out that, in accordance with pre-existing agreements, in February, IFI invested € 1.5 million in TLcom I Capital Partners Limited, a venture capital fund geared to companies operating in the telecommunications and information technology sector in Europe and in other markets. IFI's total investment in that fund, to date, amounts to € 8.2 million.

ANALYSIS OF THE IFI GROUP CONDENSED CONSOLIDATED RESULTS

In order to assist in the analysis of the financial position and results of operations of the IFI Group, a **condensed consolidated balance sheet** and a **condensed consolidated statement of operations** have been prepared wherein the investments in IFIL (60.55% of capital stock outstanding) and in Exor Group (29.3% of capital stock outstanding) have been accounted for using the equity method.

Condensed consolidated result and condensed consolidated statement of operations

The year 2004 shows a return to a profit position by the IFI Group with a consolidated net income of € 117 million, after closing two years with a loss (€ 130 million in 2003 and € 803 million in 2002).

The condensed consolidated statement of operations and the condensed consolidated balance sheet are presented below as well as an analysis of the most important captions.

Condensed consolidated statement of operations

€ in millions	2004	2003	Change
Group's share of earnings (losses) of companies accounted for using the equity method	130.1	(117.7)	247.8
Dividends from other holdings	0.1	0.2	(0.1)
Financial expenses, net	(11.5)	(15.0)	3.5
General expenses, net	(4.0)	(6.1)	2.1
Other income (expenses), net	(1.4)	1.0	(2.4)
Income (loss) before taxes	113.3	(137.6)	250.9
Current and deferred taxes	3.7	7.6	(3.9)
Net income (loss) - Group	117.0	(130.0)	247.0

Group's share of earnings (losses) of companies accounted for using the equity method

€ in millions	Earnings (losses)		IFI's share		Change
	2004	2003	2004	2003	
IFIL Group	119.0	(45.0)	72.1	(27.2)	99.3
Exor Group	92.6	17.1	27.1	5.0	22.1
Fiat Group	-	-	-	(110.8) (a)	110.8
Juventus Football Club	-	-	-	(4.5) (a)	4.5
			99.2	(137.5)	236.7
Consolidation adjustments			30.9	19.8	11.1
Group's share of earnings (losses) of companies accounted for using the equity method			130.1	(117.7)	247.8

(a) Results for the first quarter of 2003, pre-contribution to IFIL.

At December 31, 2004, consolidation adjustments amount to € 30.9 million (€ 19.8 million in 2003). They refer to the result of the IFIL Group for the following:

€ in millions	12/31/2004	12/31/2003
- Reversal of the amortization of the difference on consolidation referring to Juventus	22.1	2.5
- Release of the 2004 portion of the gain deferred in prior years on the sale of the investment in La Rinascente	8.3	0.0
- Other adjustments	0.5	(2.8)
- Release of the gain deferred in prior years on the sale of the investment in Toro Assicurazioni	0.0	20.1
Total	30.9	19.8

Comments on the operating performance of the IFIL Group and Exor Group are presented later in the report.

Dividends from other holdings

Dividends from other holdings amount to € 0.1 million and relate to dividends received from Emittenti Titoli during 2004 (€ 0.2 million in 2003, including the tax credit).

Financial expenses, net

Financial expenses, net, amount to € 11.5 million (€ 15 million in 2003). The reduction of € 3.5 million is due to lower average indebtedness in the two years under comparison.

General expenses, net

General expenses, net, equal to € 4 million, decreased by € 2.1 million compared to 2003 (€ 6.1 million). The reduction is principally due to the significant decrease in the structure costs of the company partly as a result of the change in the average number of staff (from 18 to 16).

Condensed consolidated balance sheet

€ in millions	12/31/2004	12/31/2003	Change
Financial fixed assets:			
- investments	2,446.3	2,436.0	10.3
- preferred treasury stock	70.5	70.5	0.0
- other receivables	8.2	6.7	1.5
	2,525.0	2,513.2	11.8
Other assets	19.2	18.7	0.5
Total assets	2,544.2	2,531.9	12.3
Stockholders' equity - Group	2,269.4	2,221.3	48.1
Financial payables:			
- borrowings from banks, short-term	208.5	66.3	142.2
- borrowings from banks, medium-term	30.0	212.7	(182.7)
- Giovanni Agnelli e C., short-term	24.2	15.2	9.0
	262.7	294.2	(31.5)
Other liabilities and reserves	12.1	16.4	(4.3)
Total liabilities and stockholders' equity	2,544.2	2,531.9	12.3

Financial fixed assets – Investments

€ in millions	Number of shares held	% holding of		Carrying value	
		class of stock	capital stock	unit (€)	total
Investments accounted for using the equity method					
IFIL - ordinary shares	643,783,399	62.03	59.88	3.495	2,249.8
Exor Group SA	3,418,242	29.29	29.28	57.289	195.8
Investments valued at cost					
Deutsche Morgan Grenfell Capital Italy SA					
- ordinary shares	886	0.93	0.30	513.898	0.4
- preferred shares	2,000	1.28	0.68	2.582	-
Emittenti Titoli S.p.A.	527,000	6.43	6.43	0.516	0.3
Total investments					2,446.3

The increase in the carrying value of investments (+€ 10.3 million), compared to the balance at the end of 2003, is due to the Group's share of the earnings (losses) of companies accounted for using the equity method (+€ 130.1 million), the share of translation adjustments shown by the same companies (-€ 33.2 million) and, lastly, other net changes (-€ 86.6 million).

Financial fixed assets – Preferred treasury stock

Treasury stock includes 5,360,300 IFI preferred shares, equal to 6.98% of the class of stock and 3.28% of capital stock, carried for a total of € 70.5 million (€ 13.15 per share).

Compared to the average stock market prices in the second half of 2004 (€ 8.85) and the month of December (€ 10.13), IFI preferred shares show an unrealized loss of approximately € 23 million and € 16 million. Compared to the average stock market prices for the period March 1-15, 2005 (€ 11.35), the unrealized loss decreases further to approximately € 10 million.

The per share carrying value of IFI preferred shares (€ 13.15) is lower than the per share value of the consolidated stockholders' equity of the IFI Group at December 31, 2004 (€ 13.9).

Stockholders' equity of the Group

€ in millions	
Stockholders' equity - Group at December 31, 2003	2,221.3
Share of the translation adjustments shown by the investment holdings IFIL and Exor Group (-€ 33.2 million) and other net changes (-€ 35.7 million)	(68.9)
Consolidated net income - Group	117.0
Net change during the year	48.1
Stockholders' equity - Group at December 31, 2004	2,269.4

Financial payables

Borrowings from banks total € 238.5 million (€ 279 million at December 31, 2003). The company has irrevocable lines of credit for € 495 million, of which € 350 million is due beyond one year.

ANALYSIS OF THE RESULTS OF THE IFI GROUP CONSOLIDATED FINANCIAL STATEMENTS (LINE-BY-LINE CONSOLIDATION)

Highlights of the **consolidated statement of operations** and the **consolidated balance sheet** (line-by-line consolidation), as well as the composition of the net financial position (line-by-line consolidation) are shown below.

Consolidated statement of operations (line-by-line consolidation) – highlights

€ in millions	2004	2003	Change
Value of production	54,317	55,553	(1,236)
Costs of production	(54,278)	(55,948)	1,670
Difference between the value and costs of production	39	(395)	434
Financial expenses, net	(683)	(1,001)	318
Adjustments to financial assets	(63)	(78)	15
Extraordinary income (expenses), net	(350)	533	(883)
Loss before taxes	(1,057)	(941)	(116)
Income taxes	28	(706)	734
Net loss before minority interest	(1,029)	(1,647)	618
Minority interest	1,146	1,517	(371)
Net income (loss) - Group	117	(130)	247

Consolidated balance sheet (line-by-line consolidation) – highlights

€ in millions	12/31/2004		12/31/2003		Change
	Amount	%	Amount	%	
Fixed assets:					
- intangible fixed assets	4,193	6	4,711	7	(518)
- property, plant and equipment	10,633	16	10,811	15	(178)
- financial fixed assets	7,382	11	8,334	12	(952)
	22,208	33	23,856	34	(1,648)
Current assets:					
- inventories	16,198	26	15,938	23	260
- receivables	11,255	17	10,775	15	480
- financial assets	10,740	17	15,161	22	(4,421)
- cash	3,689	6	3,461	5	228
	41,882	66	45,335	65	(3,453)
Other assets	769	1	849	1	(80)
Total assets	64,859	100	70,040	100	(5,181)
Stockholders' equity:					
- Group	2,269	3	2,221	3	48
- Minority interest	6,679	10	8,071	12	(1,392)
	8,948	13	10,292	15	(1,344)
Reserves for risks and charges and employee severance indemnities	7,363	11	7,405	11	(42)
Financial payables	21,224	33	24,639	35	(3,415)
Other liabilities and reserves	27,324	43	27,704	39	(380)
Total liabilities and stockholders' equity	64,859	100	70,040	100	(5,181)

Consolidated net financial position (line-by-line consolidation)

The consolidated net financial position (line-by-line consolidation) of the IFI Group at December 31, 2004 shows a net indebtedness position of € 5,368 million (a net indebtedness position of € 4,525 million at December 31, 2003).

At December 31, 2004, the consolidated net financial position (line-by-line consolidation) is composed as follows:

€ in millions	12/31/2004	12/31/2003	Change
Cash	3,689	3,461	228
Marketable securities and other short-term investments	3,208	4,269	(1,061)
Financial receivables, finance lease contracts receivable and other financial fixed assets	9,368	12,959	(3,591)
Financial accrued income and prepaid expenses	329	387	(58)
Total financial assets	16,594	21,076	(4,482)
Financial payables due within one year	(12,045)	(8,355)	(3,690)
Financial payables due beyond one year	(9,179)	(16,284)	7,105
Financial accrued expenses and deferred income	(738)	(962)	224
Total financial payables	(21,962)	(25,601)	3,639
Consolidated net financial position (line-by-line consolidation)	(5,368)	(4,525)	(843)

The contribution by the consolidated companies to the consolidated net financial position (line-by-line consolidation) is the following:

€ in millions	2004	2003	Change
IFI S.p.A.	(264)	(295)	31
IFIL "Holdings System"	683	(235)	918
Adjustment to eliminate the net financial position of the holdings consolidated proportionally (a) and other	0	(6)	6
Fiat Group	(4,961)	(3,028)	(1,933)
Worms & Cie Group	(718)	(887)	169
Alpitour Group	(108)	(74)	(34)
Consolidated net financial position (line-by-line consolidation)	(5,368)	(4,525)	(843)

(a) Balances not included in the consolidated financial statements (line-by-line consolidation) of the IFIL Group since they refer to companies accounted for using the equity method (consolidated, instead proportionally, in the "Holdings System").

Research and development costs

In 2004, research and development costs expensed directly to income during the year total € 1,827 million, including € 1,810 million relative to the Fiat Group (€ 1,747 million in 2003) and € 17 million relative to the Worms & Cie Group (€ 16 million in 2003).

ANALYSIS OF THE RESULTS OF THE IFI S.p.A. STATUTORY FINANCIAL STATEMENTS

Net income for the year and condensed statement of operations

The net income of IFI S.p.A. in 2004 is € 37.7 million (€ 14.7 million in 2003).

The condensed statement of operations is presented below:

€ in millions	2004	2003	Change
Dividends	50.6	4.6	46.0
Gains	0.0	22.6	(22.6)
Financial expenses, net	(11.5)	(15.0)	3.5
General expenses, net	(4.0)	(6.1)	2.1
Other income (expenses), net	(1.4)	1.0	(2.4)
Income before taxes	33.7	7.1	26.6
Current and deferred taxes	4.0	7.6	(3.6)
Net income	37.7	14.7	23.0

Dividends

Dividends in 2004 were received from IFIL (€ 39.9 million), Exor Group (€ 10.6 million) and Emittenti Titoli (€ 0.1 million). Dividends in 2003 (€ 4.6 million) had included those from Exor Group (€ 4.4 million) and Emittenti Titoli (€ 0.2 million, comprising the relative tax credit).

Financial expenses, net

Financial expenses, net, amount to € 11.5 million and show a decrease of € 3.5 million compared to 2003 which is due to lower average indebtedness during the two years under comparison.

General expenses, net

General expenses, net, equal to € 4 million, decreased by € 2.1 million compared to 2003 (€ 6.1 million). The reduction is principally due to the significant decrease in the structure costs of the company partly as a result of the change in the average number of staff (from 18 to 16).

Current and deferred taxes

The taxable income calculated in accordance with existing tax laws does not generate current income taxes for the year 2004 and results in the release of € 4 million of deferred taxes in excess of requirements set aside in prior years.

Balance sheet of IFI S.p.A. - condensed

€ in millions	12/31/2004	12/31/2003	Change
Financial fixed assets	1,858.1	1,856.8	1.3
Other assets	19.2	18.7	0.5
Total assets	1,877.3	1,875.5	1.8
Stockholders' equity	1,604.7	1,567.0	37.7
Financial payables:			
- borrowings from banks, short-term	208.5	66.3	142.2
- borrowings from banks, medium-term	30.0	212.7	(182.7)
- Giovanni Agnelli e C., short-term	24.2	15.2	9.0
	262.7	294.2	(31.5)
Other liabilities and reserves	9.9	14.3	(4.4)
Total liabilities and stockholders' equity	1,877.3	1,875.5	1.8

Financial fixed assets

Details are as follows:

€ in millions	12/31/2004	12/31/2003	Change
Investments			
IFIL S.p.A.	1,676.2 (a)	1,676.2	0.0
Exor Group S.A.	102.5	102.5	0.0
Deutsche Morgan Grenfell Capital Italy S.A.	0.4	0.5	(0.1)
Emittenti Titoli S.p.A.	0.3	0.4	(0.1)
	1,779.4	1,779.6	(0.2)
Treasury stock - IFI S.p.A. preferred shares	70.5 (b)	70.5	0.0
Receivables - TL com I	8.2	6.7	1.5
Total financial fixed assets	1,858.1	1,856.8	1.3

(a) Net of writedowns of € 73.5 million made in 2002.

(b) Net of writedowns of € 58.9 million made in 2002.

During the year, the company sold 193,000 Emittenti Titoli shares and was reimbursed for 172 Deutsche Morgan Grenfell Capital Italy shares – class A.

Comparison of carrying values and market prices of listed financial fixed assets

	Number of shares	% holding of class of stock	Carrying value		Average market prices			
					2 nd half 2004		December 2004	
			Unit (€)	Total (€ mn)	Unit (€)	Total (€ mn)	Unit (€)	Total (€ mn)
IFIL ordinary shares	643,783,399	62.03	2.60	1,676.2	2.82	1,813.5	3.06	1,966.8
IFI preferred shares	5,360,300	6.98	13.15	70.5	8.85	47.4	10.13	54.3
Total				1,746.7		1,860.9		2,021.1

Compared to the average stock market prices above, IFI preferred shares show an unrealized loss of approximately € 23 million and € 16 million. Compared to the average stock market prices for the period March 1-15, 2005 (€ 11.35), the unrealized loss decreases further to approximately € 10 million.

The per share carrying value of IFI preferred shares (€ 13.15) is lower than the per share value of the consolidated stockholders' equity of the IFI Group at December 31, 2004 (€ 13.9).

Stockholders' equity of IFI S.p.A.

Stockholders' equity at December 31, 2004 amounts to € 1,604.7 million (€ 1,567 million at December 31, 2003). The increase of € 37.7 million coincides with the net income for the year 2004.

Net financial position of IFI S.p.A.

The net financial position of IFI S.p.A. at December 31, 2004 shows a net indebtedness position of € 263.8 million (a net indebtedness position of € 295.4 million at December 31, 2003) which is composed as follows:

€ in millions	12/31/2004			12/31/2003		
	Short-term	Medium/long-term	Total	Short-term	Medium/long-term	Total
Cash	0.1		0.1	0.1		0.1
Borrowings from banks	(208.5)	(30.0)	(238.5)	(66.3)	(212.7)	(279.0)
Payable to Giovanni Agnelli e C.	(24.2)		(24.2)	(15.2)		(15.2)
Financial accrued expenses	(1.2)		(1.2)	(1.3)		(1.3)
Total financial liabilities	(233.9)	(30.0)	(263.9)	(82.8)	(212.7)	(295.5)
Net financial position of IFI S.p.A.	(233.8)	(30.0)	(263.8)	(82.7)	(212.7)	(295.4)

The positive change in the net financial position of € 31.6 million results from the following cash flows:

€ in millions	
Net financial position of IFI S.p.A. at December 31, 2003	(295.4)
Dividends received from IFIL (€ 39.9 million), Exor Group (€ 10.6 million) and Emittenti Titoli (€ 0.1 million)	50.6
Financial expenses, net	(11.5)
General expenses, net	(4.0)
Investments (a)	(1.3)
Purchase of receivables from the tax authorities from IFIL S.p.A.	(0.5)
Other changes, net	(1.7)
Net change during the year	31.6
Net financial position of IFI S.p.A. at December 31, 2004	(263.8)

(a) Capital payment to TLcom I (-€ 1.5 million), net of the reimbursement from Deutsche Morgan Grenfell (€ 0.1 million) and the sale of 193,000 Emittenti Titoli shares (€ 0.1 million).

OTHER INFORMATION

Information on the status of the implementation of the systems and the procedures for the application of international accounting principles (Consob communication No. DME/5015175 dated March 10, 2005)

As provided by Regulation No. 1606 dated July 19, 2002 of the European Union, starting in 2005 the IFI Group will draw up its consolidated financial statements in compliance with international accounting standards (IFRS/IAS) approved by the European Community.

In particular, the IFI Group will adopt international accounting standards beginning from the consolidated first quarter data at March 31, 2005.

The following paragraphs provide information on the activities that have been carried out in order to ensure a proper transition for the application of international accounting standards.

The adequacy of the accounting systems and procedures with regard to the new requirements has been checked.

Moreover, IFI has taken note of the transition process in progress at the IFIL Group, agreeing the timetables to obtain the data which will be necessary for the preparation, in compliance with international accounting standards, of the opening consolidated balance sheet at January 1, 2004, the interim consolidated financial data at March 31, 2004, June 30, 2004 and September 30, 2004, as well as the consolidated financial statements at December 31, 2004 of the IFI Group. Such consolidated accounting data will be presented for comparative purposes with the corresponding consolidated accounting statements which will be prepared during 2005 on the basis of international accounting standards.

The audit firm of Deloitte & Touche S.p.A. has been assigned the following additional audit work with regard to the accounting statements that have been prepared in accordance with international accounting standards:

- audit of the opening consolidated balance sheet at January 1, 2004;
- limited review of the interim consolidated financial data at June 30, 2004;
- limited review with agreed testing procedures of the interim consolidated financial data at March 31, 2004 and September 30, 2004;
- audit of the consolidated financial statements at December 31, 2004.

The following table presents the reconciliations of the stockholders' equity of IFI S.p.A. and the consolidated stockholders' equity of the IFI Group taken from the financial statements for the years ended December 31, 2003 (prepared in accordance with Italian principles) with the corresponding data drawn up in accordance with international accounting standards at January 1, 2004. Such data has been reviewed by the audit firms.

€ in millions	IFI S.p.A.	Consolidated IFI Group
Stockholders' equity at December 31, 2003 (taken from financial statements prepared according to Italian regulations)	1,567.0	2,221.3
Reclassification of the carrying value of preferred treasury stock	(70.5)	(70.5)
IAS/IFRS adjustments		
- IAS 39 - Valuation of instruments hedging rate risks	(5.1)	(5.1)
- IAS 19 - Lower liability relating to employee benefits	n.s.	n.s.
	(5.1)	(5.1)
IFI's share of IAS/IFRS adjustments by:		
- IFIL Group	-	(80.9) (a)
- Exor Group	-	n.s.
	-	(80.9)
Stockholders' equity at January 1, 2004 (IAS/IFRS)	1,491.4	2,064.8

(a) Net of consolidation adjustments by IFI.

The consolidated financial statements at December 31, 2004 of the IFI Group show consolidated net income of the Group of € 117 million and stockholders' equity of the Group of € 2,269.4 million (which is reduced to € 2,198.9 million after deducting the carrying value of preferred treasury stock held by IFI of € 70.5 million).

The corresponding data prepared by IFI and the subsidiaries IFIL and Exor Group on the basis of international accounting standards, which should nevertheless be considered provisional in that the audit firms have not yet concluded their examinations, shows a consolidated net income of the IFI Group that is substantially unchanged and a consolidated stockholders' equity of the IFI Group of approximately € 2,170.4 million. The negative difference of this last figure, equal to € 28.5 million, is due to negative adjustments by IFI (-€ 2 million) and IFI's share of the adjustments made by the IFIL Group (-€ 26.5 million).

Programming document on security

The Company has prepared the programming document on security (Dps) on December 20, 2004 for the year 2004 according to the laws then in force and is currently proceeding to update this document pursuant to the provisions of Legislative Decree No. 196 dated June 30, 2003, Attachment B – technical specifications regarding minimum safety measures. The document has been drawn up by the person responsible for the treatment of the data.

Transactions among Group companies and with related parties

The delegated bodies shall provide the directors and statutory auditors with adequate disclosure concerning atypical transactions or transactions with related parties, eventually carried out during the year in exercising their delegated powers.

The Board of Directors has adopted principles of conduct for carrying out significant transactions from an economic, equity and financial standpoint as well as for carrying out transactions with related parties (available on the corporate website of the Company <http://www.gruppoifi.it>).

With respect to related party transactions, the above principles of conduct provide that the Board of Directors must approve the following transactions:

- atypical and/or unusual intragroup transactions, meaning transactions which, because of their significance/relevance, nature of the counterparties, subject of the transaction (also in relation to transactions of ordinary administration), manner of determining the transfer price and timing of the event (close to the end of the year) could give rise to reservations about: the correctness/completeness of the information in the financial statements, conflicts of interest, safeguarding of the company's assets and protection of minority stockholders;
- transactions with subsidiaries for amounts of more than 1% of IFI's portfolio value as shown in the most recent approved accounting documents (quarterly reports, first-half report and the annual financial statements) as of the date of the transaction;
- transactions with other related parties for amounts of more than € 3 million.

The bodies with delegated powers shall supply the Board with information concerning such transactions especially with regard to the nature of the relationship, the manner of execution, the economic terms and timing, the valuation criteria adopted and any risks to the Company.

Whenever a Director has an interest in the transaction (even a potential interest), the Board of Directors must be informed on a timely basis about the nature, terms, origin and the extent of this interest. After having exhaustively informed the Board of Directors, the interested Director must absent himself from the meeting so that the Board can pass the appropriate resolutions.

In the event the nature, the amount and the manner of execution of the transaction with a related party require it, the Board of Directors can avail itself of the assistance of one or more independent experts, chosen from among individuals with recognized professional characteristics and expertise on the matter in question so that an opinion can be obtained on the economic terms of the transaction and its legitimacy, as well as the technical means and manner of execution of the transaction.

The Board of Directors and the Board of Statutory Auditors must in any case be informed of any transactions with other related parties different from those mentioned above.

With reference to those transactions, comprehensive information shall be provided to the Directors, the Statutory Auditors, the General Manager, the procurators of the Company and to subsidiaries concerning the regulations in force and, in particular, the definition of related parties as reported in Consob Communication No. 2064231 dated September 30, 2002 as well as the definition of atypical and/or unusual transactions.

With regard to 2004, transactions among IFI, the parent company, the subsidiaries and the companies in which a significant influence is exercised are entered into in conformity with the provisions of existing laws, based upon an evaluation of reciprocal economic gain.

The most important transactions entered into during the year 2004 can be summarized as follows:

- suretyships granted in the past in favor of Federazione Italiana Giuoco Calcio – Lega Nazionale Professionisti (F.I.G.C. - L.N.P.) on behalf of Juventus Football Club for a residual amount of € 4.1 million, expiring in 2005, remunerated at market conditions;
- purchase of receivables from the tax authorities from IFIL (€ 0.5 million);
- a loan secured at floating monthly market rates from the parent company Giovanni Agnelli e C.;
- services rendered to and costs recovered from subsidiaries and associated companies;
- services rendered to the parent company Giovanni Agnelli e C.

The effects on the balance sheet and statement of operations of the transactions among IFI S.p.A., the Group companies and the other related parties can be summarized as follows:

€ in thousands	12/31/2004			2004	
	Accounts receivable	Accounts payable	Suretyships	Income	Expenses
Giovanni Agnelli e C. S.a.p.az.	10	24,186		33	619
Exor Group S.A.	100			207	
Juventus Football Club S.p.A.	35		4,128	54	
IFIL Investments S.p.A.	9	23		27	72
SANPAOLO IMI S.p.A.	5	900		129	7
Soiem S.p.A.		128			410
Fiat Group companies	235	42		228	295
Alpitour Group companies	10			10	45
Total	404	25,279	4,128	688	1,448

The IFI Group, through the companies which make up the Group, has maintained and maintains relations with “related” parties as defined by Consob, which, even when considered from the standpoint of potential conflicts of interest, are nonetheless governed by market terms. In this sense, particular mention should be made of:

- option rights on IFIL ordinary shares granted to directors and managers of IFIL and IFI;
- option rights on Alpitour shares granted by Alpitour to the directors of IFIL (who, today, are no longer in office) and IFI under a stock option plan for the directors, managers and cadres of Alpitour and its direct and indirect subsidiaries.

With a view to optimizing the management of the Group’s financial resources, loan transactions were entered into during the year among companies of the Group.

During the course of year, the director Franzo Grande Stevens rendered professional services to Fiat Group companies for total fees of € 3,591 thousand.

Additional information and details are disclosed in the section “Major events in 2004” of the Directors’ report on operations, in the “Notes to the statutory financial statements of IFI S.p.A.” and in “Notes to the consolidated financial statements”.

On the basis of information received from the companies of the Group, there are no atypical or unusual transactions to report.

Management and coordination

IFI S.p.A. is not subject to management and coordination by companies or entities.

Equity investments held by Directors, Statutory Auditors and General Manager

(Art. 79 of Consob resolution No. 11971 dated May 14, 1999 and subsequent amendments)

Name	Company	Number of shares			Held at 12/31/2004
		Held at 12/31/2003	Increase	Decrease	
Directors					
Gabetti Gianluigi	IFIL ordinary shares (a)	120,000			120,000
	Worms & Cie (a)	1			1
Teodorani-Fabbri Pio	IFI preferred shares (c)	427,895			427,895
	Fiat ordinary shares (c)	6,583			6,583
	Fiat ord. sh. war. 2007 (c)	825			825
	Fiat savings shares (c)	5,720			5,720
	IFIL ordinary shares (a)	200,000			200,000
	IFIL ordinary shares (c)	500,000			500,000
Avogadro di Collobiano	IFIL ordinary shares (a)	93,500	86,500		180,000
Annibale	IFI preferred shares (c)	77,058		2,058	75,000
Ferrero Ventimiglia Luca	IFIL savings shares (a)	40,000 (b)			40,000
	Fiat ordinary shares (a)	10,000 (b)			10,000
	IFI preferred shares (a)	1 (b)			1
Galateri di Genola Gabriele	IFI preferred shares (a)	1		1	0
	IFI preferred shares (c)	125			125
	Fiat ordinary shares (c)	3,328			3,328
	Fiat preferred shares (c)	440			440
	IFIL ordinary shares (c)	5,250			5,250
Agnelli Umberto	Juventus Football Club (a)	26,595		26,595 (d)	0
	Worms & Cie (a)	1		1 (d)	0
	Permal Group (a)	1		1	0
Statutory Auditors					
Ferrero Cesare	Fiat ordinary shares (a)	1			1
Giorgi Giorgio	Fiat savings shares (c)	1,500			1,500
Jona Celesia Lionello	IFIL ordinary shares (c)	785			785
General Manager					
Marrone Virgilio	IFIL ordinary shares (a)	93,415			93,415

(a) Direct holding.

(b) Held at the date he took office (June 23, 2004).

(c) Indirect holding through spouse.

(d) Stock transferred to heirs.

Stock Option Plans

The Group uses stock option plans to strengthen ties with its managers and to raise motivation for the creation of economic value for the company.

At December 31, 2004, IFIL has two stock option plans.

In May 2000, the Board of Directors of the subsidiary IFIL voted a stock option plan for the directors and managers of IFIL and IFI, for a maximum number of 2,700,000 IFIL ordinary shares, of par value € 1 each. The options can be granted in annual amounts each year from 2000 to 2004 and can be exercised by the grantees starting from 2002 up to 2006.

There were 2,691,500 options granted under this plan in the period 2000 to 2004, equal to 0.25% of current capital stock (including 522,000 options in 2000, exercisable at the average price of € 6.997 each; 525,450 options in 2001 at € 6.109 each; 844,050 options in 2002 at € 4,520 each; 800,000 options in 2003 exercisable at € 1.85 each). The exercise prices indicated were adjusted, for the options granted from 2000 to 2002, to take into account the cash capital stock increase in July 2003.

In September 2003, the IFIL Board of Directors voted a second stock option plan solely for the directors, for a maximum number of 700,000 IFIL ordinary shares, of par value € 1 each. There were 532,000 options granted under this plan in 2003 for the same number of ordinary shares, equal to 0.05% of current capital stock, at € 2.28 each.

The options were granted according to the level of responsibility held by the grantee in the corporate organization.

220,700 options granted under the IFIL 1998 stock option plan and which had to be exercised by April 30, 2004 became forfeit during 2004.

With regard to these plans, there were no transactions entered into to favor either the purchase or subscription of shares pursuant to ex art. 2358 of the Italian Civil Code.

On December 15, 2000, the Extraordinary Stockholders' Meeting of Alpitour S.p.A. voted to vest the Board of Directors with the power to increase capital stock by a maximum amount of € 767,500 to service a stock option plan on behalf of the directors, managers and cadres of Alpitour and the companies of the Group. The regulations of the stock option plan, approved by resolution of the Board of Directors on December 15, 2000, state that the aforementioned capital stock increase of € 767,500 will occur by issue of a maximum 1,535,000 new ordinary shares of par value € 0.50 each. The options under the plan, which carries a period of 68 months, will accrue in annual lots expiring October 31, of each year and will be offered at a price equal to € 6.73 per share. The options offered can be fully exercised within six months of the approval of the financial statements ended October 31, 2005.

The shares purchased in execution of the above plan can be sold to Alpitour at a price, established by the Board of Directors, calculated on the basis of the economic performance of the company.

The first tranche of options offered during 2002/2003, referring to the financial statements for the year ended October 31, 2002, was not exercised by the beneficiaries of the stock option plan.

SIGNIFICANT SUBSEQUENT EVENTS

Investments in IFIL

In the first quarter of 2005, IFI purchased 10,122,097 IFIL ordinary shares (0.98% of the class of stock) on the market for € 34.2 million, as well as 750,000 IFIL savings shares (approximately 2% of the class of stock) for € 2.6 million.

At the end of March 2005, IFI holds 653,905,496 IFIL ordinary shares, equal to 63.01% of current ordinary capital stock, as well as 750,000 IFIL savings shares for approximately 2% of savings capital stock. The investment represents approximately 60.89% of current capital stock.

Net financial position of IFI S.p.A.

At the end of March 2005, the net financial position of IFI S.p.A. shows an indebtedness position of € 303.7 million. The negative change during the period (-€ 39.9 million) is due to the investment in IFIL (-€ 36.8 million) and financial expenses and general expenses, net (-€ 3.1 million).

BUSINESS OUTLOOK

Taking into account the motions for the distribution of dividends from 2004 profits formulated by the Boards of Directors of IFIL and Exor Group, it is believed that the result for 2005 of IFI S.p.A. will show a profit.

Moreover, considering the forecasts formulated by the same holdings, it is believed that the consolidated result of the IFI Group for 2005 will also show a profit.

OPERATING PERFORMANCE OF THE IFIL AND EXOR GROUP HOLDINGS



(63.01% of ordinary capital stock)

The following consolidated data of the IFIL Group at December 31, 2004 has been taken from the condensed consolidated balance sheet and condensed consolidated statement of operations. Such data has been prepared by consolidating the financial holding companies and Soiem (which make up the so-called "Holdings System") line-by-line and proportionally and accounting for the other subsidiaries and associated companies, using the equity method.

€ in millions	2004	2003	Change
Consolidated net income (loss) - Group	119.0	(45.0)	164.0
Consolidated stockholders' equity - Group	3,916.8	3,953.9	(37.1)
Net financial position of the "Holdings System"	683.2	(234.7)	917.9
Financial fixed assets	3,178.2	4,223.1	(1,044.9)

The year 2004 shows a return to a profit position by the IFIL Group with a consolidated net income of € 119 million, after closing two years with a loss (€ 45 million in 2003 and € 367 million in 2002). The main captions of the condensed consolidated statement of operations are commented in the following paragraphs.

€ in millions	2004	2003	Change
Group's share of earnings (losses) of companies accounted for using the equity method	(402.0)	(49.7)	(352.3)
Dividends from other holdings	27.4	21.2	6.2
Dividend tax credits	0.0	11.9	(11.9)
Gains, net	611.3	25.0	586.3
Amortization of differences on consolidation	(81.4)	(13.7)	(67.7)
Investment income (expenses), net	155.3	(5.3)	160.6
Financial expenses, net	(20.9)	(23.6)	2.7
General expenses, net	(18.7)	(13.0)	(5.7)
Other expenses, net	(7.0)	(6.1)	(0.9)
Income (loss) before taxes	108.7	(48.0)	156.7
Current taxes	(2.1)	0.1	(2.2)
Deferred taxes	12.4	2.9	9.5
Net income (loss) - Group	119.0	(45.0)	164.0

The **Group's share of earnings (losses) of companies** accounted for using the equity method amounts to losses of € 402 million (losses of € 49.7 million in 2003). The negative change of € 352.3 million is essentially due to the Fiat Group (-€ 177.3 million, mainly as a result of lower positive consolidation adjustments that are not compensated by the reduction in the consolidated loss of the Fiat Group), the Worms & Cie Group (-€ 100.9 million) and the companies which make up the Rinascente Group (-€ 82.7 million). The results of the other holdings show a net positive variation of € 8.6 million.

Dividends from other holdings amount to € 27.4 million (€ 21.2 million in 2003), entirely in reference to dividends received from SANPAOLO IMI.

Gains, net, total € 611.3 million and refer to the sales of 50% of the capital stock of Eurofind Food (+€ 586.3 million) and 7.2% of the capital stock of Club Méditerranée (+€ 26.4 million), as well as other minor transactions and writedowns (-€ 1.4 million, net). In 2003, the gains of € 25 million had basically referred to the sale of 25% of the capital stock of Sifalberghi.

Amortization of differences on consolidation amount to € 81.4 million (€ 13.7 million in 2003) and include extraordinary amortization charges to eliminate the residual balances referring to the Alpitour Group (€ 36.5 million) and the investment in Juventus (€ 33.5 million).

Financial expenses, net, total € 20.9 million (€ 23.6 million in 2003) and decreased by € 2.7 million mainly as a result of the trend in indebtedness during the year.

General expenses, net, amount to € 18.7 million. The increase of € 5.7 million compared to the year 2003 (€ 13 million) is principally due to higher personnel costs of the parent company (due both to an increase in the average number of staff and provisions for estimated monetary incentives relating to 2004), as well as the line-by-line consolidation of the companies Sadco, Ifil USA and Ifil Asia.

Other expenses, net, amount to € 7 million (€ 6.1 million in 2003) and include the release of reserves in excess of requirements set aside in prior years (+€ 3 million), the amortization of the expenses relating to the IFIL capital stock increases in 2003 (-€ 2.2 million), compensation voted on behalf of the directors of Eurofind (-€ 1.5 million), legal consulting fees regarding extraordinary transactions and pending litigation (-€ 3.3 million), as well as sundry other expenses, net (-€ 3 million).

Consolidated stockholders' equity of the IFIL Group at December 31, 2004 amounts to € 3,916.8 million. The net decrease of € 37.1 million from the balance at the end of 2003 (€ 3,953.9 million) is due to the consolidated net income of the Group (+€ 119 million), dividends paid out by IFIL S.p.A. (-€ 69.7 million), the share of the translation differences shown by the companies accounted for using the equity method (-€ 54.9 million) and other net changes (-€ 31.5 million).

The **consolidated net financial position of the "Holdings System"** shows a net liquidity position at December 31, 2004 of € 683.2 million (a net indebtedness position of € 234.7 million at the end of 2003). The positive change of € 917.9 million is due to the following flows:

€ in millions		
Consolidated net financial position of the "Holdings System" at December 31, 2003		(234.7)
Dividends received from:		
- Worms & Cie	33.6	
- SANPAOLO IMI	27.4	
- La Rinascente	7.9	
	Dividends received	68.9
Financial expenses, net		(20.9)
General expenses, net		(18.7)
Investments:		
- Eurofind, 9.53% of capital stock (from Mediobanca)	(116.1)	
- NHT New Holding for Tourism, 10% of capital stock (from the TUI Group)	(46.3)	
- Sadco, 100% of capital stock (from Exor Group)	(1.4)	
	Investments	(163.8)
Sales:		
- Eurofind Food, 50% of capital stock (to the Auchan Group)	1,062.9	
- Club Méditerranée, 7.2% of capital stock	61.6	
- Juventus Football Club, 0.32% of capital stock	0.6	
	Sales	1,125.1
Other changes:		
- Purchase of IFIL ordinary shares (0.31% of the class of stock)	(9.3)	
- Sale of IFIL ordinary shares (0.18% of the class of stock)	5.4	
- Dividends paid out by IFIL S.p.A.	(69.7) (a)	
- Receivables collected from the tax authorities	13.7	
- Sales of receivables from the tax authorities to Group companies	3.7	
- Change due to deconsolidation of Eurofind Food	(14.0)	
- Other, net	(2.5)	
	Other changes	(72.7)
Net change during the year		917.9
Consolidated net financial position of the "Holdings System" at December 31, 2004		683.2

(a) Net of intragroup dividends of € 0.1 million.

Since the end of June 2003, Standard & Poor's Rating Services has assigned an "A-" rating to IFIL's long-term debt and an "A2" rating to its short-term debt, with a negative outlook.

The parent company, IFIL S.p.A., ended the year 2004 with a net income of € 80.2 million. This is an increase of € 7.5 million (+10.3%) compared to the net income of € 72.7 million in 2003.

The Board of Directors' Meeting of March 30, 2005 put forward a motion for the distribution of dividends per share of € 0.0683 for the ordinary shares and € 0.089 for the savings shares for a maximum total of € 74.3 million.

Possible Fiat S.p.A. capital increase in execution of the Convertible Mandatory Facility Agreement dated July 26, 2002

In the eventuality that IFIL decides not to exercise, in whole or in part, the option rights to which it is entitled or should it not be in a condition to exercise, in whole or in part, such rights, the investment held by IFIL in Fiat could be diluted to below 30% of the capital stock with voting rights.

The most important transactions by the IFIL Group in 2004 and the early months of 2005 are described below.

Purchase of 9.53% of Eurofind capital stock

In January, the subsidiary Ifil Investissements purchased 9.53% of Eurofind capital stock from Mediobanca for an investment of € 116.1 million.

After this transaction, Eurofind's capital stock was held equally by the IFIL Group (through Ifil Investissements) and the Auchan Group.

Sale of La Rinascente S.p.A.

In October, La Rinascente finalized the partial proportional spin-off of the textile sector (Department Stores and Upim) to a new beneficiary company which took the name of La Rinascente.

The other activity sectors, including the Auchan hypermarkets, the SMA supermarkets, the 50% interest in SIB S.p.A. (do-it-yourself), the 51% interest in Gallerie Commerciali Italia S.p.A. and the 50% interest in Fiordaliso S.p.A. remained under the control of the company which had effected the spin-off and which took the name of Società Italiana Distribuzione Moderna (SIDM).

In December, after the proportional total spin-off of Eurofind, two new Luxembourg-registered companies were set up named Eurofind Food and Eurofind Textile, both jointly controlled by Ifil Investissements and the Auchan Group. As a result of this transaction, Eurofind Food and Eurofind Textile came to hold, respectively, 99.09% of the capital stock of SIDM and 99.09% of the capital stock of La Rinascente (companies that, in their turn, came from the above-described spin-off of La Rinascente).

In the second half of December, after obtaining authorization from the competent antitrust authority, Ifil Investissements sold 50% of the capital stock of Eurofind Food to the Auchan Group for € 1,062.9 million (including € 810.5 million of cash proceeds and € 252.4 million deferred until mid-2005) with a gain on consolidation of € 586.3 million.

On March 13, 2005, a contract was signed for the sale of 99.09% of the capital stock of La Rinascente S.p.A. held by Eurofind Textile S.A. – the Luxembourg company controlled by Auchan and IFIL – to Tamerice S.r.l., a company leading a group composed of Investitori Associati SGR S.p.A., DB Real Estate Global Opportunities IB L.P., Pirelli RE S.p.A. and the Borletti family, at a price of € 888 million.

Closing of the deal, which is subject to approval by the competent antitrust authorities, is expected to take place by June 2005. The price will be completely paid in cash at closing. The buyer has provided the usual bank guarantee.

Eurofind Textile has provided the buyer with statements and guarantees regarding the Rinascente Group, the subject of the transaction, and its activities, with the usual limitations and exclusions. Such conventional statements and guarantees regard, among other things, full ownership and title, free and clear of detrimental encumbrances and registrations, of the shares of the companies of the Rinascente Group and real estate properties, the lease relationships, the true and correct representation of the financial statements and tax, social security and legal/labor matters. The limitations and exclusions agreed within the framework of the sale process regard specific events considered by the buyer during the course of the due diligence. Such limitations and exclusions provide for the obligation of compensation in excess of a threshold of significance per individual indemnifiable event (de minimis) and as a whole (with an exempted amount) as well as, for certain matters, a maximum limit of responsibility for the seller.

IFIL will guarantee the commitments undertaken by Eurofind Textile with the buyer until their maturity.

After closing the sale of La Rinascente, Ifil Investissements will purchase the remaining 50% of Eurofind Textile's capital stock from the Auchan Group. Following these transactions, the IFIL Group will receive net proceeds for a total of approximately € 530 million and realize a gain of over € 450 million, without significant tax effects for the Group.

Sale of the investment in Club Méditerranée

In October, after having obtained approval from the competent antitrust authorities, the subsidiary Mediterranean Capital (ex-Ifil Capital) and Exor Group sold the investments in Club Méditerranée capital stock to the Accor Group. Specifically, Mediterranean Capital sold 1,233,691 Club Méditerranée shares (6.37% of capital stock) to Accor at the price of € 55.5 million (€ 45 per share) with a gain on consolidation of € 24.4 million.

The Accor Group is contractually obliged to pay a possible price adjustment, over the next two years, up to a maximum of € 12.3 million (€ 10 per share), in relation to Club Méditerranée's future economic and financial performance.

In conjunction with this deal, in June, the subsidiary Mediterranean Capital had sold 0.82% of Club Méditerranée capital stock to Exor Group for € 6.1 million with a gain on consolidation of € 2 million.

Transactions relating to NHT

In January, Ifil Investissements purchased the remaining 10% of NHT New Holding for Tourism capital stock from the TUI Group for an outlay of € 46.3 million. As part of this transaction, NHT also acquired the remaining 50% of the capital stock of Neos from the TUI Group for an investment of € 2.7 million.

In June, NHT subscribed to the capital stock increase by Alpitour (100%-controlled) for a total of € 17.8 million, of which € 6.5 million was in cash and € 11.3 million by contribution of the total investments held in Welcome Travel Group and in Neos. Following this transaction, Alpitour took over the role of holding company of the tourism sector in that, in addition to directly carrying out its tour operator business, it holds control of all the other sectors connected with the tourism business (hotel management, distribution, aviation and incoming).

Agreement relating to Sviluppo Italia Turismo

In December, Banca Intesa S.p.A., the IFIL Group and Marcegaglia S.p.A. sealed an agreement for the purchase of 49% of Sviluppo Italia Turismo (SIT) capital stock from Sviluppo Italia S.p.A..

The entry of the three private stockholders in the shareholder base of SIT will take place through the company Turismo&Immobiliare (in which the three own equal stakes) which will purchase shares and subscribe to a SIT capital stock increase for a total outlay of € 76.4 million; IFIL's share will be equal to approximately € 25.5 million. It is also anticipated that the three stockholders may possibly acquire control of SIT's stock by 2009.

Once approval is obtained from the antitrust authority in March, the agreement will be finalized in April.

The alliance will allow SIT to improve and build up its structures so that it can expand its packages on the market and increase its tourist flows; the first concrete step will be the start of an investment program in Apulia, Calabria and Sicily.

IFIL's new organizations in the United States of America and in Asia

For the purpose of contributing to the search for new investment opportunities, during the first half IFIL set up new organizations in the United States and Asia, with offices, respectively, in New York and Hong Kong. Thanks to its positioning in two of the most interesting international financial centers and with its highly-qualified professional management staff, the two organizations – which will operate in close coordination with IFIL's offices in Turin – could significantly boost the opportunities of creating economic value for the company.

With similar objectives in mind, at the end of June, Ifil Investissements purchased 100% of the capital stock of Sadco, with head offices in Switzerland, from Exor Group, for an investment of € 1.4 million, corresponding to its net equity value.

Treasury stock

At the end of March 2005, the IFIL Group holds 14,596,040 IFIL ordinary shares of treasury stock, of which 12,557,716 shares are booked in financial fixed assets and 2,038,324 in current assets.

Treasury stock represents a total of 1.41% of the class of stock and 1.36% of the current capital stock and has a carrying value of € 52.1 million.

Increase in the investment in SANPAOLO IMI

In March 2005, IFIL purchased 12,547,230 SANPAOLO IMI ordinary shares (0.851% of the class of stock) for an investment of € 142.3 million. Following this purchase, at the date of the Board meeting (March 30, 2005), IFIL held 82,918,230 SANPAOLO IMI ordinary shares, equal to 5.62% of ordinary capital stock (4.45% of capital stock).

Business outlook

For 2005, IFIL S.p.A. is expected to report a profit.

Moreover, considering the forecasts formulated by the major holdings and other estimates currently available, including the gain on the sale of La Rinascente, the 2005 consolidated financial statements of the IFIL Group are also expected to show a profit.



Exor Group reported a consolidated net income in 2004 of € 92.6 million (€ 17.1 million in 2003, after booking a provision of € 40 million to the Reserve for investment fluctuations).

Revenues for the year include gains on the divestiture of investments or releases of provisions on such investments for € 80.4 million. These divestitures refer to the sale of the stakes held in Société Foncière Lyonnaise and Club Méditerranée, respectively, to Immobiliaria Colonial and to the Accor Group.

Other income comprises dividends of € 8.2 million (including € 6.5 million received from Société Foncière Lyonnaise) and financial income of € 13 million from short-term investments of available cash resources in low-risk financial instruments.

General expenses are equal to € 8.1 million.

At the end of the year, the consolidated stockholders' equity of Exor Group amounts, net of treasury stock, to € 668.6 million (€ 611.5 million at December 31, 2003).

At the same date, net cash totals € 531 million.

After the above divestitures, the main equity investment held by Exor Group is represented by the 17.2% interest in Graphic Packaging Corporation, a company providing packaging solutions of consumer products, listed on the New York stock exchange.

The synergies that followed after the merger with Riverwood in August 2003 allowed Graphic Packaging Corporation to post, in 2004, a 3.5% increase in the operating margin compared to the prior year. This was achieved in a market where the productive factors (materials and energy) met with strong inflationary pressures.

MOTION FOR APPROVAL OF THE FINANCIAL STATEMENTS AND APPROPRIATION OF NET INCOME FOR THE YEAR

Dear Shareholders,

We ask you to approve the financial statements for the year ended December 31, 2004.

In view of the fact that the Board of Directors has waived, by specific resolution, its share of the profits as provided by art. 27 of the bylaws and that the legal reserve amounts to one-fifth of capital stock, we propose a motion to appropriate the net income of € 37,707,363 to the extraordinary reserve.

The extraordinary reserve will therefore amount to € 720,611,378.

Turin, March 30, 2005

For the Board of Directors
The Chairman
Gianluigi Gabetti

IFI Group

IFI Group

CONSOLIDATED BALANCE SHEET - ASSETS

(€ in millions)	12/31/2004	12/31/2003	Change
FIXED ASSETS			
Intangible fixed assets (note 1)			
Start-up and expansion costs	123	155	(32)
Research, development and advertising expenses	28	22	6
Industrial patents and intellectual property rights	402	406	(4)
Concessions, licenses, trademarks and similar rights	342	383	(41)
Goodwill	158	159	(1)
Intangible assets in progress and advances	214	255	(41)
Other intangible assets	147	167	(20)
Differences on consolidation	2,779	3,164	(385)
Total intangible fixed assets	4,193	4,711	(518)
Property, plant and equipment (note 2)			
Land and buildings	3,099	3,115	(16)
Plant and machinery	3,217	3,401	(184)
Industrial and commercial equipment	2,308	2,104	204
Other assets	1,284	1,363	(79)
Construction in progress and advances	725	828	(103)
Total property, plant and equipment	10,633	10,811	(178)
Financial fixed assets (note 3)			
Investments in			
. unconsolidated subsidiaries	283	488	(205)
. associated companies	4,199	4,465	(266)
. other companies	768	926	(158)
Total investments	5,250	5,879	(629)
Receivables from associated companies	1	1	0
Receivables from others	48	188	(140)
Total receivables	49	189	(140)
Other securities	94	84	10
Treasury stock	70	70	0
Finance lease contracts receivable	1,727	1,797	(70)
Other financial fixed assets	192	315	(123)
Total financial fixed assets	7,382	8,334	(952)
TOTAL FIXED ASSETS	22,208	23,856	(1,648)
CURRENT ASSETS			
Inventories (note 4)			
Raw materials and supplies	1,307	1,259	48
Work in progress and semifinished products	833	983	(150)
Contract work in progress	2,886	4,077	(1,191)
Finished goods and merchandise	4,096	4,431	(335)
Advances to suppliers	7,076	5,188	1,888
Total inventories	16,198	15,938	260

IFI Group

(€ in millions)	12/31/2004	12/31/2003	Change
CURRENT ASSETS (continued)			
Receivables	(note 5)		
Trade receivables	4,926	4,679	247
Receivables from unconsolidated subsidiaries	55	79	(24)
Receivables from associated companies	866	768	98
Deferred tax assets	2,206	1,907	299
Other receivables	3,202	3,342	(140)
Total receivables	11,255	10,775	480
Financial assets not held as fixed assets	(note 6)		
Investments	33	32	1
Other securities	3,297	4,359	(1,062)
Financial receivables from unconsolidated subsidiaries	565	521	44
Financial receivables from associated companies	406	644	(238)
Financial receivables from others	6,439	9,605	(3,166)
Total financial assets not held as fixed assets	10,740	15,161	(4,421)
Cash			
Bank and post office accounts	3,676	3,443	233
Cash on hand	10	9	1
Checks	3	9	(6)
Total cash	3,689	3,461	228
TOTAL CURRENT ASSETS	41,882	45,335	(3,453)
ACCRUED INCOME AND PREPAID EXPENSES	(note 7)		
	769	849	(80)
TOTAL ASSETS	64,859	70,040	(5,181)

IFI Group

CONSOLIDATED BALANCE SHEET - LIABILITIES AND STOCKHOLDERS' EQUITY

(€ in millions)	12/31/2004	12/31/2003	Change
STOCKHOLDERS' EQUITY			
	(note 8)		
Stockholders' equity of the Group			
Capital stock	163	163	0
Additional paid-in capital	387	387	0
Revaluation reserves	81	81	0
Legal reserve	33	15	18
Treasury stock valuation reserve	70	70	0
Retained earnings and other reserves	1,735	1,919	(184)
Cumulative translation adjustments	(317)	(284)	(33)
Net income (loss)	117	(130)	247
Total stockholders' equity of the Group	2,269	2,221	48
Minority interest - capital and reserves	7,825	9,588	(1,763)
Minority interest - net loss	(1,146)	(1,517)	371
TOTAL STOCKHOLDERS' EQUITY	8,948	10,292	(1,344)
RESERVES FOR RISKS AND CHARGES			
	(note 9)		
Reserve for pensions and similar obligations	1,579	1,571	8
Income tax reserves	352	429	(77)
Other reserves	4,033	3,984	49
Insurance policy liabilities and accruals	91	89	2
TOTAL RESERVES FOR RISKS AND CHARGES	6,055	6,073	(18)
RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES			
	(note 10)		
	1,308	1,332	(24)
PAYABLES			
	(note 11)		
Bonds	9,112	9,910	(798)
Convertible bonds	13	1,765	(1,752)
Borrowings from banks	9,973	10,494	(521)
Other financial payables	1,269	1,405	(136)
Advances	9,935	9,166	769
Trade payables	11,880	12,597	(717)
Notes payable	749	955	(206)
Payables to unconsolidated subsidiaries	49	69	(20)
Payables to associated companies	1,000	854	146
Payables to parent companies	24	15	9
Taxes payable	796	943	(147)
Social security payable	354	329	25
Other payables	1,428	1,505	(77)
TOTAL PAYABLES	46,582	50,007	(3,425)
ACCRUED EXPENSES AND DEFERRED INCOME			
	(note 12)		
	1,966	2,336	(370)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	64,859	70,040	(5,181)

IFI Group

GUARANTEES GRANTED, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS				
(€ in millions)	(note 13)	12/31/2004	12/31/2003	Change
GUARANTEES GRANTED				
Unsecured guarantees				
Suretyships				
on behalf of unconsolidated subsidiaries		4	32	(28)
on behalf of associated companies		0	10	(10)
on behalf of others		2,994	3,162	(168)
Total suretyships		2,998	3,204	(206)
Guarantees of notes on behalf of others		217	261	(44)
Other unsecured guarantees				
on behalf of unconsolidated subsidiaries		30	1	29
on behalf of associated companies		270	295	(25)
on behalf of others		2,244	2,813	(569)
Total other unsecured guarantees		2,544	3,109	(565)
	Total unsecured guarantees	5,759	6,574	(815)
Secured guarantees on behalf of others				
		87	47	40
TOTAL GUARANTEES GRANTED		5,846	6,621	(775)
COMMITMENTS				
Commitments related to derivative financial instruments		23,246	22,507	739
Commitments to purchase property, plant and equipment		415	330	85
Other commitments		13,098	10,690	2,408
TOTAL COMMITMENTS		36,759	33,527	3,232
THIRD-PARTY ASSETS HELD BY THE GROUP		1,680	2,017	(337)
GROUP ASSETS HELD BY THIRD PARTIES		3,313	4,706	(1,393)
OTHER MEMORANDUM ACCOUNTS		284	380	(96)

IFI Group

CONSOLIDATED STATEMENT OF OPERATIONS			
(€ in millions)	2004	2003	Change
VALUE OF PRODUCTION	(note 14)		
Revenues from sales and services	51,878	53,509	(1,631)
Change in work in progress, semifinished and finished products inventories	(192)	694	(886)
Change in contract work in progress	215	(1,075)	1,290
Additions to internally produced fixed assets	810	688	122
Other income and revenues:			
revenue grants	55	53	2
other	1,551	1,684	(133)
Total other income and revenues	1,606	1,737	(131)
TOTAL VALUE OF PRODUCTION	54,317	55,553	(1,236)
COSTS OF PRODUCTION	(note 15)		
Raw materials, supplies and merchandise	(31,484)	(30,917)	(567)
Services	(9,532)	(9,855)	323
Leases and rentals	(450)	(434)	(16)
Personnel			
salaries and wages	(5,111)	(5,341)	230
social security contributions	(1,337)	(1,409)	72
employee severance indemnities	(191)	(249)	58
employee pensions and similar obligations	(191)	(189)	(2)
other costs	(387)	(338)	(49)
Total personnel costs	(7,217)	(7,526)	309
Amortization, depreciation and writedowns			
amortization of intangible fixed assets	(688)	(604)	(84)
depreciation of property, plant and equipment	(1,808)	(1,868)	60
other writedowns of fixed assets	(33)	(35)	2
writedown of receivables among current assets and cash	(305)	(281)	(24)
Total amortization, depreciation and writedowns	(2,834)	(2,788)	(46)
Change in raw materials, supplies and merchandise inventories	222	(86)	308
Provisions for risks	(1,395)	(1,164)	(231)
Other provisions	(22)	(29)	7
Other operating costs	(1,170)	(1,114)	(56)
Expenses of financial services companies	(376)	(668)	292
Insurance claims and other insurance costs	(20)	(1,367)	1,347
TOTAL COSTS OF PRODUCTION	(54,278)	(55,948)	1,670
DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION	39	(395)	434
FINANCIAL INCOME AND EXPENSES	(note 16)		
Investment income from			
associated companies	1	1	0
other companies	37	59	(22)
Total investment income	38	60	(22)
Other financial income from			
receivables held as fixed assets from others	1	5	(4)
securities held as fixed assets other than equity investments	1	0	1
securities held as current assets other than equity investments	45	127	(82)
Other income from			
unconsolidated subsidiaries	4	8	(4)
associated companies	6	7	(1)
others	1,252	1,352	(100)
Total other income	1,262	1,367	(105)
Total other financial income	1,309	1,499	(190)
Interest and other financial expenses from			
unconsolidated subsidiaries	0	(3)	3
associated companies	(5)	(6)	1
parent companies	(1)	(1)	0
others	(2,049)	(2,614)	565
Total interest and other financial expenses	(2,055)	(2,624)	569
Foreign exchange gains and losses	25	64	(39)
TOTAL FINANCIAL INCOME AND EXPENSES	(683)	(1,001)	318

IFI Group

CONSOLIDATED STATEMENT OF OPERATIONS (continued)

(€ in millions)	2004	2003	Change
ADJUSTMENTS TO FINANCIAL ASSETS			
			(note 17)
Revaluations of			
equity investments	203	229	(26)
securities held in current assets other than equity investments	0	15	(15)
Total revaluations	203	244	(41)
Writedowns of			
equity investments	(166)	(306)	140
financial fixed assets other than equity investments	(23)	(1)	(22)
securities held in current assets other than equity investments	(3)	(9)	6
financial receivables	(74)	(6)	(68)
Total writedowns	(266)	(322)	56
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS	(63)	(78)	15
EXTRAORDINARY INCOME AND EXPENSES			
			(note 18)
Income			
gains on disposals	813	2,080	(1,267)
other income	173	197	(24)
Total income	986	2,277	(1,291)
Expenses			
losses on disposals	(7)	(56)	49
taxes relating to prior years	(39)	(27)	(12)
other expenses	(1,290)	(1,661)	371
Total expenses	(1,336)	(1,744)	408
TOTAL EXTRAORDINARY INCOME AND EXPENSES	(350)	533	(883)
LOSS BEFORE TAXES	(1,057)	(941)	(116)
INCOME TAXES, CURRENT AND DEFERRED			
			(note 19)
LOSS BEFORE MINORITY INTEREST	(1,029)	(1,647)	618
Minority interest	1,146	1,517	(371)
NET INCOME (LOSS)	117	(130)	247

STRUCTURE AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended December 31, 2004 have been prepared in accordance with the provisions contained in Legislative Decree No. 127 dated April 9, 1991. The Notes to the consolidated financial statements have been prepared in conformity with the same Legislative Decree, art. 38. The consolidated financial statements are expressed in millions of euros.

SCOPE OF CONSOLIDATION

Criteria used in determining the scope of consolidation

Directly and indirectly controlled subsidiaries (in which IFI holds directly or indirectly more than 50% of the capital stock or has de facto control) have been consolidated line-by-line using the financial statements at December 31, 2004 or the annual accounting data at the same date (where the year-end does not coincide with that of the consolidated financial statements) except as indicated below.

The Alpitour Group has been consolidated on a line-by-line basis using the consolidated accounting data at October 31, 2004, owing to the impossibility of obtaining, on timely basis without disproportionate expense, consolidated accounting data as of the date of the consolidated financial statements. This treatment, allowed by IAS 27, does not affect the assertion that the consolidated financial statements are a true and correct representation of the financial position and results of operations of the Group or the clarity of the financial statements.

Investments in companies subject to joint control and associated companies in which the Group exercises a significant influence have been accounted for using the equity method.

Certain non-relevant companies which do not have a significant impact on the total consolidated revenues and for which it is not practicable to obtain the necessary information on a timely basis without disproportionate expense have been excluded from consolidation and valued at cost. This exclusion does not affect the assertion that the consolidated financial statements are a true and correct representation of the financial position and results of operations of the Group or the clarity of the financial statements.

Furthermore, the subsidiaries BUC – Banca Unione di Credito and Juventus Football Club have been accounted for using the equity method inasmuch as they have non-homogeneous operations (Legislative Decree No. 127/91, art. 28).

Changes in the scope of consolidation

Changes in the scope of consolidation are described below.

IFIL Holdings System

For the purpose of contributing to new investment opportunities, during the first half IFIL set up new organizations in the United States (in February) and Asia (in June), with offices, respectively, in New York and Hong Kong.

With similar objectives in mind, at the end of June, Ifil Investissements purchased 100% of the capital stock of Sadco, with head offices in Switzerland, from Exor Group.

These holdings have been consolidated line-by-line in 2004.

Fiat Group

In February 2004, 100% of the interest held in Fiat Engineering S.p.A. was sold to Maire Investimenti S.p.A. and the company was therefore deconsolidated as of the beginning of the year. At the same time, the Fiat Group subscribed to a capital increase of Maire Investimenti S.p.A. (now Maire Engineering S.p.A.) and currently owns 30% of the capital of this company. On said 30% interest, both parties hold put (Fiat Group) and call (Maire Engineering S.p.A.) options that are exercisable within three years at a predetermined price.

Effective January 1, 2004, the Group consolidated Magneti Marelli Sistemi Elettronici on a line-by-line basis following gradual acquisition of actual control over this strategic supplier of Fiat Auto and other automotive groups. In 2002, this business had been sold to the Mekfin Group, which in turn sold it to the Ixfin Group. So that the company would punctually respect the commitments it had made to its customers and continue pursuing its growth strategies, an agreement was signed at the end of 2003 between the Ixfin Group and the Fiat Group, on the basis of which Magneti Marelli, pursuant to an agreement providing for the beneficial interest in the shares, with voting rights, started to take an increasingly active role in the management of Electronic Systems in 2004. On July 28, 2004 the Fiat Group decided to acquire full ownership thereof by exercising a call option.

In September 2004, Magneti Marelli sold the 100% interest in the Midas business (automotive repair and maintenance services) in Europe and Latin America to the Norauto Group and deconsolidated the related activities from September 30, 2004.

For a better understanding of the variations in the statement of operations, it should be noted that major changes in the composition of the Group took place during 2003, the most important of which had an impact on 2004 are indicated below:

- at the end of March 2003, the retail financing activities of Fiat Auto Holdings in Brazil were sold to the Itaù banking group and deconsolidated from that date;
- on May 2, 2003, the agreement for the sale of the Toro Assicurazioni Group to the DeAgostini Group was executed and the Toro Group was deconsolidated as of that date;
- on May 27, 2003, Fiat and a pool of banks completed the sale of 51% of Fidis Retail Italia (FRI), a company which at that time controlled part of the European consumer credit business of Fiat Auto Holdings for retail automobile purchases; another part of this business was sold to FRI in October 2003, while the sale of the company operating in the United Kingdom was concluded in 2004;
- in execution of the contract signed on July 1, 2003, the sale was finalized for the aerospace activities of FiatAvio S.p.A. to Avio Holding S.p.A., 70% owned by The Carlyle Group and 30% by Finmeccanica S.p.A..

Worms & Cie Group

The most important changes in the scope of consolidation refer to the purchase, by the Antalis Group, on July 1, 2004, of the Brangs & Heinrich Group, which was consolidated line-by-line starting from the second half of 2004, and the sale of the Roumain RTC Group, on December 21, 2004, and therefore consolidated line-by-line for the entire year 2004.

Alpitour Group

The following companies were consolidated line-by-line during the year ended October 31, 2004: Neos (previously accounted for using the equity method) now 100%-controlled, Altamarea International S.p.A. (a newly-formed company in which a 100% stake was acquired), operating in the sector for the marketing of tourist-hotel facilities, Blumarini Hotel Sicilia (in which a further stake was purchased and is now 90%-owned) and Jumboturismo (in which the remaining 24.16% stake was purchased, bringing the interest to the current 100%).

The investments in Jumbo Renta S.A. (consolidated line-by-line in 2003) and Promoviaggi (accounted for using the equity method in 2003) were sold.

Moreover, the investments in Minerva Viaggi, Saugo Viaggi, Viaggi Galleria 57 and in Welcome We Travel are stated at cost, in view of the impossibility of obtaining their data on a timely basis.

PRINCIPLES OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared from the statutory financial statements or consolidated financial statements of the Group's single companies approved by the Boards of Directors and adjusted, where necessary, by the directors of the companies to conform with Group accounting principles and to eliminate tax-driven adjustments. The Group's accounting principles respect the requirements set forth by Legislative Decree No. 127 of April 9, 1991, interpreted and supplemented by the Italian accounting principles issued by the National Boards of Dottori Commercialisti and of Ragionieri and, where there are none and not at variance, by those laid down by the International Accounting Standards Board (I.A.S.B.). As regards the transition to International Accounting Standards "International Financial Reporting Standards IFRS" issued by the I.A.S.B., reference should be made to the specific section in the Directors' Report on Operations.

In order to obtain a true and fair representation of the financial position and results of operations of the Group, taking into account their functional integration, the financial companies that provide services to the Industrial Sectors of the Fiat Group and the insurance companies have been consolidated on a line-by-line basis. As a result, adjustments to the balance sheet and statement of operations format have been made in applying art. 32 of Legislative Decree No. 127/91, which provides for changes to be made to obtain a more clear, true and correct representation of the financial position and results of operations.

Again in reference to the financial statement formats, integrations have been made to comply with Legislative Decree No. 6 of 2003 "Reform of Corporate Law". Accordingly, the corresponding figures for the previous year have been reclassified.

Assets and liabilities, and revenues and expenses, of subsidiaries consolidated on a line-by-line basis are included in the consolidated financial statements of the Group, regardless of the percentage of ownership. Furthermore, carrying values of investments are eliminated against the subsidiaries' related stockholders' equity. The portion of stockholders' equity and results of operations attributed to minority interests are disclosed separately. When losses pertaining to minority interests exceed the value of their share of the relevant capital stock, the excess, or deficit, is charged to the Group, unless the minority stockholders are expressly committed to reimbursing the losses, in which case the excess is recorded as an asset in the consolidated financial statements. If no such commitment is in place, should income be realized in the future, the minority interests' share of that income will be attributed to the Group, up to the amount necessary to recover the losses previously attributed to the Group.

Differences arising from the elimination of investments against the related stockholders' equity of the investment at the date of acquisition (since 1994) are allocated to the assets and liabilities of the companies being consolidated, up to the limit of their current value. The residual value, if negative, is recorded as a component of stockholders' equity, "Consolidation reserve", "Consolidation reserve for risks and futures expenses", when due to a forecast of unfavorable economic results. The residual value, if positive, is capitalized as an asset, "Differences on consolidation", and amortized using the straight-line method on the basis of the estimated period of recoverability or, alternatively, is deducted from the consolidation reserve up to the amount of the same. The positive difference is set off against the consolidation reserve as allowed by Legislative Decree No. 127/91, art. 33, paragraph 3. This is considered a prudent approach since recovery of part of the cost through amortization is not deferred until future years but can immediately be compensated against the pre-existing consolidation reserve or the reserve set up during the year.

The effects of subscribing to capital stock increases at different issue prices for the various classes of stock are recorded as changes in stockholders' equity.

Intercompany profits and losses, not yet realized with third parties, are eliminated net of related tax effects, together with all intercompany receivables, payables, revenues and expenses arising on transactions among the companies consolidated on a line-by-line basis. Exceptions are the gross margins on intercompany sales of plant and equipment produced and sold at prices in line with market conditions, in which case such eliminations would be effectively irrelevant and not cost-beneficial.

Also subject to elimination are guarantees, commitments and risks relating to companies included in the scope of consolidation.

The balance sheets of foreign subsidiaries are translated into euros by applying the exchange rates in effect at year-end. The statements of operations of foreign subsidiaries are translated using the average exchange rates for the year. In the financial statements of subsidiaries operating in high-inflation countries (cumulative inflation in excess of 100% in three years), accounting principles for hyperinflationary economies are used.

Exchange differences resulting from the translation of opening stockholders' equity at current exchange rates and at the exchange rates used at the end of the previous year, as well as differences between net income expressed at average exchange rates and that expressed at current exchange rates, are reflected in the stockholders' equity caption "Cumulative translation adjustments". The exchange rates used are summarized in Note 24.

ACCOUNTING PRINCIPLES

Intangible fixed assets

Intangible fixed assets and deferred charges expected to benefit future periods are recorded at cost, adjusted by amortization calculated on a straight-line basis at rates that reflect the estimated useful life of the assets over the period to be benefited. In particular, goodwill and differences on consolidation are amortized over a period of no more than 20 years, taking into account their expected period of recovery. In general, the Group's companies periodically review that the carrying value of such assets is not higher than the estimated recovery value, in relation to their use or realization, as determined by reference to the most recent corporate plans according to the method indicated in the Italian Accounting Principle No. 24 "Intangible assets". In cases in which there is a permanent impairment in the estimated recovery value that is lower than carrying value, appropriate writedowns are recorded.

In keeping with the principle of prudence and international practice in the Automotive Sector, the costs of researching and developing new products and/or processes are mainly included in the results of operations in the period in which such costs are incurred.

Goodwill is recorded as an asset when acquired for consideration.

Property, plant and equipment

Property, plant and equipment are recorded at purchase or construction cost. These values are adjusted where specific laws of the country in which the assets are located allow or require revaluation, in order to reflect, even if only partially, changes in the purchasing power of the currency. Cost also includes financing expenses incurred during the construction period of specific loans, where significant.

Depreciation is provided on a straight-line basis at rates that reflect the estimated useful life of the related assets.

When, at the balance sheet date, property, plant and equipment show a permanent impairment in value below their carrying value, such assets are written down to the lower value, according to the method indicated in the Italian Accounting Principle No. 16, "Tangible assets".

Ordinary repairs and maintenance expenses related to property, plant and equipment are charged to the statement of operations in the year in which they are incurred, while maintenance expenses which increase the value of property, plant and equipment are capitalized and depreciated over the useful life of the assets.

Capital investment grants related to investments in property, plant and equipment are recorded as deferred income when collection becomes certain and credited to income over the useful life of the related asset.

The revaluation of assets allowed by Law No. 342/2000, having been effected by only a very few Italian companies of the Group, was reversed in the consolidated financial statements, for purposes of giving preference to the uniformity and comparability of the accounting principles over time.

Financial fixed assets

Financial fixed assets include investments in unconsolidated subsidiaries, associated companies and other companies, financial receivables, other securities and treasury stock.

Investments in unconsolidated subsidiaries, in companies in which the Group exercises joint control with other partners and in associated companies (those in which the Group exercises, directly or indirectly, a significant influence) are normally accounted for using the equity method. This method is not used in cases in which the investor no longer exercises significant influence over the investee, in which case the cost is considered to be the value of the investment taken from the prior year's financial statements.

Investments in other companies are valued at cost of acquisition or contribution value (including accessory charges which increase the investment value). If, at the balance sheet date, the investment value is determined to have suffered a permanent impairment in value to below the cost of acquisition or the contribution value, as defined above, it is written down to the lower value.

Should the reasons for the writedown no longer apply, the value of the investment will be reinstated up to the limit of the cost of acquisition.

Financial receivables are recorded at estimated realizable value.

Securities are recorded at cost of acquisition, including additional direct charges. In the event of permanent impairment, a valuation allowance is provided as a direct reduction of the securities.

Treasury stock held as fixed assets is recorded at purchase cost, including any writedowns resulting from a permanent impairment in its value. A specific reserve for treasury stock is also recorded under stockholders' equity of the Group for the same amount.

Financial fixed assets also include receivables for vehicles sold under finance lease contracts, accounted for at cost. The related depreciation is calculated, according to the financial method, based on the life of the lease and the related risk in managing such contracts.

Inventories

Inventories of raw materials, semifinished products, finished goods and contract work in progress completed within the fiscal year are valued at the lower of cost and market value, cost being principally determined on a First-In First-Out (FIFO) basis or at weighted average cost (for the Worms & Cie Group). The valuation of inventories includes the direct costs of materials and labor and variable and fixed indirect costs. Provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value.

Work in progress on long-term contracts is valued based on the stage of completion and is recorded gross of advance payments received from customers. Eventual losses on such contracts are fully recorded when they become known.

Receivables

Receivables are recorded at estimated realizable value. Any unearned interest included in the nominal value of financial receivables has been deferred to future periods. Receivables sold to third parties with recourse or without recourse (including those sold as part of securitization transactions) are eliminated from receivables and disclosed in the memorandum accounts. Receivables denominated in foreign currency are translated at the exchange rate in effect at year-end. Resulting exchange gains and losses are included in the statement of operations.

Other receivables also include deposits to guarantee the securitization transactions of trade receivables (securitization refers to particular programs of discounting trade receivables without recourse, with a collateral deposit as a guarantee).

Investments, treasury stock and securities recorded in current assets

These are stated at the lower of the cost of acquisition, including accessory charges, determined using the "Last In-First-Out" (LIFO) method and realizable value. If realizable value can be determined from the market trend, it is defined on the basis of the market prices at the end of the year.

Reserves for risks and charges

The reserves for risks and charges include provisions to cover losses or liabilities likely to be incurred but uncertain as to amount or as to the date on which they will arise.

Restructuring reserves include the costs to carry out corporate reorganization and restructuring plans and are provided in the year the company formally decides to commence such plans and the relative costs can be reasonably estimated.

Reserve for employee severance indemnities

The reserve for employee severance indemnities comprises the liability for severance indemnities that Italian companies accrue each year for employees, as determined in accordance with labor legislation and contracts in force. The liability is calculated in reference to the years of service and the employee's salary and is indexed for inflation, in accordance with art. 2120 of the Italian Civil Code.

Reserve for pensions and similar obligations

As regards the Fiat Group, the reserve for pensions and similar obligations includes provisions for long-service or other bonuses (including pension funds required by some countries in which the Group operates), payable to employees and former employees under contractual agreements or by law, determined on an actuarial basis, where applicable. In particular, where reference is made to IAS 19 "Employee Benefits" for the accounting of certain contractual features in the absence of specific Italian regulations, the Group has adopted the "corridor" method.

As regards the Worms & Cie Group, the early adoption by the Group of IAS 19, as provided by French regulations, gave rise to effects that have been booked to consolidated stockholders' equity. Such effect gave rise to a reduction in consolidated stockholders' equity of the Worms & Cie Group of € 57 million (net of taxes).

Payables

Payables are recorded at face value; the portion of interest included in the nominal amount is deferred until future periods in which it is earned. Accounts payable denominated in foreign currency are translated at the exchange rate in effect at year-end. Resulting exchange gains and losses are included in the statement of operations.

Taxes payable includes the tax charge for the current year recorded in the statement of operations.

Accruals and deferrals

Accruals and deferrals, common to two or more years, are determined using the accrual method based on the income and expense to which they relate.

Securitization of financial receivables

The Fiat Group has programs for discounting financial receivables originated by the financial services companies using securitization transactions. This discounting of financial receivables calls for the sale without recourse of a portfolio of financial receivables to a non-Group securitization vehicle. This company finances the purchase of the portfolio by issuing securities which it backs (Asset Backed Securities). The securities issued are divided into two types having different characteristics: the first is placed on the market, occasionally subdivided by various classes of ratings, and subscribed to by investors; the second, the reimbursement of which is subordinated to the first, is subscribed to by the seller. The risk for the seller is limited to the portion of the securities which it has subscribed. At the end of each accounting period, therefore, such securities are evaluated in relation to the performance of the receivables sold and may be written down on the basis of this evaluation. These securities are recorded in financial receivables.

Lastly, these sales without recourse require the immediate recognition of the present value of the future margin implicit in the receivables sold, net of discounting costs. This net value is included in the value of production since it relates to revenues arising out of the normal operations of the financial services companies (to this end, the financial income of such companies is included in revenues from sales and services, as described in the relevant note).

Derivative financial instruments

Financial instruments used to hedge exchange and interest rate fluctuations and, in general, changes in the assets and liabilities, are presented in Note 13. Derivative financial instruments are recorded at inception in the memorandum accounts at their notional contract amount.

Beginning in 2001, the Fiat Group adopted – to the extent that it is consistent and not in contrast with general principles set forth in the Italian law governing financial statements – the international accounting standard IAS 39 “Financial Instruments: Recognition and Measurement”, applicable beginning January 1, 2001. Such principle covers the accounting treatment of all financial assets and liabilities in and off-balance sheet and, in particular, states that derivative financial instruments should be valued at fair value. Taking into account the restrictions under Italian law and the evolution of the law now underway, the Group maintains, consistently with Consob rulings, that IAS 39 is applicable only in part and only in reference to the designation of derivative financial instruments as “hedging” or “non-hedging instruments” and with respect to the symmetrical accounting of the result of the valuation of the derivative hedging instrument and the result attributable to the hedged item (“hedge accounting”). The transactions which, according to the Group’s policy for risk management, are able to meet the conditions stated by the accounting principle for hedge accounting treatment are designated as hedging transactions; the others although set up for the purpose of managing risk (inasmuch as the Group’s policy does not permit speculative transactions), have been designated as “trading”.

Details of the accounting treatment adopted are as follows.

For foreign exchange instruments designated as hedges, the premium or discount, representing the difference between the spot exchange rate at the inception of the contract and the forward exchange rate, is recorded in the statement of operations, in financial income and expenses, in accordance with the accrual method. Differences between the value of such instruments using the exchange rates at inception and those at year-end are also included in the statement of operations to offset the exchange effects of the items being hedged. In particular, for contracts entered into to hedge the exchange risk of future transactions that are considered highly probable, the effects of the alignment with the year-end exchange rate are deferred until the year in which the underlying transactions are recorded.

For interest rate instruments designated as hedges, the interest rate differential is included in the statement of operations, in financial income and expenses, in accordance with the accrual method, offsetting the effects of the hedged transaction.

Derivative financial instruments hedging interest rate fluctuations that are designated as trading instruments are valued at market value and the differential, if negative compared to the contractual value, is recorded in the statement of operations as financial income and expenses, in accordance with the concept of prudence.

The same prudent principle is followed in recording derivative financial instruments to manage trading risks (for example equity swaps) that do not meet the conditions for hedge accounting treatment.

Revenue recognition

Revenues from sales and services are recognized on the accrual basis net of returns, discounts, allowances and rebates.

Revenues from sales of products are recognized at the moment title passes to the customer, which is generally at the time of shipment. Under contracts for vehicle sale and buy-back at a specified price, a specific reserve for future risks and charges is set aside based on the difference between the guaranteed residual value and the estimated realizable value of the used asset, taking into account the probability that such option will be exercised; this reserve is set up at the time of the initial sale and adjusted periodically over the period of the contract.

Revenues from services are recorded when they are performed. Revenues from long-term contracts are recognized using the percentage of completion method.

Revenues from sales and services include income from the normal business of the financial services companies. Revenues also include amounts received from financing leases, net of depreciation, and income from company assets on operating leases.

With regard to the Insurance Sector, premiums collected by the insurance companies are recognized on an accrual basis.

Costs

Costs are recognized on an accrual basis.

Research and development costs are principally charged to the statement of operations in the period in which they are incurred. Research-related revenue grants provided by the Government or the EU are credited to the statement of operations when collection becomes certain.

Advertising and promotion expenses are charged to the statement of operations in the year incurred.

Estimated product warranty costs are charged to the statement of operations at the time the sale is recorded.

The costs of production include the interest and expenses in the normal course of business of the financial services companies, as well as insurance claims and other technical costs of the insurance companies.

Investment income

Dividends distributed by companies valued at cost are recorded in the year in which they are declared.

Financial income and expenses

Financial income and expenses are recorded on the accrual basis. Income and expenses resulting from derivative financial instruments, as well as relevant year-end exchange differences, are included in the statement of operations in accordance with the abovementioned policies disclosed under memorandum accounts.

Costs relating to the discounting of receivables and notes of any type (with recourse, without recourse, securitization) and nature (trade, financial, other) are charged to the statement of operations on the accrual basis.

Income taxes

Income taxes currently payable are provided for in accordance with the existing legislation of the countries in which the Group's companies operate.

Deferred tax liabilities or deferred tax assets are determined on all the temporary differences between the consolidated assets and liabilities and the corresponding amounts for purposes of taxation, including those deriving from the most significant consolidation adjustments. As allowed by the applicable accounting principles, deferred tax assets are also recorded to account for the tax benefit of tax loss carryforwards whenever the specific conditions for future recoverability are met.

In particular, deferred tax assets have only been recorded if there is a reasonable certainty of their future recovery. Deferred tax liabilities are not recorded if it is unlikely that a future liability will arise.

Deferred tax assets and liabilities are offset if they refer to the same company and to taxes which can be compensated. The balance from offsetting the amounts is recorded in deferred tax assets in current assets, if a deferred tax asset, and in the deferred tax reserve, if a deferred tax liability.

COMMENTS ON THE PRINCIPAL COMPONENTS OF THE CONSOLIDATED BALANCE SHEET

1) Intangible fixed assets

€ in millions	Net of amortization 12/31/2003	Additions	Amortiz.	Change in the scope of consolidation	Reclassific.	Foreign exchange effects	Disposals and other changes	Net of amortization 12/31/2004
Start-up and expansion costs	155	11	(45)	0	0	1	1	123
Research, development and advertising expenses	22	4	(9)	0	11	0	0	28
Industrial patents and intellectual property rights	406	48	(116)	3	85	(14)	(10)	402
Concessions, licenses, trademarks and similar rights	383	53	(97)	(16)	31	(10)	(2)	342
Goodwill	159	1	(16)	38	0	(9)	(15)	158
Intangible assets in progress and advances	255	112	0	0	(143)	(1)	(9)	214
Other intangible assets	167	41	(70)	(7)	17	0	(1)	147
Differences on consolidation	3,164	72	(335)	30	(1)	(130)	(21)	2,779
Total intangible fixed assets	4,711	342	(688)	48	0	(163)	(57)	4,193

Details of the composition of intangible fixed assets and the changes during the year, by Group, are as follows:

€ in millions	Net of amortiz. 12/31/2003	Additions	Amortiz.	Change in the scope of consolidation	Reclassific.	Foreign exchange effects	Disposals and other changes	Net of amortiz. 12/31/2004
Fiat Group								
Start-up and expansion costs	144	11	(41)	0	0	1	0	115
Research, development and advertising expenses	22	4	(9)	0	11	0	0	28
Industrial patents and intellectual property rights	406	48	(116)	3	85	(14)	(10)	402
Concessions, licenses, trademarks and similar rights	347	37	(82)	(16)	21	(10)	0	297
Goodwill	151	1	(16)	38	0	(9)	(14)	151
Intangible assets in progress and advances	246	99	0	0	(131)	0	(10)	204
Other intangible assets	157	38	(65)	(7)	14	0	(1)	136
Differences on consolidation	2,251	26	(146)	0	0	(130)	(12)	1,989
Total Fiat Group	3,724	264	(475)	18	0	(162)	(47)	3,322
Worms & Cie Group								
Concessions, licenses, trademarks and similar rights	32	11	(14)	0	10	0	(1)	38
Intangible assets in progress and advances	8	13	0	0	(10)	(1)	0	10
Other intangible assets	2	0	(2)	0	1	0	1	2
Differences on consolidation	871	0	(147)	30	(1)	0	0	753
Total Worms & Cie Group	913	24	(163)	30	0	(1)	0	803
Alpitour Group								
Start-up and expansion costs	2	0	(1)	0	0	0	0	1
Concessions, licenses, trademarks and similar rights	3	5	(1)	0	0	0	0	7
Goodwill	7	0	0	0	0	0	0	7
Intangible assets in progress and advances	2	0	0	0	(2)	0	0	0
Other intangible assets	7	3	(3)	0	2	0	0	9
Differences on consolidation	43	9	(5)	0	0	0	(10)	37
Total Alpitour Group	64	17	(10)	0	0	0	(10)	61
IFIL Holdings System								
	10	37	(40)	0	0	0	0	7
Total intangible fixed assets	4,711	342	(688)	48	0	(163)	(57)	4,193

Major changes, by Group, are described below.

Fiat Group

Intangible fixed assets are shown net of accumulated writedowns of € 662 million (€ 614 million at December 31, 2003) of which € 604 million (€ 579 million at December 31, 2003) relates to goodwill and differences on consolidation. Writedowns recorded in 2004 amount to € 48 million (€ 55 million in 2003) and are included in the disposals and other changes column.

Start-up and expansion costs at December 31, 2004 consist of deferred plant start-up costs and corporate formation costs of € 57 million (€ 60 million at December 31, 2003) and capital increase costs of € 58 million (€ 84 million at December 31, 2003).

Differences on consolidation total € 1,989 million at December 31, 2004 (€ 2,251 million at December 31, 2003) and include the net residual amounts (net of amortization and writedowns, as described below) on the acquisition of the Case Group and other CNH Group companies for € 1,756 million, the Irisbus Group for € 43 million, Meridian Technologies Inc. for € 23 million, certain Components Sector companies for € 39 million (including € 20 million as a result of the purchase of Magneti Marelli Sistemi Elettronici in 2004), certain Production Systems Sector companies for € 39 million and other minor companies for € 26 million. Differences on consolidation also include that deriving from the Tender Offer issued in 2000 for the shares of Magneti Marelli S.p.A. for € 15 million, as well as that from the CNH Global N.V. capital increase effected in 2000 for € 48 million.

As regards the amounts recorded in goodwill and differences on consolidation, amortization is charged over periods ranging from five to twenty years, on the basis of the expected recoverability of these amounts. At the end of the year, however, specific reviews were conducted to verify whether such amounts are recoverable by considering the existing prospects of earnings. From the analyses performed, taking into consideration the changed market conditions, the restructuring plans initiated by certain Sectors of the Group and the consequent impact on the business plans of various Sectors, permanent impairments in value were identified at December 31, 2004 that gave rise to writedowns totaling € 25 million (€ 38 million at December 31, 2003).

Worms & Cie Group

The balance of € 803 million at December 31, 2004 mainly includes the residual difference on consolidation on the purchase of the ex-AWA Group (€ 746 million), which is being amortized over 20 years. The change in the scope of consolidation during 2004 is principally due to the acquisition of the Brangs & Heinrich Group (€ 22 million).

Alpitour Group

The differences on consolidation regarding the subsidiaries of the Alpitour Group are amortized over five years; differences on consolidation relating to the companies owning the resorts in the Maldives are amortized on the straight-line basis over the life of the concession rights (from six to 16 years) received from the government for the use of the islands for tourism purposes. It should be pointed out that such concession rights were renewed up to 2015.

Part of the increase, € 7 million, refers to the goodwill paid on the purchase of the additional 24.16% stake in the company Jumboturismo S.A.

IFIL Holdings System

The difference on consolidation which originated in 2004 on the purchase of NHT capital stock (€ 37 million) was amortized at the end of the first quarter of 2004 for € 24 million since it could not be allocated. At the end of 2004, taking into account that on consolidation the IFIL Group had in the past deducted the difference on consolidation on 90% of the investment in the Alpitour Group from the consolidation reserve, a charge was then made to completely amortize the remaining amount of € 13 million.

2) Property, plant and equipment

€ in millions	Net of depreciation 12/31/2003	Additions	Depreciation	Change in the scope of consol.	Reclassific.	Foreign exchange effects	Disposals and other changes	Net of depreciation 12/31/2004	Accumulated depr. and writ. 12/31/2004
Land and buildings	3,115	85	(170)	21	101	23	(76)	3,099	2,293
Plant and machinery	3,401	299	(606)	28	167	4	(76)	3,217	7,816
Industrial and commercial equipment	2,104	549	(748)	13	398	7	(15)	2,308	8,105
Other assets	1,363	630	(337)	3	13	(12)	(376)	1,284	1,844
Construction in progress and advances	828	702	(1)	3	(679)	(1)	(127)	725	0
Total property, plant and equipment	10,811	2,265	(1,862)	68	0	21	(670)	10,633	20,058

Details of the composition of property, plant and equipment and the changes during the year, by Group, are as follows:

€ in millions	Net of depreciation 12/31/2003	Additions	Depreciation	Change in the scope of consol.	Reclassific.	Foreign exchange effects	Disposals and other changes	Net of depreciation 12/31/2004	Accumulated depr. and writ. 12/31/2004
Fiat Group									
Land and buildings	2,736	61	(139)	16	56	29	(63)	2,696	2,010
Plant and machinery	3,393	293	(605)	28	167	4	(76)	3,204	7,810
Industrial and commercial equipment	1,504	493	(627)	14	323	16	(15)	1,708	6,828
Other assets	1,314	616	(322)	(1)	11	(11)	(375)	1,232	1,716
Construction in progress and advances	728	649	0	3	(557)	(1)	(125)	697	0
Total Fiat Group	9,675	2,112	(1,693)	60	0	37	(654)	9,537	18,364
Worms & Cie Group									
Land and buildings	289	18	(27)	4	15	(4)	(9)	286	259
Industrial and commercial equipment	599	53	(120)	(1)	75	(9)	0	597	1,276
Other assets	39	9	(12)	2	2	0	(4)	36	112
Construction in progress and advances	68	53	(1)	0	(92)	0	(1)	27	0
Total Worms & Cie Group	995	133	(160)	5	0	(13)	(14)	946	1,647
Alpitour Group									
Land and buildings	80	6	(3)	(3)	30	(2)	(2)	106	18
Plant and machinery	8	6	(1)	0	0	0	0	13	6
Industrial and commercial equipment	1	3	(1)	0	0	0	0	3	1
Other assets	12	5	(3)	2	0	(1)	1	16	16
Construction in progress and advances	31	0	0	0	(30)	0	0	1	0
Total Alpitour Group	132	20	(8)	(1)	0	(3)	(1)	139	41
IFIL Holdings System and intragroup eliminations									
	9	0	(1)	4	0	0	(1)	11	6
Total	10,811	2,265	(1,862)	68	0	21	(670)	10,633	20,058

Major changes, by Group, are described below.

Fiat Group

Property, plant and equipment include revaluations required or allowed by national laws, which, net of related accumulated depreciation, amount to € 197 million at December 31, 2004 (€ 231 million at December 31, 2003).

No interest expenses were capitalized in 2004 or in 2003.

The change in the scope of consolidation shows a positive balance of € 60 million as a result of the entry of companies for € 125 million and the sale of companies for € 65 million.

Reclassifications refer to a reduction in construction in progress and advances on purchases of property, plant and equipment existing at the end of the prior year which were reclassified at the time they were effectively acquired and put into operation.

Disposals and other changes, with a negative balance of € 654 million, also include the writedowns recorded during the year for € 84 million (€ 351 million in 2003), detailed by Sector as follows: Automobiles € 75 million, Metallurgical Products € 4 million, Components € 1 million, and other minor companies € 4 million. This item also comprises disposals relating to assets on operating leases of € 303 million.

Other assets include vehicles on operating leases for € 828 million at December 31, 2004 (€ 914 million at December 31, 2003), mainly relating to long-term leases.

Worms & Cie Group

Property, plant and equipment include assets under finance leases for € 7 million (€ 125 million at December 31, 2003). The reduction from December 31, 2003 is due to the end of the leases of AWA Ltd. The depreciation of property, plant and equipment includes € 54 million of extraordinary depreciation.

Alpitour Group

The change in the scope of consolidation is principally the result of the first-time line-by-line consolidation of Neos, the airline company of the Group (+€ 2 million) and the deconsolidation of the subsidiary Jumbo Renta, a company owning commercial properties in Spain (-€ 3 million) that was sold in April 2004.

Additions mainly include the costs for the construction work on a new tourist resort in Sicily, in Arenella (province of Siracusa) for € 17 million, as well as the financial charges related specifically to the financing received (€ 1 million). Mortgages are carried by financial institutions on certain buildings held by the Alpitour Group (mainly tourist resorts) for € 2 million.

The residual net book value of monetary revaluations effected in prior years on buildings held by the Alpitour Group, as allowed by specific laws, amounts to € 0.3 million.

The depreciation rates used for property, plant and equipment are within the following ranges:

	Minimum	Maximum
Land and buildings	1%	10%
Industrial and commercial equipment	5%	28%
Plant and machinery	8%	21%
Other assets	4%	33%

3) Financial fixed assets

Investments

€ in millions	Balance at 12/31/2003	Revaluations	Writedowns	Change in the scope of consolidation	Increases	Foreign exchange effects	Disposals and other changes	Balance at 12/31/2004
Unconsolidated subsidiaries	488	11	(35)	(13)	16	2	(186)	283
Associated companies	4,465	191	(106)	0	191	12	(554)	4,199
Other companies	926	1	(10)	(3)	8	0	(154)	768
Total investments	5,879	203	(151)	(16)	215	14	(894)	5,250

Revaluations and writedowns include the Group's share of the earnings or losses of companies accounted for using the equity method, the amortization of the differences on consolidation and the loss in value of the companies stated at cost.

Details of the composition of financial fixed assets and the changes during the year, by Group, are as follows:

€ in millions	Balance at 12/31/2003	Revaluations	Writedowns	Change in the scope of consolidation	Increases	Foreign exchange effects	Disposals and other changes	Balance at 12/31/2004
IFI and IFIL Holdings System								
Unconsolidated subsidiaries	48	0	(4)	0	0	0	0	44
Associated companies	646	27	(14)	0	116	0	(509)	266
Other companies	641	0	0	0	0	0	(35)	606
Total IFI and IFIL Holdings System	1,335	27	(18)	0	116	0	(544)	916
Fiat Group								
Unconsolidated subsidiaries	435	11	(31)	(13)	16	2	(184)	236
Associated companies	3,202	113	(70)	3	74	17	(9)	3,330
Other companies	257	1	(9)	(3)	7	0	(95)	158
Total Fiat Group	3,894	125	(110)	(13)	97	19	(288)	3,724
Worms & Cie Group								
Unconsolidated subsidiaries	2	0	0	0	0	0	0	2
Associated companies	613	51	(22)	(1)	1	(5)	(36)	601
Other companies	28	0	(1)	0	1	0	(24)	4
Total Worms & Cie Group	643	51	(23)	(1)	2	(5)	(60)	607
Alpitour Group								
Unconsolidated subsidiaries	3	0	0	0	0	0	(2)	1
Associated companies	4	0	0	(2)	0	0	0	2
Total Alpitour Group	7	0	0	(2)	0	0	(2)	3
Total investments	5,879	203	(151)	(16)	215	14	(894)	5,250

Major changes in investments, by Group, can be summarized as follows.

IFI and IFIL Holdings System

Increases of € 116 million refer to the purchase of 9.53% of Eurofind capital stock from Mediobanca in January 2004 from the subsidiary Ifil Investissements.

The disposals and other changes column includes the sale of 50% of the capital stock of Eurofind Food (€ 481 million) and 7.2% of the capital stock of Club Méditerranée (€ 35 million).

Fiat Group

The change in the scope of consolidation, with reference to investments in unconsolidated subsidiaries, is due to the line-by-line consolidation of some minor subsidiaries.

The amounts included in the increases column are mainly related to the following acquisitions and capitalizations:

- investments in unconsolidated subsidiaries: capitalization of the company Fiat Auto S.A. de Ahorro para Fines Determinados (€ 6 million), acquisition of the company BMI S.p.A. (€ 4 million) and other minor companies (€ 6 million);
- investments in associated companies: acquisitions of the companies Maire Engineering S.p.A (€ 35 million) and Immobiliare Novoli S.p.A. (€ 21 million); capitalization of the companies CNH Capital Europe S.A.S. (€ 8 million), CNH de Mexico SA de CV (€ 5 million) and other minor companies (€ 5 million);
- investments in other companies: acquisition of the company Lingotto S.p.A. (€ 3 million) and other minor companies (€ 4 million).

Disposals and other changes refer principally to:

- investments in unconsolidated subsidiaries: the change refers to the dividends distributed by BUC - Banca Unione di Credito;
- investments in associated companies: sale of the company Toro Targa Assicurazioni S.p.A. (-€ 13 million) and other minor companies (€ 4 million);
- investments in other companies: sale of the investments in Edison S.p.A. (€ 65 million) and Gas Turbine Technologies S.p.A. (€ 6 million), liquidation of Kish Receivables Company (€ 21 million) and sales of other minor companies (€ 3 million).

Worms & Cie Group

Disposals and other changes include the sale of the investment in Accor (€ 23 million), reimbursements and distributions of reserves by Pechel Industries and SGS (€ 29 million) and other minor changes (€ 8 million).

Investments in unconsolidated subsidiaries

€ in millions	%	12/31/2004	%	12/31/2003	Change
IFI and IFIL Holdings System					
Juventus Football Club S.p.A.	61.69	44	62.0	48	(4)
Fiat Group					
Buc- Banca Unione di Credito	100.0	171	100.0	340	(169)
Leasys S.p.A.	51.0	16	51.0	36	(20)
Fiat Group - sundry unconsolidated subsidiaries		49		59	(10)
		236		435	(199)
Worms & Cie Group - sundry companies		2		2	0
Alpitour Group - sundry companies		1		3	(2)
Total investments in unconsolidated subsidiaries		283		488	(205)

Unconsolidated subsidiaries of the Fiat Group

The above companies have not been consolidated either because their operations are so dissimilar (BUC - Banca Unione di Credito) or because it would not have been possible to obtain the necessary information for their consolidation on a timely basis without disproportionate expense or because their operations are not significant. Such companies show a negative net financial position of € 443 million (€ 297 million at December 31, 2003).

As regards the investment in Leasys S.p.A., this company is subject to joint control with the other partner, even though the Fiat Group holds 51% of capital stock; like the other principal jointly controlled companies (which, instead are included in the associated companies), this investment is accounted for using the equity method.

Investments in associated companies

€ in millions	12/31/2004	12/31/2003	Change
IFI and IFIL Holdings System			
Exor Group S.A.	196	179	17
Eurofind Textile	70	0	70
Eurofind Group	0	467	(467)
	266	646	(380)
Fiat Group			
Fiat -GM Powertrain B.V.	1,258	1,172	86
Italenergia Bis S.p.A.	514	512	2
Fidis Retail Italia S.p.A.	420	372	48
Tofas Turk Otomobil Fabrikasi Tofas A.S.	183	156	27
Sevel S.p.A.	120	118	2
Rizzoli Corriere della Sera MediaGroup S.p.A. (ex-H.d.P. S. p.A.)	101	99	2
Kobelco Construction Machinery Co. Ltd	99	103	(4)
Naveco Ltd.	94	102	(8)
CNH Capital Europe S.a.S.	58	45	13
Société Européenne de Véhicules Légers du Nord - Sevelnord S.A.	52	49	3
Fiat Group - sundry companies	431	474	(43)
	3,330	3,202	128
Worms & Cie Group			
SGS S.A.	566	560	6
WORMS & Cie Group - sundry companies	35	53	(18)
	601	613	(12)
Alpitour Group			
	2	4	(2)
Total associated companies	4,199	4,465	(266)

Associated companies of the IFIL Holdings System

The change in these investments is due to the following transactions:

- proportional spin-off of Eurofind, in December, through two newly-formed Luxembourg-registered companies named Eurofind Food and Eurofind Textile;
- sale to Auchan Group, in the second half of December, of 50% of Eurofind Food capital stock.

The carrying value of the investment in the Eurofind Textile Group includes a residual difference on consolidation of € 22 million.

Associated companies of the Fiat Group

The Fiat Group holds certain companies under joint control, the most important of which are Fiat-GM Powertrain B.V., Sevel S.p.A., Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme and Naveco Ltd. Such companies carry a negative net financial position of € 1,203 million (€ 1,093 million at December 31, 2003).

Fiat-GM Powertrain

Fiat-GM Powertrain B.V. is an industrial joint venture for the manufacture of engines and gears for cars that was set up in the second half of 2001 between Fiat and General Motors Corporation (General Motors) under the well-known strategic alliance. The key figures taken from the financial statements of Fiat-GM Powertrain B.V., drawn up in accordance with the accounting principles of the Fiat Group for the valuation of the investment using the equity method at December 31, 2004 and 2003 are as follows:

€ in millions	12/31/2004	12/31/2003
Balance sheet data		
Fixed assets	3,149	3,250
Total assets	6,581	6,611
Net indebtedness	(1,273)	(1,238)
Stockholders' equity	2,516	2,344

€ in millions	2004	2003
Statement of operations data		
Net sales	6,530	6,598
Operating income	255	296
Net financial expenses	31	38
Net income	139	180

In view of the strictly industrial nature of the joint venture and in order to achieve a reading of its industrial performance that is consistent with the past, commencing in 2001 and during the period in which the industrial convergence is being implemented (estimated in approximately three years), the Group's share of the results of the company has been included in the consolidated statement of operations as a split between the operating/industrial component and the other non-operating components. In particular, the Group's share of the operating result of the company (€ 127 million in 2004, € 147 million in 2003, € 143 million in 2002 and € 47 million in the second half of 2001), determined by the transfer pricing policy adopted, is included in the consolidated statement of operations as an adjustment to the cost of the products purchased from the joint venture, whereas the share of the result in the other non-operating components is allocated to the respective principal captions, without effect on the total net result recorded by the Group.

Lastly, as a consequence of the "Termination Agreement" signed between Fiat and General Motors on February 13, 2005, the joint venture will be dissolved during the first half of 2005 in the manner described previously in the Report on Operations – Significant events occurring since the end of the fiscal year and business outlook. Based upon the rules established in the agreement for the allocation of the assets between the two partners, it is deemed that the carrying value of Fiat-GM Powertrain recorded in the financial statements is fully recoverable.

Italenergia Bis

With reference to the investment in Italenergia Bis S.p.A., during the second half of 2002, the Fiat Group had sold a 14% holding to certain other stockholders of the company (Banca Intesa, IMI Investimenti and Capitalia, hereinafter the "Banks") for € 548 million, realizing a gain of € 189 million. The related sales contracts and the contemporaneous agreements with another stockholder of Italenergia Bis (Electricité de France, hereinafter "EDF") provide, among other things, that:

- by virtue of an option acquired in respect of EDF (the so-called EDF Put), Fiat may elect, between March and April 2005, to sell the shares it still holds in Italenergia Bis (223,151,568 shares, equal to 24.6%,) to EDF, at a price corresponding to the value of the investment, as estimated on the basis of the valuations performed by three experts appointed for that purpose. That price, less a premium of € 127 million, payable only in the event the option is exercised, may not be less than a minimum (floor) of € 1,147 million, or € 5.141698 per share;
- in connection with the EDF Put, the Banks (in addition to the put agreements negotiated independently with EDF for their respective initial holdings in Italenergia Bis) obtained a so-called "tag along/drag along" agreement from Fiat, and Fiat arranged a symmetrical Put/Call contract with EDF (conditional upon the prior exercise of the EDF Put by Fiat) that gives rise to two scenarios:
 - a) Fiat independently exercises the EDF Put on its own 24.6% holding and in this case:
 - the Banks exercise the "tag along" under which the Banks ask Fiat to exercise for each of them the put clause of the put/call agreed with EDF at the same price conditions as the EDF Put (valuation at fair market value, minimum floor of € 5.141698 per share);
 - the corresponding "drag along" allows Fiat to reacquire the Banks' shares in any case and to surrender them to EDF which in turn has, by means of the call clauses in the Put/Call, the right to ask Fiat to acquire and surrender the shares. In substance, by means of the call, EDF may (providing that Fiat exercised the EDF Put, which is a condition for the Put/Call) acquire the entire original Fiat investment.

- b) Fiat does not independently exercise the EDF Put on its own 24.6% holding and in this case:
- the individual Banks, separately, have the right to request Fiat to exercise its Put on EDF which allows the Banks to exercise the “tag along”, as described above, and to realize a gain;
 - Fiat may elect not to exercise the EDF Put, as instead requested, and the Banks have the right to ask that Fiat purchase from the same Banks their respective 4.66% holdings at the lower of the price determined pursuant to the EDF Put, in accordance with the same criteria and procedures agreed with EDF, and € 6.5 per share;
 - Fiat does not have a call right on the Banks’ holdings which were sold to the Banks definitively.

In conclusion, the 14% holding in Italenergia Bis sold by Fiat is subject to Put options exercisable in 2005 by each of the Banks. Nevertheless, the effects of the sale were considered final and the resulting gain realized in 2002, in that Fiat had contemporaneously stipulated a put option with EDF that will give it the right, in the event that the Banks ask to purchase said shares, to sell them to EDF at the same price conditions as the EDF Put.

In order to complete disclosure, it should be pointed out that in December 2004 Fiat received a letter in which EDF advised that it intends to invoke the arbitration rights available under the Put Option Agreement signed in September 2002 with Fiat. EDF claims that certain recent changes to Italian legislation have raised uncertainty regarding the nature and extent of the rights and interests that it would acquire under the Put Option Agreement. Fiat has reviewed its legal position on the issues raised by EDF and it believes that its rights under the Put Option Agreement are unaffected by the position communicated by EDF. At the end of December 2004, EDF asked the organization which administers arbitration proceedings – the London Court of International Arbitration – to commence arbitration for the above reasons. Fiat has presented its defense case before the Court. It is probable that the arbitration will end by the end of the year.

Again in December, EDF initiated arbitration proceedings against Fiat with regard to the Put on the 14% holding sold to the three Banks in 2002 and functionally at the service of the tag-along/drag-along right granted to the same Banks in the event of exercising the Put Option relative to the 24.6% holding. In this request, too, EDF claims that certain recent changes to Italian legislation have raised uncertainty regarding the nature and extent of the rights and interests that it would acquire under the Put Option Agreement. Also in this case, Fiat has reviewed its legal position on the issues raised by EDF and it believes that its rights under the Put Option Agreement are well-founded. The arbitration is under the administration of the International Chamber of Commerce and in its initial stages.

The legal steps taken by EDF are to be associated with similar actions undertaken by EDF with regard to the other stockholders of Italenergia Bis and with the well-known initiatives, according to press reports, advanced in relation to other operators in the sector and financial operators aimed at identifying an industrial or financial partner in Italenergia Bis. Press sources have also revealed that negotiations are underway between the Italian and French governments concerning the reciprocal opening of the electricity market.

On March 21, 2005 Fiat exercised the Put option relating to 24.6% of the shares as well as the Put on the 14% holding sold to the three banks in 2002.

Fidis Retail Italia (“FRI”)

With reference to the associated company Fidis Retail Italia S.p.A. (“FRI”), this company was set up to take over the European activities of the Automobile Sector in the area of consumer financing for retail automobile purchases. To this end, those activities, performed by various companies operating in different countries in Europe, were gradually sold to FRI, after obtaining the necessary authorizations from the local regulatory agencies. As envisaged by the Framework Agreement signed on May 27, 2002 by Fiat and the “Money Lending Banks” (Capitalia, Banca Intesa, SANPAOLO IMI and later Unicredito Italiano), on May 27, 2003, the Fiat Group sold 51% of FRI’s shares and, as a result, the relative control, to Synesis Finanziaria S.p.A. an Italian company held equally by the four Banks, at the price of € 370 million. This transaction led to a loss of € 15 million that had already been set aside in a specific reserve for risks in the consolidated financial statements at December 31, 2002, based upon the binding agreements signed by the parties at that time. The sale contract calls for Put and Call options that can be summarized as follows:

- Call option by Fiat Auto to purchase 51% of Fidis Retail Italia, held by Synesis Finanziaria, exercisable quarterly up to January 31, 2008 (initially up to January 31, 2006, before the extension agreed on February 4, 2005) at a price increased *prorata temporis* over the sale price plus additional payments less any distributions;
- Synesis Finanziaria’s right to ask Fiat Auto to exercise the above purchase option on 51% of Fidis Retail Italia in the event of which, by January 31, 2008 (January 31, 2006, before the above mentioned extension) there is a change in control of Fiat or Fiat Auto (also through the sale of a substantial part of the companies owned by

- Fiat Auto or one of its brands Fiat, Alfa and Lancia) as set forth in the relative stockholders agreement between Fiat Auto, Synesis Finanziaria and the four money lending banks;
- so-called “tag along” option on behalf of Synesis Finanziaria if the same events referred to in the preceding point occur after January 31, 2008 (originally January 31, 2006);
 - so-called “drag along” option on behalf of Fiat Auto in the event of the sale of the investment after January 31, 2008 (January 31, 2006, before the above mentioned extension).

As a result of the transaction, FRI was deconsolidated and has repaid all the loans it previously obtained from the centralized treasury department of the Group.

Associated companies of the Worms & Cie Group

The carrying value of the investment in SGS S.A. includes a difference on consolidation of € 373 million which is being amortized over 20 years (€ 393 million at December 31, 2003).

Associated companies of the Alpitour Group

The change in the scope of consolidation (-€ 2 million) is due to the first-time line-by-line consolidation of Neos S.p.A., in which a 50% stake had already been held in 2003.

Investments in other companies

€ in millions	12/31/2004	12/31/2003	Change
IFI and IFIL Holdings System			
Sanpaolo IMI S.p.A.	601	601	0
Club Méditerranée S.A.	0	35	(35)
Other unlisted investments	5	5	0
	606	641	(35)
Fiat Group			
Mediobanca S.p.A.	93	93	0
Edison S.p.A.	0	65	(65)
Other unlisted investments	65	99	(34)
	158	257	(99)
Worms & Cie Group			
Accor S.A.	0	23	(23)
Other unlisted investments	4	5	(1)
	4	28	(24)
Total other companies	768	926	(158)

Financial fixed assets – Receivables

€ in millions	12/31/2004			12/31/2003				
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due within one year	Due beyond one year	Total	Of which due beyond 5 years
Receivables from associated companies	1	0	1	0	1	0	1	0
Receivables from others	23	25	48	7	18	170	188	129
Total receivables	24	25	49	7	19	170	189	129

Details, by Group, are as follows:

€ in millions	12/31/2004			12/31/2003				
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due within one year	Due beyond one year	Total	Of which due beyond 5 years
IFI S.p.A.								
Receivables from others	0	8	8	0	0	7	7	0
Fiat Group								
Receivables from others	18	1	19	0	4	25	29	2
Worms & Cie Group								
Receivables from others	1	5	6	4	8	124	132	124
Alpitour Group								
Receivables from associated companies	1	0	1	0	1	0	1	0
Receivables from others	4	11	15	3	6	14	20	3
	5	11	16	3	7	14	21	3
Total receivables	24	25	49	7	19	170	189	129

Financial receivables by the Fiat Group are shown in the financial statements net of the allowances for doubtful accounts of € 3 million (€ 5 million at December 31, 2003), with a provision of € 3 million during the year 2004; they approximate fair value which has been calculated using the present value method, based on a discount rate which reflects market conditions, the duration and the risk of insolvency.

Financial receivables by the Worms & Cie Group show a reduction of € 126 million. Of that amount, € 124 million is due to the early repayment of the loan granted by ArjoWiggins to the buyers of Appleton Papers Inc. in 2001 (nominal value of US\$ 321 million).

Financial receivables by the Alpitour Group, equal to € 16 million, include loans granted to companies operating hotels and suppliers providing tourist services, earning interest at floating rates based on the Euribor and Libor (€ 7 million). They also include security deposits (€ 8 million) to guarantee exclusive marketing contracts for the tourist resorts in the Maldives and in Tunisia, earning interest at floating rates based on the Euribor and Libor (of which € 3 million is due beyond five years), as well as other receivables from associated companies for € 1 million.

Financial fixed assets – Other securities

€ in millions	12/31/2004	12/31/2003	Change
Fiat Group	55	56	(1)
Worms & Cie Group	34	23	11
IFIL Holdings System	5	5	0
Total other securities	94	84	10

Other securities of the Fiat Group are shown in the financial statements net of allowances for writedowns of € 24 million (€ 32 million at December 31, 2003). The writedown refers to the adjustment of the securities to estimated realizable value. At December 31, 2004, the carrying values are substantially in line with fair value.

Other securities of the Fiat Group are shown in the financial statements net of allowances for writedowns of € 24 million (€ 32 million at December 31, 2003). The writedown refers to the adjustment of the securities to estimated realizable value. At December 31, 2004, the carrying values are substantially in line with fair value.

Other securities of the Worms & Cie Group are basically composed of investments in Permal funds.

Other securities of the IFIL Holdings System refer to Ocean Club Méditerranée bonds, maturing on November 1, 2008. Such bonds earn annual interest of 3% and give the right, at maturity, to subscribe to the same number of Club Méditerranée shares at a unit price of € 58 or to receive a total reimbursement of € 5.2 million.

Financial fixed assets – Treasury stock

There were no transactions in preferred treasury stock during the year; the balance at December 31, 2004 is as follows:

	Number of shares	Carrying value	
		Unit (€)	Total (€ in millions)
IFI preferred shares	5,360,300	13.15	70 (a)

(a) Net of writedowns of € 58.9 million made in 2002.

IFI preferred treasury stock in portfolio at December 31, 2004 has a par value of € 5,360 thousand and represents 3.28% of capital stock (6.98% of the class of stock).

Based upon the average stock market prices for the second half of 2004 (€ 8.85), IFI preferred shares show an unrealized loss of € 23 million, which would be reduced to € 10 million based upon the average market prices for the period March 1 – 15, 2005 (€ 11.35).

Such unrealized loss is not considered representative of a permanent decline in value taking into account that the per share carrying value of IFI preferred shares held is in any case lower than the per share value of the consolidated stockholders' equity of the IFI Group at December 31, 2004 (€ 13.9).

Financial fixed assets – Finance lease contracts receivable

Net amount		Financial	Foreign	Change in the	Disposal	Net amount	Accumulated
12/31/2003	Additions	amortization	exchange	scope of	and other	12/31/2004	amort. and writed.
			effects	consolidation	changes		12/31/2004
1,797	793	(557)	(5)	4	(305)	1,727	1,192

Finance lease contracts receivable refer to vehicles sold by the Automotive Sectors of the Fiat Group under finance leases.

Finance lease contracts receivable do not include vehicles on operating leases, which are included under property, plant and equipment.

Other financial fixed assets

Other financial fixed assets total € 192 million (€ 315 million at December 31, 2003) and refer to the Worms & Cie Group. They comprise:

- the deposit of € 98 million lodged with a leading banking institution which partially earns interest. The deposit was made by the Worms & Cie Group within the framework of the loans given to the buyers of Appleton Papers Inc. in order to guarantee the disbursing banks against the risk of an eventual acceleration of the indemnities connected with the dispute over the environmental risks to the Fox River;
- the deposit of € 92 million, made for the fine levied on Arjo Wiggins Appleton by the European Commission for alleged violations of fair trade practices;
- other receivables of € 2 million.

Additional information is provided in the section "Pending litigation".

The reduction of € 123 million basically refers to the release of the deposit made by Arjo Wiggins Appleton to guarantee the commitments undertaken in connection with finance leases (-€ 111 million).

4) Current assets - Inventories

€ in millions	12/31/2004			12/31/2003		
	Gross	Allowance	Net	Gross	Allowance	Net
Raw materials and supplies	1,505	(198)	1,307	1,480	(221)	1,259
Work in progress and semifinished products	860	(27)	833	1,006	(23)	983
Contract work in progress	2,886	0	2,886	4,077	0	4,077
Finished goods and merchandise	4,503	(407)	4,096	4,897	(466)	4,431
Advances to suppliers	7,076	0	7,076	5,188	0	5,188
Total inventories	16,830	(632)	16,198	16,648	(710)	15,938
Advance payments on contract work in progress (a)	(9,645)	0	(9,645)	(8,876)	0	(8,876)
Net inventories	7,185	(632)	6,553	7,772	(710)	7,062

(a) With reference to the Fiat Group, for the sake of clarity, certain items involving customer advances on contract work posted in the past under "Other payables" (Note 11) were included in the item advance payments on contract work in progress at December 31, 2004. Consistently with this change, the value of advance payments on contract work in progress at December 31, 2003 was adjusted by € 428 million.

Inventories mainly refer to the Fiat Group (€ 15,617 million at December 31, 2004). Advance payments received from customers on contract work in progress (mainly connected with work to complete the T.A.V. project) amount to € 9,645 million (€ 8,876 million at December 31, 2003) and are recorded in payables (Note 11). Inventories, net of such advance payments received from customers, amount to € 5,972 million (€ 6,484 million at December 31, 2003). Advances to suppliers principally relate to the amounts paid by Fiat S.p.A. to the consortiums involved in the T.A.V. project. Contract work in progress decreased mainly as a result of the change in the scope of consolidation.

5) Current assets - Receivables

An analysis of receivables by type and due date is as follows:

€ in millions	12/31/2004			12/31/2003		
	Due within one year	Due beyond one year	Total	Due within one year	Due beyond one year	Total
Trade receivables	4,897	29	4,926	4,653	26	4,679
Receivables from unconsolidated subsidiaries	52	3	55	76	3	79
Receivables from associated companies	857	9	866	768	0	768
Deferred tax assets	778	1,428	2,206	564	1,343	1,907
Receivables from tax authorities	1,238	124	1,362	1,560	138	1,698
Receivables from social security agencies	26	0	26	15	0	15
Receivables from employees	38	2	40	35	2	37
Receivables from others	1,620	154	1,774	1,426	166	1,592
Total receivables	9,506	1,749	11,255	9,097	1,678	10,775

An analysis of receivables by due date, by Group, is as follows:

€ in millions	12/31/2004			12/31/2003		
	Due within one year	Due beyond one year	Total	Due within one year	Due beyond one year	Total
Fiat Group						
Trade receivables	3,899	29	3,928	3,733	25	3,758
subsidiaries	49	3	52	73	3	76
Receivables from associated companies	855	9	864	764	0	764
Deferred tax assets	748	1,413	2,161	536	1,343	1,879
Receivables from the tax authorities	1,114	123	1,237	1,413	137	1,550
Receivables from social security agencies	25	0	25	14	0	14
Receivables from employees	36	2	38	33	2	35
Receivables from others	1,514	140	1,654	1,272	165	1,437
Total Fiat Group	8,240	1,719	9,959	7,838	1,675	9,513
Worms & Cie Group						
Trade receivables	876	0	876	837	1	838
Deferred tax assets	9	15	24	23	0	23
Receivables from the tax authorities	45	1	46	52	1	53
Receivables from social security agencies	1	0	1	1	0	1
Receivables from employees	2	0	2	1	0	1
Receivables from others	82	12	94	109	0	109
Total Worms & Cie Group	1,015	28	1,043	1,023	2	1,025
Alpitour Group						
Trade receivables	121	0	121	83	0	83
subsidiaries	3	0	3	2	0	2
Receivables from associated companies	2	0	2	4	0	4
Deferred tax assets	21	0	21	5	0	5
Receivables from the tax authorities	15	0	15	14	0	14
Receivables from employees	0	0	0	1	0	1
Receivables from others	24	2	26	45	1	46
Total Alpitour Group	186	2	188	154	1	155
IFI and IFIL Holdings System						
Trade receivables	1	0	1	0	0	0
subsidiaries	0	0	0	1	0	1
Receivables from the tax authorities	64	0	64	81	0	81
Total receivables	9,506	1,749	11,255	9,097	1,678	10,775

Receivables from the tax authorities principally refer to VAT and income taxes receivable from the Italian tax authorities and include the tax credit relating to the advance payments of income tax on employee severance indemnities paid by Italian companies. The portion of interest accrued on that receivable relating to the current year is recorded in financial income and expenses.

Receivables due beyond five years, which refer entirely to the Fiat Group, amount to € 60 million (€ 12 million at December 31, 2003).

The increase in deferred tax assets of the Alpitour Group, for € 13 million, is due to the future tax benefit connected with the tax losses carried forward without an expiry date, recorded in the current year with a contra-entry to deferred tax benefits in the statement of operations. These tax losses arose upon the presentation of the tax return for the year ended October 31, 2002 by Neos in which it took advantage of the benefits provided under Law 383/2001 ("Tremonti bis") for aircraft under leasing contracts. The tax benefit in question was recorded when the October 31, 2004 financial statements were closed in view of the fact that it is deemed that the company has by now achieved a consolidated position of earnings, also in light of the results reported in recent years. In computing the effective tax benefit, account was taken of forecasts of future taxable income, reflected in the long-term plan

approved by the Board of Directors, which will come from a consolidation of short- and medium-haul operations and the start of the long-haul business; both these activities will be developed for the most part with the parent company Alpitour S.p.A..

It is therefore reasonably certain that in future years there will be taxable income sufficient to absorb the tax losses carried forward to the extent recorded in the financial statements. The recoverability of this item will be monitored in successive years and adjustments will be made as necessary.

Receivables are presented net of the allowance for doubtful accounts (in reference to trade receivables) for € 790 million. Movements in these allowance accounts in 2004 are as follows:

€ in millions	Balance at 12/31/2003	Provisions	Use and other changes	Change in the scope of consolidation	Balance at 12/31/2004
Allowance for doubtful accounts	567	138	90	(5)	790

6) Current assets - Financial assets not held as fixed assets

Investments

Investments in other companies, entirely held by the Fiat Group, amount to € 33 million (€ 32 million at December 31, 2003) and consist of investments held by the insurance companies.

Other securities

€ in millions	12/31/2004	12/31/2003	Change
Fiat Group			
4,384,019 Fiat shares servicing the stock option plans	26	32	(6)
Italian government securities	95	55	40
Other securities	2,089	3,790	(1,701)
	2,210	3,877	(1,667)
Worms & Cie Group			
69,787 Worms & Cie shares servicing the stock option plans	0	1	(1)
Certificates of deposit	10	0	10
Mutual investment funds	17	36	(19)
Commercial paper and other securities	4	11	(7)
	31	48	(17)
Alpitour Group			
Marketable securities and bonds	4	5	(1)
IFIL Holdings System			
2,038,324 IFIL ordinary shares, of which 532,000 servicing stock options plans	5	2	3
Other short-term investments of liquidity and other securities	1,047	427	620
	1,052	429	623
Total other securities	3,297	4,359	(1,062)

The analysis, by Group, is as follows.

Fiat Group

Treasury stock held by Fiat S.p.A. is destined to cover the commitments for the stock options granted to directors and employees. In particular, 2,667,615 shares are for coverage of the stock options accruing to Mr. Morchio and exercisable up to May 30, 2005 at the price of € 5.623; 670,000 shares are for the partial coverage of the stock options granted to Mr. Marchionne, as described in greater detail in Note 13, in the paragraph commenting the commitments for derivative financial instruments.

Italian government securities also include securities issued by other public entities and guaranteed by the Italian government.

At December 31, 2004, other securities include short-term bonds and commercial paper for € 703 million (€ 1,480 million at December 31, 2003) and highly rated liquidity funds of leading international banks for € 1,481 million (€ 2,365 million at December 31, 2003) in which mainly the treasury management companies of the Group had made temporary and highly liquid investments of available cash resources. Additional liquidity in the form of unrestricted bank accounts and cash is included in the caption cash for € 3,164 million (€ 3,211 million at December 31, 2003).

The value of Italian government securities and other securities approximates fair value.

IFIL Holdings System

At December 31, 2004, other securities mainly comprise investments of liquidity in the money market, in time deposits, in short-term Italian government securities and in other short-term financial instruments held by the foreign subsidiaries.

Financial receivables

€ in millions	12/31/2004				12/31/2003			
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due within one year	Due beyond one year	Total	Of which due beyond 5 years
From unconsolidated subsidiaries	565	0	565	0	475	46	521	0
From associated companies	225	181	406	0	413	231	644	0
From others	4,065	2,374	6,439	414	6,508	3,097	9,605	422
Total financial receivables	4,855	2,555	7,410	414	7,396	3,374	10,770	422

Details, by Group, are as follows:

€ in millions	12/31/2004				12/31/2003			
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due within one year	Due beyond one year	Total	Of which due beyond 5 years
Fiat Group								
From unconsolidated subsidiaries	565	0	565	0	475	46	521	0
From associated companies	225	181	406	0	413	231	644	0
From others	3,806	2,374	6,180	414	6,488	3,097	9,585	422
	4,596	2,555	7,151	414	7,376	3,374	10,750	422
Worms & Cie Group								
From others	7	0	7	0	9	0	9	0
Alpitour Group								
From others	0	0	0	0	11	0	11	0
IFIL Holdings System								
From others	252	0	252	0	0	0	0	0
Total financial receivables	4,855	2,555	7,410	414	7,396	3,374	10,770	422

Fiat Group

Financial receivables are shown net of allowances for doubtful accounts of € 440 million and show a reduction of € 3,599 million compared to the end of the prior year.

This reduction reflects lower loans made to dealer networks of the Automobile Sector, as well as the decline in the loans made to suppliers. Also contributing to the decrease in financial receivables are the sale of the financial activities of the Automobile Sector in the United Kingdom (deconsolidation of financial receivables for about € 690 million) and the collection of receivables and deposits held at December 31, 2003 by industrial companies and treasury management companies of the Group.

Movements in the allowances for doubtful financial accounts receivable during the year are as follows:

Balance at 12/31/2003	Provisions	Use and other changes	Change in the scope of consolidation	Balance at 12/31/2004
316	239	(96)	(19)	440

The fair value of financial receivables would be approximately € 7,143 million at December 31, 2004 (€ 10,800 million at December 31, 2003). The fair value of financial receivables was determined in accordance with the method indicated in Note 3 - Financial fixed assets – Receivables.

Receivables from associated companies of € 406 million at December 31, 2004 (€ 644 million at December 31, 2003) decreased by € 238 million mainly due to loan repayments.

Financial receivables from others include € 5,302 million (€ 7,914 million at December 31, 2003) of financing granted to retail customers as well as dealer networks and suppliers. As regards the receivables from the dealer networks, reference can be made to the information provided in the Fiat Group Report on operations – Analysis of the Financial Position and Operating Results of the Fiat Group and Fiat S.p.A., with regard to the note on the Net Financial Position. Financial receivables from others also include the net value of subordinated securities of € 319 million (€ 214 million at December 31, 2003) subscribed as part of the securitization of financial receivables.

Alpitour Group

Financial receivables from others recorded in the financial statements at December 31, 2003 and relating to the sale of the properties in Turin, Cuneo and Milan were entirely collected in the year 2004.

IFIL Holdings System

Financial receivables of the IFIL Holdings System refer to the receivable of the subsidiary Ifil Investissements due from the Auchan Group for the sale of 50% of the capital stock of Eurofind Food, which will be collected by mid-2005.

7) Accrued income and prepaid expenses

€ in millions	12/31/2004	12/31/2003	Change
Commercial accrued income:			
- Interest and commissions	2	5	(3)
- Other	47	37	10
Total commercial accrued income	49	42	7
Commercial prepaid expenses:			
- Interest	8	39	(31)
- Other	382	356	26
Total commercial prepaid expenses	390	395	(5)
Total commercial accrued income and prepaid expenses	439	437	2
Financial accrued income	237	327	(90)
Financial prepaid expenses	93	85	8
Total accrued income and prepaid expenses	769	849	(80)

Financial accrued income mainly includes day-to-day interest earned on securities and derivative financial instruments.

8) Stockholders' equity

Statement of changes in the consolidated stockholders' equity of the Group

€ in millions	Capital	Additional	Revaluation	Legal	Treasury stock	Retained	Cumulative	Net income	Stockholders' equity
	stock	paid-in capital	reserves	reserve	valuation reserve	earnings and other reserves	translation adjustments	(loss) for the year	
Balance at December 31, 2003	163	387	81	15	70	1,919	(284)	(130)	2,221
Legal reserve adjustment				18		(18)			0
Net adjustments from the translation of foreign currency financial statements							(33)		(33)
Other changes, net						(36)			(36)
Appropriation of the prior year's loss and movements among equity accounts						(130)		130	0
Consolidated net income - Group								117	117
Balance at December 31, 2004	163	387	81	33	70	1,735 ^(a)	(317)	117	2,269

(a) Includes the consolidation reserve for € 152 million.

Capital stock

At December 31, 2004, the capital stock of IFI S.p.A., fully subscribed to and paid-in, amounts to € 163,251,460 and is composed of 86,450,000 ordinary shares and 76,801,460 preferred shares all with a par value of € 1 each.

In accordance with art. 10 of the bylaws, preferred shares have voting rights only for the resolutions set forth in art. 2365 of the Italian Civil Code.

Pursuant to art. 27 of the bylaws, preferred shares have the right to a preference dividend, which is not cumulative from one year to the next, equal to 5.17% of par value (€ 1).

Capital stock may be increased for a period of five years, at one or more times, also in divisible form, up to a maximum of € 561,750,000, by the authority delegated to the Board of Directors in the Extraordinary Stockholders' Meeting on April 22, 2003, under the provisions of art. 2443 of the Italian Civil Code.

Reserves

For the information required by art. 2427, number 7 bis of the Italian Civil Code regarding available and distributable reserves of the parent company, reference can be made to the notes to the statutory financial statements of IFI S.p.A..

Reconciliation to the stockholders' equity and net income (loss) for 2004 of the parent company IFI S.p.A.

€ in millions	12/31/2004		12/31/2003	
	Net income (loss)	Stockholders' equity	Net income (loss)	Stockholders' equity
Statutory financial statements of IFI S.p.A.	38	1,605	15	1,567
Difference between the consolidated stockholders' equity and the stockholders' equity of the parent company at the beginning of the year		654		931
Net balance of changes during the year in stockholders' equity of consolidated companies and companies accounted for using the equity method (excluding the results for the year) and translation adjustments		(69)		(132)
Share of earnings of consolidated companies and companies accounted for using the equity method, net of consolidation adjustments	130	130	(138)	(138)
Elimination of dividends received from consolidated companies and companies accounted for using the equity method	(51)	(51)	(4)	(4)
Adjustments to gains on sales of investments	0	0	(3)	(3)
Consolidated financial statements of the IFI Group	117	2,269	(130)	2,221

Stockholders' equity – Minority interest

The minority interest in stockholders' equity of € 6,679 million at December 31, 2004 refers to the following interest ownership in the directly owned subsidiary IFIL:

€ in millions	12/31/2004			Total	12/31/2003
	%	Capital and reserves	Net loss		
IFIL Group	39.5	7,825	(1,146)	6,679	8,071

9) Reserves for risks and charges

€ in millions	12/31/2004	12/31/2003	Change
Reserve for pensions and similar obligations	1,579	1,571	8
Income tax reserves			
current income tax reserve	96	118	(22)
deferred income tax reserve	256	311	(55)
Total income tax reserve	352	429	(77)
Other reserves			
Warranty reserve	901	791	110
Restructuring reserves	431	482	(51)
Various liabilities and risk reserves	2,701	2,711	(10)
Total other reserves	4,033	3,984	49
Insurance policy liabilities and accruals	91	89	2
Total reserves for risks and charges	6,055	6,073	(18)

Reserve for pensions and similar obligations

The reserve for pensions and similar obligations amounts to € 1,579 million (€ 1,571 million at December 31, 2003) and includes amounts payable to employees and former employees according to contractual agreements or by law, determined on an actuarial basis, where applicable.

Income tax reserves

The deferred income tax reserve at December 31, 2004 includes deferred tax liabilities, net of deferred tax assets, which have been offset where possible by the individual consolidated companies. The net debit balance between the deferred income tax reserve and deferred tax assets is recorded in "Receivables" and is composed as follows:

€ in millions	12/31/2004	12/31/2003	Change
Deferred income tax reserve	256	311	(55)
Deferred tax assets	(2,206)	(1,907)	(299)
Total	(1,950)	(1,596)	(354)

The net change of € 354 million compared to December 31, 2003, is mainly due to the recording of deferred tax assets by the Fiat Group (written down in previous years as the conditions for recording them were not met), the recoverability of which became highly probable in view of the change in the prospects of future earnings. In particular, due to the settlement paid to Fiat by General Motors in February 2005, deferred tax assets of € 277 million relating to the benefit of tax loss carryforwards and temporary differences relating to Fiat S.p.A. became reasonably certain of recovery.

Overall, the deferred income tax reserve, net of deferred tax assets recorded in receivables, can be analyzed as follows:

€ in millions	12/31/2004	12/31/2003
Deferred tax liabilities from:		
- Accelerated depreciation	535	585
- Deferred tax on gains	171	502
- Capital investment grants	17	18
- Other	620	682
Total deferred tax liabilities	1,343	1,787
Deferred tax assets for:		
- Taxed reserves for risks and charges	(1,080)	(1,022)
- Inventories	(132)	(129)
- Taxed allowances for doubtful accounts	(140)	(89)
- Pension funds	(364)	(293)
- Other	(2,612)	(2,863)
Total deferred tax assets	(4,328)	(4,396)
Theoretical tax benefit connected to tax loss carryforwards	(4,781)	(4,431)
Adjustments for assets whose recoverability is not certain (mainly tax loss carryforwards)	5,816	5,444
Total deferred income tax reserve, net of deferred tax assets	(1,950)	(1,596)

As disclosed in the Accounting principles, in recording deferred tax assets, each company in the Group critically evaluated whether the conditions existed for the future recoverability of such assets on the basis of updated strategic plans, accompanied by the related tax plans. For this reason, the total theoretical future tax benefits deriving from positive temporary differences (€ 4,328 million at December 31, 2004 and € 4,396 million at December 31, 2003), and tax loss carryforwards (€ 4,781 million at December 31, 2004 and € 4,431 million at December 31, 2003), have prudently been reduced for a total of € 5,816 million (€ 5,444 million at December 31, 2003).

In particular, the deferred income tax reserve net of deferred tax assets includes € 1,226 million (€ 1,322 million at December 31, 2003) of tax benefits connected to tax loss carryforwards. However, a further tax benefit connected to tax loss carryforwards of € 3,555 million (€ 3,109 million at December 31, 2003) has not been recorded in the financial statements.

Deferred taxes have not been provided by the Fiat Group on the undistributed earnings of subsidiaries since no transactions are expected to be entered into that would warrant their taxation.

In addition, deferred taxes of € 59 million (€ 72 million at December 31, 2003) have not been provided by the Fiat Group on temporary differences relating to reserves and provisions in suspension of taxes, since they are not expected to be used in a manner which would warrant their taxation.

Since reasonable certainty of future recovery is not assured, no deferred tax assets have been booked by IFIL S.p.A. on the tax losses for the years 2001 to 2004 (€ 315 million, in total) and on the portions of investment writedowns that, as allowed by existing tax legislation, will be deductible in future years (€ 229 million, in total).

Since reasonable certainty of future recovery is not assured, no deferred tax assets have been booked by IFI S.p.A. on the tax losses for the years 2003 and 2004 (€ 167 million, in total) and on the portions of investment writedowns that, as allowed by existing tax legislation, will be deductible in future years (€ 53 million, in total).

Other reserves

Restructuring reserves

Restructuring reserves amount to € 431 million at December 31, 2004 (€ 482 million at December 31, 2003) and are related to the corporate restructuring programs of the following Sectors:

€ in millions	12/31/2004	12/31/2003	Change
Automobiles	216	160	56
Agricultural and construction equipment	36	83	(47)
Commercial vehicles	56	75	(19)
Metallurgical products	8	24	(16)
Components	59	64	(5)
Production systems	17	54	(37)
Services	6	8	(2)
Other sectors	10	3	7
Paper sector	23	11	12
Total restructuring reserves	431	482	(51)

Various liabilities and risk reserves

The various liabilities and risk reserves amount to € 2,701 million at December 31, 2004 (€ 2,711 million at December 31, 2003) and represent the provisions made by the individual companies mainly for contractual and commercial risks and litigation. The reduction of € 10 million from December 31, 2003 is the result of a combination of the balance between ordinary and extraordinary provisions of € 1,073 million, decreases for the effect of foreign exchange differences of € 21 million, decreases for utilizations of € 1,492 million and decreases for reversals and other minor changes of € 430 million. It also includes the release (€ 10 million) of the remaining reserve set aside by the Worms & Cie Group, which became in excess of requirements as a result of the settlement with some banks and with the British tax authorities to close a potential tax dispute over leasing contracts signed in the past by AWA Ltd.

The various liabilities and risk reserves represent provisions for contractual and commercial risks and litigation, as well as provisions made by the Worms & Cie Group in 2001 for the litigation pending in relation to the environmental risks concerning the Fox River (€ 66 million) and the fine levied by the European Commission for alleged violations of fair trade practices (€ 184 million, including interest).

Additional information is provided in the section "Pending litigation".

10) Reserve for employee severance indemnities

This reserve refers to the liability of the Italian consolidated companies for employee severance indemnities, calculated in accordance with art. 2120 of the Italian Civil Code.

Movements in the reserve account are as follows:

€ in millions	Balance at 12/31/2003	Provisions	Use and other changes	Balance at 12/31/2004
Reserve for employee severance indemnities	1,332	191	(215)	1,308

11) Payables

Payables may be analyzed by due date as follows:

€ in millions	12/31/2004				12/31/2003			
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due within one year	Due beyond one year	Total	Of which due beyond 5 years
Bonds	2,068	7,044	9,112	3,928	1,034	8,876	9,910	3,804
Convertible bonds	0	13	13	0	1,765	0	1,765	0
Borrowings from banks	8,037	1,936	9,973	85	3,386	7,108	10,494	117
Other financial payables	1,083	186	1,269	37	1,105	300	1,405	152
Advances (a)	2,574	7,361	9,935	0	2,894	6,272	9,166	0
Trade payables	11,836	44	11,880	0	12,561	36	12,597	0
Notes payable	749	0	749	0	954	1	955	0
Payables to unconsolidated subsidiaries	49	0	49	0	69	0	69	0
Payables to associated companies	1,000	0	1,000	0	854	0	854	0
Payables to parent companies	24	0	24	0	15	0	15	0
Taxes payable	762	34	796	10	914	29	943	2
Social security payable	352	2	354	0	324	5	329	0
Other payables	1,386	42	1,428	11	1,474	31	1,505	0
Total payables	29,920	16,662	46,582	4,071	27,349	22,658	50,007	4,075

(a) Of which advance payments on contract work in progress amount to € 9,645 million at December 31, 2004 (€ 8,876 million at December 31, 2003).

Payables may be analyzed by type as follows:

€ in millions	12/31/2004				12/31/2003			
	Trade	Financial	Other	Total	Trade	Financial	Other	Total
Bonds	0	9,112	0	9,112	0	9,910	0	9,910
Convertible bonds	0	13	0	13	0	1,765	0	1,765
Borrowings from banks	0	9,973	0	9,973	0	10,494	0	10,494
Other financial payables	0	1,269	0	1,269	0	1,405	0	1,405
Advances	0	0	9,935	9,935	0	0	9,166	9,166
Trade payables	11,880	0	0	11,880	12,597	0	0	12,597
Notes payable	7	742	0	749	9	946	0	955
Payables to unconsolidated subsidiaries	17	31	1	49	22	47	0	69
Payables to associated companies	942	58	0	1,000	792	57	5	854
Payables to parent companies	0	24	0	24	0	15	0	15
Taxes payable	0	0	796	796	0	0	943	943
Social security payable	0	0	354	354	0	0	329	329
Other payables	0	0	1,428	1,428	0	0	1,505	1,505
Total payables	12,846	21,222	12,514	46,582	13,420	24,639	11,948	50,007

Payables secured by real guarantees amount to € 1,274 million (€ 1,245 million in 2003) and include € 1,272 million relating to the Fiat Group and € 2 million to the Alpitour Group.

Additional details are provided in the note "Guarantees granted, commitments and other memorandum accounts".

The interest rates and the nominal currencies of medium and long-term financial payables, including the current portion of € 7,273 million at December 31, 2004 (€ 2,767 million at December 31, 2003) are as follows:

€ in millions	less than	from 5%	from 7.5%	from 10%	greater	Total
	5%	to 7.5%	to 10%	to 12.5%	than 12.5%	
Euro and euro-zone currencies	6,297	6,760	64	2	0	13,123
U.S. dollar	160	807	785	0	0	1,752
Japanese yen	295	0	0	0	0	295
Brazilian real	22	7	783	19	118	949
British pound	0	174	0	0	0	174
Canadian dollar	134	0	0	0	0	134
Other	4	19	2	0	0	25
Total 2004 medium and long-term financial debt	6,912	7,767	1,634	21	118	16,452
Total 2003 medium and long-term financial debt	9,616	8,260	968	7	200	19,051

Financial payables with nominal rates greater than 12.5% relate principally to companies of the Fiat Group operating in Brazil.

Details of payables, by Group, are as follows.

Fiat Group

Payables may be analyzed by due date as follows:

€ in millions	12/31/2004			12/31/2003				
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due	Due	Total	Of which due beyond 5 years
					within one year	beyond one year		
Bonds	1,868	6,944	8,812	3,928	1,034	8,576	9,610	3,804
Convertible bonds	0	13	13	0	1,765	0	1,765	0
Borrowings from banks	6,949	1,815	8,764	74	2,697	6,687	9,384	115
Other financial payables	704	161	865	32	809	155	964	34
Advances	2,556	7,361	9,917	0	2,877	6,272	9,149	0
Trade payables	10,949	43	10,992	0	11,733	36	11,769	0
Notes payable	207	0	207	0	224	1	225	0
Payables to unconsolidated subsidiaries	49	0	49	0	68	0	68	0
Payables to associated companies	997	0	997	0	842	0	842	0
Taxes payable	714	29	743	10	833	28	861	2
Social security payable	308	2	310	0	283	4	287	0
Other payables	1,202	37	1,239	11	1,288	28	1,316	0
Total payables	26,503	16,405	42,908	4,055	24,453	21,787	46,240	3,955

Payables may be analyzed by type as follows:

€ in millions	12/31/2004				12/31/2003			
	Trade	Financial	Other	Total	Trade	Financial	Other	Total
Bonds	0	8,812	0	8,812	0	9,610	0	9,610
Convertible bonds	0	13	0	13	0	1,765	0	1,765
Borrowings from banks	0	8,764	0	8,764	0	9,384	0	9,384
Other financial payables	0	865	0	865	0	964	0	964
Advances	0	0	9,917	9,917	0	0	9,149	9,149
Trade payables	10,992	0	0	10,992	11,769	0	0	11,769
Notes payable	7	200	0	207	9	216	0	225
Payables to unconsolidated subsidiaries	17	31	1	49	21	47	0	68
Payables to associated companies	939	58	0	997	789	48	5	842
Taxes payable	0	0	743	743	0	0	861	861
Social security payable	0	0	310	310	0	0	287	287
Other payables	0	0	1,239	1,239	0	0	1,316	1,316
Total payables	11,955	18,743	12,210	42,908	12,588	22,034	11,618	46,240

As regards the Fiat Group, the reduction in payables (€ 3,332 million) compared to December 31, 2003 is principally due to the following:

- trade payables decreased by € 633 million; the reduction is principally attributable to Fiat Auto, which, during the last quarter of 2003, as a result of the launch of new car models, had increased production levels that during 2004 returned to normal levels;
- financial payables decreased by € 3,291 million mainly due to the repayment of bonds, including the bond for about € 1 billion issued by Fiat Finance and Trade, repaid at the end of March 2004, and the bond convertible into General Motors common stock for US\$ 2.2 billion, equivalent to approximately € 1.8 billion;
- other payables increased by € 592 million primarily due to the effect of the advances received from customers (mainly connected with work to complete the T.A.V. project) (see Note 4).

Financial payables total € 18,743 million at December 31, 2004 (€ 22,034 million at December 31, 2003). Financial payables due within one year amount to € 9,810 million at December 31, 2004 (€ 6,616 million at December 31, 2003) and their carrying values approximate fair value as a consequence of the short-term maturity. These payables include the loan of approximately € 1,150 million guaranteed by the EDF put option and the Mandatory Convertible Facility of € 3 billion, described later.

The portion of medium and long-term financial payables due beyond one year amounts to € 8,933 million at December 31, 2004 (€ 15,418 million at December 31, 2003). The scheduled maturities are:

€ in millions	2006	2007	2008	2009	Thereafter	Total
Medium and long-term financial payables due beyond one year	3,311	692	369	527	4,034	8,933

The fair value of medium and long-term financial payables due beyond one year would be € 125 million higher than the carrying value at December 31, 2004 (at December 31, 2003, fair value would have been € 397 million lower than the carrying value). The fair values of such financial payables take into account the current market cost of funding with similar maturities, and, for bonds, their market prices.

Medium and long-term financial payables include the loan of approximately € 1,150 million secured from Citigroup and a small group of banks that is guaranteed by the EDF put option (refer to the EDF Put described in Note 3) held by the Fiat Group on its remaining investment (24.6%) in Italenergia Bis and the shares in the same Italenergia Bis pledged by Fiat. The loan is due in September 2005.

Financial payables secured by real guarantees of mortgages and other liens on property, plant and equipment amount to € 1,272 million at December 31, 2004 (€ 1,234 million at December 31, 2003).

At December 31, 2004, the Group has an unused "committed" line of credit available mainly denominated in US\$ for an equivalent amount of more than € 1,700 million (approximately € 2,000 million at December 31, 2003). The decrease can principally be ascribed to the effects of the translation of the credit lines in their original currencies to euros.

Bonds of the Fiat Group, including convertible bonds, amount to € 8,825 million (€ 11,375 million at December 31, 2003) and can be analyzed by year of maturity as follows:

€ in millions	2005	2006	2007	2008	2009	Thereafter	Total
EMTN	1,421	2,350	181	227	168	2,600	6,947
Convertible bonds	-	-	13	-	-	-	13
Other bonds	447	-	93	-	367	958	1,865
Total bonds	1,868	2,350	287	227	535	3,558	8,825

The bonds issued by the Fiat Group are governed by different terms and conditions according to the following types of bonds:

- *Euro Medium Term Note (EMTN Program)*: these notes have been issued under a program that is utilized for approximately € 7 billion and guaranteed by Fiat S.p.A. Issuers taking part in the program are Fiat Finance & Trade Ltd. S.A. (for an amount outstanding of € 6,802 million), Fiat Finance North America Inc. (for an amount outstanding of € 65 million) and Fiat Finance Canada Ltd. (for an amount outstanding of € 80 million).
- *Convertible bonds*: this represents the residual debt, after repayment, in July 2004, of the 5-year bond originally convertible into General Motors Corp. common stock ("Exchangeable"), at a conversion price of US\$ 69.54 per share with 3.25% interest and maturing on January 9, 2007. With reference to this bond, during the first quarter of 2004 Fiat repurchased, for cancellation, US\$ 540 million in bonds out of total of US\$ 2,229 million. In June 2004, by virtue of the contractually envisaged right of each bondholder to request early repayment of all or part of its bonds, repayment for a total of US\$ 1,672 million (equivalent to approximately € 1.4 billion) in bonds was requested by the deadline provided by the contract. A residual debt of US\$ 17 million (equivalent to € 13 million) remains at this date. With reference to the risk, implicit in the bond, of an increase in the General Motors share price above US\$ 69.54, a Total Return Equity Swap agreement was put into place, terminated in 2004 and replaced by the purchase of a call option on General Motors stock, as described in Note 13.
- *Other bonds*:
 - . bonds issued by Fiat Finance & Trade Ltd. S.A. with coupon interest at 1.5% and maturing June 27, 2005 for an amount of Japanese yen 40 billion, equivalent to € 287 million;
 - . bonds issued by Case New Holland Inc. ("CNH Inc.") in 2004 (with coupon interest at 9.25% and maturing August 1, 2011 for an amount of US\$ 1,050 million, equivalent to € 771 million) and in 2005 (with coupon interest at 6.00% and maturing June 1, 2009 for an amount of US\$ 500 million, equivalent to € 367 million); the bond indenture contains a series of financial covenants that are common to the high yield American bond market;
 - . bonds issued by CNH America LLC and CNH Capital America for a total amount outstanding of US\$ 599 million, equivalent to € 440 million.

The prospectuses, the offering circulars or their abstracts relating to the aforementioned principal bond issues are available on the Group's website at www.fiatgroup.com under "Shareholders and Investors – Financial Publications".

The majority of the bonds issued by the Group contain commitments ("covenants") by the issuer and in some cases by Fiat, as the guarantor, that, in international practice, are common for bond issues of this type when the issuers are in the same industrial segment in which the Group operates, such as, in particular: (i) the so-called negative pledge clause which requires that the benefit of any real present or future guarantees given as collateral on the assets of the issuer and/or Fiat, on other bonds and other credit instruments should be extended to these bonds, to the same degree, (ii) the so-called *pari passu* clause, on the basis of which obligations cannot be undertaken which are senior to the bonds issued, (iii) the obligation of providing periodical disclosure, (iv) for some of the bond issues, the so-called cross-default clauses whereby the bonds become immediately due and payable when certain defaults arise in respect of other financial instruments issued by the Group and (v) other clauses generally present in issues of this type.

The bonds issued by Case New Holland Inc. ("CNH Inc.") with coupon interest at 9.25% and maturing on August 1, 2011 (for an amount of US\$ 1,050 million, equivalent to € 771 million) and with coupon interest at 6.00% and maturing on June 1, 2009 (for an amount of US\$ 500 million, equivalent to € 367 million), contain, moreover, financial covenants common to the high yield American bond market which place restrictions, among other things, on the possibility of the issuer and certain companies of the CNH group to secure new debt, pay dividends or buyback treasury stock, realize certain investments, conclude transactions with associated companies, give collateral on its assets, conclude sale and leaseback transactions, sell certain fixed assets or merge with other companies and financial covenants which impose a maximum limit on further indebtedness by the CNH group companies which can not exceed a specific ratio of cash flows to dividend payments and financial expenses. Such covenants are subject to various exceptions and limitations and, in particular, some of these would no longer be binding should the bonds be assigned an investment grade rating by Standard & Poor's Rating Services and/or Moody's Investors Service.

The major bond issues of the Fiat Group outstanding at December 31, 2004 are the following:

	Currency	Face value of outstanding bonds (in millions)	Coupon	Maturity	Outstanding amount in millions of euros
Euro Medium Term Notes					
Fiat Fin. North America	EUR	100	5.13%	Feb. 21, 2005	65
Fiat Finance & Trade	EUR	155	Indexed	July 5, 2005	155
Fiat Finance & Trade	EUR	130	Indexed	July 5, 2005	130
Fiat Finance & Trade	EUR	500	6.13%	Aug. 1, 2005	500
Fiat Finance & Trade	EUR	300	6.13%	Aug. 1, 2005	300
Fiat Finance & Trade	GBP	120	7.00%	Oct. 19, 2005	170
Fiat Finance & Trade (a)	EUR	1,700	5.75%	May 25, 2006	1,700
Fiat Finance Canada	EUR	100	5.80%	July 21, 2006	80
Fiat Finance & Trade (a)	EUR	500	5.50%	Dec. 13, 2006	500
Fiat Finance & Trade (a)	EUR	1,000	6.25%	Feb. 24, 2010	1,000
Fiat Finance & Trade (a)	EUR	1,300	6.75%	May 25, 2011	1,300
Fiat Finance & Trade (a)	EUR	617	(b)	(b)	617
Others (c)					430
Total Euro Medium Term Notes					6,947
Convertible bonds					
Fiat Fin. Luxembourg (d)	USD	17	3.25%	Jan. 9, 2007	13
Convertible bonds					13
Other bonds					
Fiat Finance & Trade	JPY	40,000	1.50%	June 27, 2005	287
CNH America LLC	USD	218	7.25%	Aug 1, 2005	160
CNH Capital america LLC	USD	127	6.75%	Oct. 21, 2007	93
Case New Holland Inc.	USD	1,050	9.25%	Aug. 1, 2011	771
Case New Holland Inc.	USD	500	6.00%	June 1, 2009	367
CNH America LLC	USD	254	7.25%	Jan. 15, 2016	187
Total other bonds					1,865
Total bonds					8,825

(a) Bonds listed on the Mercato Obbligazionario Telematico of the Italian stock exchange (EuroMot). Furthermore, the majority of the bonds issued by the Fiat Group are also listed on the Luxembourg stock exchange.

(b) "Fiat Step-Up Amortizing 2001-2011" bonds repayable at face value in five equal annual installments each for 20% of the total issued" (€ 617 million) due beginning from the sixth year (November 7, 2007) by reducing the face value of each bond outstanding by one-fifth. The last installment will be repaid on November 7, 2011. The bonds pay coupon interest equal to: 4.40% in the first year (Nov. 7, 2002), 4.60% in the second year (Nov. 7, 2003), 4.80% in the third year (Nov. 7, 2004), 5.00% in the fourth year (Nov. 7, 2005), 5.20% in the fifth year (Nov. 7, 2006), 5.40% in the sixth year (Nov. 7, 2007), 5.90% in the seventh year (Nov. 7, 2008), 6.40% in the eighth year (Nov. 7, 2009), 6.90% in the ninth year (Nov. 7, 2010), 7.40% in the tenth year (Nov. 7, 2011).

(c) Bonds with amounts outstanding equal to or less than the equivalent of € 50 million.

(d) Bonds convertible into General Motors Corp. common stock.

The Fiat Group intends to repay the issued bonds in cash at maturity by utilizing available liquid resources. To this end, available liquidity at the end of 2004 totals approximately € 5.3 billion. The Fiat Group also has available unused committed credit lines for more than € 1.7 billion.

Moreover, the companies in the Fiat Group may from time to time buy back bonds on the market that were issued by the Group also for purposes of their cancellation. Such buybacks, if made, will depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

Mandatory Convertible facility

Medium and long-term financial payables also include the € 3 billion Mandatory Convertible facility stipulated in execution of the Framework Agreement, dated May 27, 2002, with Capitalia, Banca Intesa, SANPAOLO IMI and Unicredito Italiano (Money Lending Banks) for the purpose of providing the Fiat Group with the financial support it needs to implement its industrial plans. The facility was secured on September 24, 2002 from a syndicate of banks, including the Money Lending Banks, in which BNL, Monte dei Paschi di Siena, ABN Amro, BNP Paribas, Banco di Sicilia and Banca Toscana (hereinafter "the Banks") also participated. The main features of the Mandatory Convertible facility are listed in the following paragraphs.

The Mandatory Convertible facility expires on September 20, 2005 and is repayable with a new issue of Fiat S.p.A. ordinary shares, which the Banks have agreed to underwrite and offer pre-emptively to all Fiat stockholders. The issue price per share will be the average of € 14.4409 (the adjusted value compared to the original value of € 15.50 in accordance with the rules established by the AIAF – Italian Association of Financial Analysts – following the Fiat S.p.A. capital increase of July 2003) and the average stock market price in the last three or six months, depending on the case, preceding the repayment date. The same formula will also be applied in the event of an earlier repayment date.

The capital stock increase should be approved at the expiration of the three-year term of the facility, for an amount equal to the outstanding balance of the facility. Fiat may elect to repay the facility in cash at an earlier date, even partially, every six months, provided that, even after repayment, its rating is at least equal to investment grade level.

Conditions giving rise to an earlier expiration date of the facility include the occurrence of an event that creates a serious crisis for the company, such as the request for a court-appointed administrator or other proceedings of composition with creditors, a bankruptcy filing, or one of the causes of business dissolution set forth in the previous art. 2448 now art. 2484 of the Italian Civil Code. In addition, the Banks in the facility arrangement have the right to demand early repayment of the entire amount of the facility and proceed with the conversion of the debt into capital in the following cases:

- Fiat Group companies have not fulfilled their duty to repay liquid and current financial obligations of an aggregate amount of more than € 1 billion;
- the independent auditors have issued a negative opinion on the consolidated financial statements, unless new auditors, who must have accepted the assignment within 30 days, issue a favorable opinion no later than 60 days thereafter;
- Fiat becomes the target of a takeover bid in accordance with Articles 106 and 107 of the Consolidated Law on Financial Intermediation.

Lastly, the Banks also have the right but not the obligation to demand early repayment of a portion of the amount of the facility, up to a maximum of € 2 billion, after 24 months have elapsed from the signing of the agreement (and, therefore, beginning from July 26, 2004), in the event that the Group's debt is not rated "investment grade" by at least one of the leading international rating agencies and, after 18 months have elapsed from the signing of the agreement (January 26, 2004), in the event that the level of net and/or gross financial indebtedness (respectively in the definitions of "Net financial position" and "Total financial payables" used by the Group and detailed in the Fiat Group Report on Operations) is more than 20% higher than the corresponding level established by the Financial Objectives stipulated in the facility agreement.

The aforementioned Financial Objectives refer, in particular, to the reduction of net indebtedness in the Net Financial Position to less than € 3 billion by the date the Board of Directors approves the 2002 annual financial statements and the maintenance of that level at March 31, June 30, September 30 and December 31 of each year until the expiration of the facility. Pursuant to the agreement, the proceeds are considered which are generated by the transactions related to the sale of the investment in Italoenergia Bis S.p.A., including those connected with the Citigroup loan of approximately € 1,150 million, described previously, and the financial effects arising from binding contracts for the sale of assets (investments, companies, plant and equipment, etc.), comprising those not yet executed. The agreement also states that Gross Financial Indebtedness must be reduced by € 12 billion, compared to March 31, 2002, by the date the Board of Directors approves the 2002 annual financial statements and must be

maintained at less than € 23.6 billion at March 31, June 30, September 30 and December 31 of each year until the expiration of the facility.

At December 31, 2004, gross indebtedness totals € 19.2 billion and continues to be within the targets agreed upon with the Lending Banks under the Mandatory Convertible Facility Agreement (€ 23.6 billion), while the proforma net financial position (calculated, as envisaged in the facility agreement, by subtracting from the net financial position the Citigroup loan of approximately € 1,150 million but not the receipt of € 1,550 million as a result of the agreements reached with General Motors on February 13, 2005) exceeds the limit of € 3.6 billion contractually agreed for this parameter. The Lending Banks therefore have the right, in accordance with the contractual terms and conditions, to proceed with the conversion of the facility into capital for an amount up to € 2 billion.

At December 31, 2004, the ratings assigned to the Fiat Group by the major rating agencies are the following:

	Short-term	Medium-term
Moody's Investors Service (a)	Not Prime	Ba3
Standard & Poor's Rating Services (a)	B	BB-
Fitch Ratings	B	BB-

(a) For purposes of the Mandatory Convertible facility, the most important rating agencies are Standard & Poor's and Moody's.

The ratings of the Group represented in the table refer to the "non-investment grade" category. The Banks did not exercise their consequent right to demand early repayment of the facility and to proceed with the conversion of the debt into capital for an amount up to € 2 billion.

Worms & Cie Group

Payables may be analyzed by due date as follows:

€ in millions	12/31/2004				12/31/2003			
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due within one year	Due beyond one year	Total	Of which due beyond 5 years
Borrowings from banks	439	15	454	0	277	6	283	1
Other financial payables	375	13	388	5	283	129	412	118
Advances	12	0	12	0	13	0	13	0
Trade payables	732	1	733	0	707	0	707	0
Notes payable	542	0	542	0	730	0	730	0
Taxes payable	39	5	44	0	69	0	69	0
Social security payable	39	0	39	0	38	0	38	0
Other payables	168	5	173	0	166	3	169	0
Total payables	2,346	39	2,385	5	2,283	138	2,421	119

Payables may be analyzed by type as follows:

€ in millions	12/31/2004				12/31/2003			
	Trade	Financial	Other	Total	Trade	Financial	Other	Total
Borrowings from banks	0	454	0	454	0	283	0	283
Other financial payables	0	388	0	388	0	412	0	412
Advances	0	0	12	12	0	0	13	13
Trade payables	733	0	0	733	707	0	0	707
Notes payable	0	542	0	542	0	730	0	730
Taxes payable	0	0	44	44	0	0	69	69
Social security payable	0	0	39	39	0	0	38	38
Other payables	0	0	173	173	0	0	169	169
Total payables	733	1,384	268	2,385	707	1,425	289	2,421

Worms & Cie has a program for the issue of treasury bills for approximately € 1.2 billion which carry an A-2 rating from Standard & Poor's. The bills allow the Group to finance itself on the market with 1- to 3-month issues at competitive rates. The bills maturing at the end of the year total approximately € 540 million.

The risk of liquidity connected with this type of financing is covered by 1- to 5-year committed credit lines from leading banking institutions for more than 100% of the issued amounts.

Alpitour Group

Payables may be analyzed by due date as follows:

€ in millions	12/31/2004				12/31/2003			
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due within one year	Due beyond one year	Total	Of which due beyond 5 years
Borrowings from banks	122	76	198	11	129	52	181	1
Other financial payables	4	12	16	0	13	16	29	0
Advances	6	0	6	0	4	0	4	0
Trade payables	155	0	155	0	119	0	119	0
Payables to unconsolidated subsidiaries	0	0	0	0	1	0	1	0
Payables to associated companies	3	0	3	0	12	0	12	0
Taxes payable	7	0	7	0	11	1	12	0
Social security payable	3	0	3	0	2	0	2	0
Other payables	13	0	13	0	12	0	12	0
Total payables	313	88	401	11	303	69	372	1

Payables may be analyzed by type as follows:

€ in millions	12/31/2004				12/31/2003			
	Trade	Financial	Other	Total	Trade	Financial	Other	Total
Borrowings from banks	0	198	0	198	0	181	0	181
Other financial payables	0	16	0	16	0	29	0	29
Advances	0	0	6	6	0	0	4	4
Trade payables	155	0	0	155	119	0	0	119
Notes payable	0	0	0	0	1	0	0	1
Payables to unconsolidated subsidiaries	3	0	0	3	3	9	0	12
Taxes payable	0	0	7	7	0	0	12	12
Social security payable	0	0	3	3	0	0	2	2
Other payables	0	0	13	13	0	0	12	12
Total payables	158	214	29	401	123	219	30	372

Financial payables of the Alpitour Group include short-term credit lines for € 100 million at annual average interest rates ranging between 3.05% and 4.6%, medium and long-term loans for a total of € 97 million received from highly rated credit institutions at floating rates based on the Euribor and Libor and bank overdrafts for € 1 million at market rates.

Financial payables also include loans received from the financial companies Andres S.a.r.l. and Tecknema S.a.r.l. for a total of € 16 million (of which € 13 million is due in September 2006, based on floating rates indexed to the Euribor).

IFI and IFIL Holdings System

Payables may be analyzed by due date as follows:

€ in millions	12/31/2004				12/31/2003			
	Due within one year	Due beyond one year	Total	Of which due beyond 5 years	Due within one year	Due beyond one year	Total	Of which due beyond 5 years
Bonds	200	100	300	0	0	300	300	0
Borrowings from banks	527	30	557	0	283	363	646	0
Trade payables	0	0	0	0	2	0	2	0
Payables to parent companies	24	0	24	0	15	0	15	0
Taxes payable	2	0	2	0	1	0	1	0
Social security payable	2	0	2	0	1	1	2	0
Other payables	3	0	3	0	8	0	8	0
Total payables	758	130	888	0	310	664	974	0

Payables may be analyzed by type as follows:

€ in millions	12/31/2004				12/31/2003			
	Trade	Financial	Other	Total	Trade	Financial	Other	Total
Bonds	0	300	0	300	0	300	0	300
Borrowings from banks	0	557	0	557	0	646	0	646
Trade payables	0	0	0	0	2	0	0	2
Payables to parent companies	0	24	0	24	0	15	0	15
Taxes payable	0	0	2	2	0	0	1	1
Social security payable	0	0	2	2	0	0	2	2
Other payables	0	0	3	3	0	0	8	8
Total payables	0	881	7	888	2	961	11	974

IFIL S.p.A. financial payables include:

- bonds 2002/2005, issued for € 200 million following the resolution passed by the Board of Directors' Meeting on November 14, 2002, subscribed to by primary institutional investors; the bonds bear interest at floating rates payable quarterly and are indexed against the Euribor. The bonds are repayable by a one-time payment at maturity on December 20, 2005. Interest rate swaps and zero cost collars were put into place for € 145 million to fix the interest rate on part of the bonds;
- bonds 2003/2006 issued for € 100 million following the resolution passed by the Board of Directors' Meeting on December 2, 2003, subscribed to by primary institutional investors; the bonds bear interest at floating rates payable quarterly and are indexed against the Euribor. The bonds are repayable by a one-time payment at maturity on December 19, 2006. Interest rate swaps were put into place to fix the interest rate on the full amount of the bonds.
- loans due at the end of October 2005 for € 150 million. Interest rate swaps guarantee a fixed rate for the entire period of the loans;
- other short-term payables for € 169 million.

At December 31, 2004, IFIL has irrevocable credit facilities for € 830 million, including € 370 million due beyond one year.

IFI S.p.A. financial payables include:

- borrowings from banks due within one year amounting to € 208 million (€ 66 million at December 31, 2003), including loans of € 140 million due in the first half of 2005 on which interest rate swaps and zero cost collars were put into place to fix the interest rate;
- borrowings from banks due beyond one year of € 30 million, including loans of € 20 million on which interest rate swaps were put into place to fix the interest rate; such payables are classified as due beyond one year since the residual period of the loan and the hedging contract extend beyond one year;
- the loan granted by the parent company Giovanni Agnelli e C. S.a.p.az. of € 24 million (€ 15 million at December 31, 2003), bearing interest at a monthly floating market rate.

At December 31, 2004, IFI has irrevocable credit facilities for € 495 million, including € 350 million due beyond one year.

12) Accrued expenses and deferred income

Details are as follows:

€ in millions	12/31/2004	12/31/2003	Change
Commercial accrued expenses:			
- interest and commissions	63	71	(8)
- other	473	528	(55)
Total commercial accrued expenses	536	599	(63)
Commercial deferred income:			
- interest	77	64	13
- other	602	711	(109)
Total commercial deferred income	679	775	(96)
Total commercial accrued expenses and deferred income	1,215	1,374	(159)
Financial accrued expenses	530	598	(68)
Financial deferred income	221	364	(143)
Total accrued expenses and deferred income	1,966	2,336	(370)

Financial accrued expenses include interest expense on financial payables for the portion relating to the current year.

Financial deferred income includes deferred interest income on the portfolio of the financial services companies.

13) Guarantees granted, commitments and other memorandum accounts

Guarantees granted

€ in millions	12/31/2004	12/31/2003	Change
Fiat Group	5,520	6,430	(910)
Worms & Cie Group	248	86	162
Alpitour Group	74	73	1
IFI S.p.A.	4	32	(28)
Total guarantees granted	5,846	6,621	(775)

Fiat Group

Guarantees granted are detailed as follows:

- suretyships total € 2,719 million (€ 3,060 million at December 31, 2003). The reduction of € 341 million is principally due to the deconsolidation of Fiat Engineering and lower guarantees granted on behalf of Sava S.p.A. for the bonds it has issued and are now falling due;
- other unsecured guarantees of € 2,534 million (€ 3,075 million at December 31, 2003) include risks for receivables and bills discounted with recourse in the amount of € 1,696 million (€ 2,203 million at December 31, 2003). The receivables and bills discounted with recourse refer to trade receivables and other receivables for € 1,613 million (€ 2,144 million at December 31, 2003) and financial receivables for € 83 million (€ 59 million at December 31, 2003). The volume of receivables discounted with recourse in 2004 was € 13,178 million (€ 15,341 million in 2003);
- guarantees of notes for € 217 million (€ 259 million at December 31, 2003) and other secured guarantees for € 50 million (€ 36 million at December 31, 2003).

Although not included in the memorandum accounts, receivables and bills discounted by the Group without recourse having due dates beyond December 31, 2004 amount to € 9,809 million (in 2003, € 9,852 million with due dates beyond December 31, 2003). Receivables and bills discounted without recourse refer to trade receivables and other receivables for € 4,689 million (€ 4,638 million at December 31, 2003) and financial receivables for € 5,120 million (€ 5,214 million at December 31, 2003). The discounting of financial receivables principally refers to securitization transactions involving accounts receivables from the final (retail) customers of the financial services companies. The accounting treatment for securitization transactions is disclosed in the Accounting principles. The volume of receivables and bills discounted without recourse in 2004 was € 27,540 million (€ 33,298 million in 2003).

In summary, the discounted receivables and bills at December 31, 2004 are as follows:

€ in millions	12/31/2004			12/31/2003		
	Trade receivables and other receivables	Financial receivables	Total	Trade receivables and other receivables	Financial receivables	Total
With recourse	1,613	83	1,696	2,144	59	2,203
Without recourse	4,689	5,120	9,809	4,638	5,214	9,852

Worms & Cie Group

Guarantees granted by the Worms & Cie Group amount to € 248 million (€ 86 million at December 31, 2003) and mainly include sureties issued to third parties.

Alpitour Group

Guarantees granted by the Alpitour Group amount to € 74 million (€ 73 million at December 31, 2003). These include guarantees provided in favor of leading credit institutions for long-term loans received during the year for € 34 million, sureties on behalf of tourist bodies, financial offices and public entities for € 38 million and mortgages carried on the buildings of the Group to secure loans recorded in the financial statements for € 2 million.

IFI S.p.A.

Guarantees granted at December 31, 2004, amount to € 4 million (€ 32 million at December 31, 2003) and refer to suretyships granted in the past by IFI in favor of F.I.G.C. – L.N.P., Federazione Italiana Giuoco Calcio – Lega Nazionale Professionisti, on behalf of Juventus Football Club.

The reduction of € 28 million from December 31, 2003 is due to sureties that expired (€ 24 million) or were reduced (€ 4 million) during the year.

The sureties, remunerated at market rates, expire in 2005.

Commitments

Commitments total € 36,759 million (€ 33,527 million at December 31, 2003) and include commitments related to derivative financial instruments of € 23,246 million (€ 22,507 million at December 31, 2003), other commitments of € 13,098 million (€ 10,690 million at December 31, 2003), and commitments to purchase property, plant and equipment for € 415 million (€ 330 million at December 31, 2003).

Commitments related to derivative financial instruments

€ in millions	Fiat Group	Worms & Cie Group	Alpitour Group	IFI and IFIL	Total
Contracts to hedge foreign exchange risks	5,350		52		5,402
Contracts to hedge interest rate exposure	13,880	857		555	15,292
Contracts for combined hedging of foreign exchange and interest rate risks	783	463			1,246
Call options on General Motors common stock	1,240				1,240
Equity swaps	66				66
Total 2004	21,319	1,320	52	555	23,246
Total 2003	20,798	1,219	25	465	22,507

Fiat Group

The Fiat Group maintains that these transactions are not subject to risks that may derive from the non-fulfillment by the counterparties insofar as the contracts are entered into with several primary national and international financial institutions. Approximately 52% of the contracts outstanding at December 31, 2004 will expire during 2005 and the remainder in the period 2006-2022, of which 14% will expire after 2009. The consolidated statement of operations includes the effects both of the contracts that expired in 2004 and the provisions for the contracts outstanding at year-end, as stated in the Accounting principles.

Hedging activities using derivative financial instruments have not undergone significant changes during the year, either in types of instruments or amounts outstanding.

The Group's financial policy attaches particular importance to the management and control of financial risks that can significantly impact profits. The Group has adopted a series of guidelines regarding the management of exchange rate and interest rate exposure.

The policy allows derivative financial instruments to be used only for managing exchange and interest rate risks connected to balance sheet flows and assets and liabilities, and not for speculative purposes.

In 2004, foreign exchange risk management followed the aforementioned policy and maintained the character of selective risk management. The reduction in exchange exposure, substantially originating from the positive balance between exports and imports, was based on the expected trend in exchange rates and the need to hedge the exchange levels of reference without completely foregoing the benefits deriving from a favorable trend in the rates. Again this year, the management of exchange risks was based principally on a combination of currency options.

In 2004, the management of interest rate exposure also followed the aforementioned guidelines which state that derivative financial instruments should be used to reach a fixed exposure level and minimize financing costs, and to ensure a correct matching of financing and investments by the financial services companies.

The derivative financial instruments principally relate to foreign exchange forward contracts, currency swaps and currency options or, as regards interest rate risks, interest rate swaps, forward rate agreements and options on interest rates, as well as interest rate and currency swaps for the combined management of currency and interest rate risks.

A comparison of the carrying values and the fair values of derivative financial instruments by contract type is set forth below:

€ in millions	12/31/2004			12/31/2003		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Foreign exchange risk management instruments	20	97	77	(3)	59	62
Interest rate risk management instruments	132	441	309	138	319	181
Foreign exchange risk and interest rate risk management instruments	187	192	5	174	176	2
Equity swaps and equity options	(4)	(4)	0	(1)	439	440
Total	335	726	391	308	993	685

The fair value of these derivative financial instruments was estimated based on year-end market prices for instruments with similar characteristics and maturities.

The increase in the fair value of the transactions for the management of interest rate risk is essentially related to the reduction in euro interest rates for medium term maturities.

The difference between the "Carrying value" and "Fair Value" is mainly due to the accounting principles adopted for the valuation of the financial instruments designated as hedges. As disclosed in the Accounting principles, it is not possible to completely adopt IAS 39 under current Italian law since all derivative financial instruments would have to be recorded at fair value in the financial statements, including those designated as hedges. The latter, instead, have been valued symmetrically with the underlying hedged item. Therefore, where the hedged item has not been adjusted to fair value in the financial statements, the hedging financial instruments have also not been adjusted. Similarly, where the hedged item has not yet been recorded in the financial statements (hedging of future flows), the valuation of the hedging instrument at fair value is deferred.

At December 31, 2004, the integral adoption of IAS 39, with reference to the aforementioned derivative financial instruments, would have had an effect on the balance sheet, on the one hand, for the adjustment of derivative financial instruments to arrive at fair value with a positive effect of € 391 million (a positive effect of € 685 million at December 31, 2003), and, on the other hand, for the adjustment of the hedged balance sheet items (mainly payables) with a net negative effect (due to the trend in interest rates) of € 329 million (€ 262 million at December 31, 2003) and, for the part relating to the hedging of future flows, a higher accumulated value of reserves in stockholders' equity of € 41 million (a lower accumulated value of € 22 million at December 31, 2003), net of the amount set aside for deferred income taxes. The integral adoption of IAS 39, always with reference to the aforementioned derivative financial instruments, would have led to negative effects on the net result for the year of approximately € 286 million, net of tax charges (positive effects of € 272 million at December 31, 2003). This economic impact would basically have been the result of the provision, at December 31, 2003, of the positive fair value of the equity swap on General Motors shares.

With particular regard to the previously mentioned equity swap arrangements, the amount at December 31, 2004 of € 66 million represents the notional amount of the equity swap stipulated to hedge the risk of an increase in the Fiat share price above the exercise price of 10,000,000 stock options granted to Mr. Marchionne. In particular, the Board of Directors resolved to grant Mr. Marchionne, as variable portion of his compensation as Chief Executive Officer, options for the purchase of 10,670,000 Fiat ordinary shares at the price of € 6.583 per share, exercisable from June 1, 2008 to January 1, 2011. In each of the first three years, he accrues the right to purchase, from June 1, 2008, a maximum of 2,370,000 shares per year and on June 1, 2008 he accrues the right to purchase, effective that date, the residual portion amounting to 3,560,000 shares. The right to exercise the options related to this last portion of shares is subject to certain predetermined profitability targets that should be reached during the reference period. The risk of a significant increase in the Fiat share price above the exercise price of these options has been covered, with reference to 670,000 shares, by treasury stock in portfolio (see Note 6), whereas with reference to the remaining 10,000,000 shares, the aforementioned "Total Return Equity Swap" agreement was put into place with a reference price of € 6.583 per share and expiring on July 29, 2005. In accordance with accounting principles, the aforementioned equity swap, despite being entered into for hedging purposes, cannot be treated in hedge accounting and accordingly is defined as a trading derivative financial instrument. It follows that, in accordance with the principle of prudence, if during the period of the contract the Fiat shares perform positively, the positive fair value of the instrument is not recorded in the statement of operations; if, instead, the performance is negative, the negative fair value of the instrument is recorded as a cost under financial expenses. At December 31, 2004, the equity swap has a negative fair value of € 7 million that has therefore been recorded in the financial statements.

At December 31, 2003, the equity swaps caption included:

- for € 62 million, the notional amount of the equity swap stipulated to hedge the risk of an increase in the Fiat share price above the exercise price of 10,000,000 stock options granted to Mr. Morchio. Near the contract expiration date (August 2004), the equity swap was replaced by the aforementioned contract in respect of the stock options granted to Mr. Marchionne. The replacement gave rise to income of € 5 million. Moreover, during 2004, the aforementioned stock options expired upon the resignation of Mr. Morchio;
- for € 916 million, the notional amount of the equity swap stipulated in 2002 at the same time as the sale of the General Motors shares and which was put into place to hedge the risk, implicit in the Exchangeable bonds described previously, of an increase in the General Motors share price above the conversion price (Note 11). During the first half of 2004, this equity swap was terminated in advance and replaced, in order to hedge the risk implicit in the Exchangeable bonds, by the purchase of call options on General Motors common stock. The transaction gave rise to net financial income of approximately of € 300 million. Following the repayment of almost all the bonds (see Note 11), these options, although purchased for hedging purposes, are classified as trading transactions and valued at the lower of cost and market (€ 3 million at December 31, 2004).

Worms & Cie Group

Commitments related to derivative financial instruments of the Worms & Cie Group mainly include agreements to hedge exchange and interest rate risks maturing between 2005 and 2007.

Alpitour Group

Commitments related to derivative financial instruments of the Alpitour Group include contracts stipulated by Alpitour to hedge interest rate risks on medium/long-term loan contracts.

IFI and IFIL S.p.A.

Commitments related to derivative financial instruments by IFI (€ 160 million) refer to transactions hedging interest rate risk on bank debt maturing in 2005 and 2007 put into place with leading banking institutions.

Commitments related to derivative financial instruments by IFIL (€ 395 million) include interest rate swaps stipulated on loans of € 150 million maturing October 2005, zero cost collars and interest rate swaps on a part of the IFIL bonds 2002-2005 for € 145 million and interest rate swaps on the full amount of the IFIL bonds 2003/2006 for € 100 million.

Derivative financial instruments are used by IFI and IFIL exclusively to hedge the risk of interest rate fluctuations.

Other commitments

€ in millions	12/31/2004	12/31/2003	Change
Fiat Group	12,813	10,350	2,463
Worms & Cie Group	180	134	46
Alpitour Group	76	37	39
IFI and IFIL Holdings System	29	169	(140)
Total other commitments	13,098	10,690	2,408

Fiat Group

Other commitments include commitments for the execution of works in the amount of € 10,261 million (€ 8,011 million at December 31, 2003) under the contracts between Fiat S.p.A., as General Contractor, and Treviso Alta Velocità T.A.V. S.p.A. for the design and construction of high-speed railway lines between Bologna - Florence and Turin - Milan. The increase of € 2,250 million compared to December 31, 2003 relates to the agreements reached during 2004 regarding the Florence-Bologna section for € 187 million; agreements for the subsection Turin-Novara for € 83 million; agreements for the section Novara-Milan for € 1,976 million and monetary adjustments for € 4 million. Fiat S.p.A. in turn assigned the design and construction of these works to the CAV.E.T. and CAV.TO.MI consortiums. In order to guarantee the contractual advances and the proper execution of the works, Fiat S.p.A. granted bank suretyships to T.A.V. S.p.A. totaling € 1,972 million. Similarly, as called for by the contract, the CAV.E.T. and CAV.TO.MI consortiums granted bank suretyships to Fiat S.p.A. for € 617 million and € 1,279 million, respectively. Consequently, the guarantees granted are substantially covered by the guarantees received.

Other commitments and important contractual rights

Relations with General Motors

On February 13, 2005, Fiat and General Motors signed a "Termination Agreement" to dissolve the Master Agreement and the joint ventures between the two groups. The agreement calls for the payment by General Motors to Fiat of € 1.55 billion (of which € 1 billion was already paid on February 14, 2005) to dissolve the Master Agreement, including the cancellation of the put option and the unwinding of the joint ventures. This sum will allow Fiat to recover the value of Fiat's investments in the Fiat-GM Powertrain and GM-Fiat Purchasing joint ventures recorded in the financial statements, the value of 50% of the Bielsko Biala (Poland) plant, which it will continue to manage, and the value of the JTD engine technology, which will be co-owned with General Motors. The sum will also entail recognition by Fiat of more than € 1 billion of compensation to dissolve the alliance and cancel the Put on Fiat Auto shares.

Ferrari

A summary is presented below of the rights arising from the purchase in 2002 of 34% of the capital stock of Ferrari S.p.A. for € 775 million by Mediobanca S.p.A., within the framework of a consortium set up for the acquisition and placement of the Ferrari shares. Fiat had realized a gain of € 671 million on this sale, net of selling expenses.

The sale contract sets out the following principal elements:

- Mediobanca assumed the responsibility of sole Global Coordinator in charge of coordinating and leading the consortium.
- Mediobanca cannot sell its Ferrari shares to another group in the automotive industry as long as the Fiat Group maintains a 51% controlling interest in Ferrari. Barring certain specific assumptions, the Fiat Group cannot reduce its investment in Ferrari below 51% until the end, depending on the case, of the third or fourth year subsequent to signing the contract.
- Fiat holds a call option that allows it to repurchase the Ferrari shares at any time before June 30, 2006 (the original date of June 30, 2005 was extended by one year during the course of 2003, by virtue of the payment of a premium of € 16 million), except during the five months subsequent to the presentation of an IPO application to the competent authorities. The option exercise price is equal to the original price at which the shares were sold plus interest during the period based on the BOT yield plus 4%.
- Mediobanca, moreover, does not hold any put option to resell the purchased Ferrari shares to Fiat, even in the event that the IPO does not occur or is not completed.
- Fiat may share, in variable percentage brackets, in any gain realized by Mediobanca and the other members of the consortium in the event of an IPO.

Teksid

Teksid S.p.A. is the object of a Put and Call contract with the partner Norsk Hydro concerning the subsidiary Meridian Technologies Inc. (held 51% by the Teksid Group and 49% by the Norsk Hydro Group). In particular, should there be a strategic deadlock in the management of the company (namely in all those cases in which a unanimous vote in favor is not reached by the directors on the board as regards certain strategic decisions disciplined by the contract between the stockholders), the following rights would arise:

- Put option of Norsk Hydro with Teksid on the 49% holding: the sale price would be commensurate with the initial investment made in 1998, revalued *pro rata temporis*, net of dividends paid.
- Call Option of Teksid with Norsk Hydro on the 49% holding (exercisable whenever Norsk Hydro renounces its right to exercise the Put Option described above): the sale price would be the highest value between the initial investment made by Norsk Hydro in 1998, calculated according to the criteria expressed previously, and 140% of the Fair Market Value (in this regard, an increase of 2% per year is established in the event the option is exercised from 2008 until 2013, thus up to 150% of the relative value).

It should be pointed out that so far the conditions that would give rise to the strategic deadlock are considered to be quite remote.

Fiat S.p.A. is subject to a put contract with Renault (in reference to the original investment of 33.5% in Teksid, now 19.52%).

In particular, Renault would acquire the right to exercise a sale option on the treasury stock to Fiat, in the following cases:

- in the event of nonfulfilment in the application of the protocol of the agreement and admission to receivership or any other redressment procedure;
- in the event Renault's investment in Teksid falls below 15% or Teksid decides to invest in a structural manner outside the foundry sector;
- should Fiat be the object of the acquisition of control by another car manufacturer.

The exercise price of the option is established as follows:

- for 6.5% of the capital stock of Teksid, the initial investment price increased *pro rata temporis*;
- for the remaining amount of capital stock of Teksid, the share of the accounting net equity at the exercise date.

End-of-life vehicles

In September 2000, the European Union issued Directive 2000/53/CE relative to end-of-life vehicles. This Directive, among other things, provides that, in the future, vehicle manufacturers will have to bear all, or a significant part of, the costs arising from the collection, treatment and recovery of end-of-life vehicles. The above Directive is currently being introduced into the national legislation of the individual member states and will be applicable for all vehicles placed on the market starting from July 2002; beginning January 2007 all vehicles on the market will be covered, even those placed before July 2002. The Directive was introduced in Italy in June 2003 and in the major markets (Germany, the Netherlands, Belgium, France, Spain, Slovenia, Portugal, Austria and Norway). Fiat Auto is pursuing a strategy aimed at zero service cost for the manufacturer by promoting networks for the disposal of the vehicles or

taking part in networks set up by other competitors, which, in the majority of cases, is made possible by the creation of a process that is economically self-sustained by the recovery value of the spare parts. Consequently, no liabilities are recognized for the Group.

Worms & Cie Group

Other commitments amount to € 180 million (€ 134 million at December 31, 2003) and principally include lease obligations for € 162 million and commitments for the purchase of financial fixed assets for € 18 million.

Alpitour Group

Other commitments amount to € 76 million (€ 37 million at December 31, 2003) and include financial lease obligations for the aircraft of the subsidiary Neos (€ 28 million) and sales commitments for travel bookings made by the tour operators of the Group for € 48 million (€ 37 million in 2003).

On December 15, 2000, the Extraordinary Stockholders' Meeting of Alpitour S.p.A. voted to vest the Board of Directors with the power to increase capital stock by a maximum amount of € 767,500 to service a stock option plan on behalf of the directors, managers and cadres of Alpitour and the companies of the Group.

The regulations of the stock option plan, approved by resolution of the Board of Directors on December 15, 2000, state that the aforementioned capital increase of € 767,500 will occur by issue of a maximum 1,535,000 new ordinary shares of par value € 0.50 each. The options under the plan, which carries a period of 68 months, will accrue in annual lots expiring October 31, of each year and will be offered at a price equal to € 6.73 per share. The options offered can be fully exercised within six months of the approval of the financial statements ended October 31, 2005.

The shares purchased in execution of the above plan can be sold to Alpitour at a price, established by the Board of Directors, calculated on the basis of the economic performance of the company.

The first tranche of options offered during 2002/2003, referring to the financial statements for the year ended October 31, 2002, was not exercised by the beneficiaries of the stock option plan.

IFI and IFIL Holdings System

Other commitments of IFI S.p.A. include the remaining payments (€ 2 million) under the commitment with Ticom Capital Partners and the residual commitment for the subscription of Emittenti Titoli's capital stock increase (€ 0.1 million).

Other commitments of IFIL S.p.A. amount to € 27 million (€ 165 million at December 31, 2003) and refer to the commitment with Sviluppo Italia S.p.A. (SIT) for the purchase of 49% of the capital stock of Sviluppo Italia Turismo under the agreement signed in December between Banca Intesa S.p.A., the IFIL Group and Marcegaglia S.p.A.. The entry of the three private stockholders in the shareholder base of SIT will take place through the company Turismo&Immobiliare (in which the three own equal stakes) which will purchase shares and subscribe to a SIT capital stock increase for a total outlay of € 76.4 million; Ifil Investissements' share will be equal to a maximum of about € 26 million.

Ifil Investissements, which already holds 14.3% of the capital stock of Euromedia Luxembourg One, has a commitment to purchase additional shares for a total equivalent amount of US\$ 2.66 million, corresponding to approximately € 2 million.

The reduction in the commitments of the IFIL Holdings System compared to December 31, 2003 is due to the purchase of 9.53% of Eurofind capital stock from Mediobanca for € 116 million and the purchase of 10% of NHT - New Holding for Tourism capital stock from TUI for € 46 million. Both transactions were effected in January 2004.

Pending litigation

IFIL S.p.A.

By notification on May 8, 2003, inferring illegal acts due to a conflict of interest and the unlawful valuation of the contributions in kind, the stockholder K Capital contested the resolution to increase IFIL's capital stock reserved for Istituto Finanziario Industriale S.p.A. passed by the Extraordinary Stockholders' Meeting of IFIL held on April 23, 2003 and sought compensation from IFIL for (alleged) damages (economic and non-economic) suffered as a result of the unlawful conduct (allegedly) by IFI. During the case and with reference only to (alleged) economic damages, K Capital stated its request for compensation (which originally had not been quantified) in approximately € 17 million.

The case is currently in the preliminary investigation stage. At the last hearing held on December 14, 2004, IFIL was questioned. The Judge then stayed the hearing until April 13, 2005 for further investigation measures (particularly in reference to a possible technical consultant appointed by the court), giving the parties time for briefs until March 31, 2005.

Both of the above requests by K Capital (request to declare the stockholders' resolution null and void and the request to seek a sum of compensation for damages) appear to be inadmissible and groundless and therefore at this time the Company does not believe that any contingent liabilities or losses will arise as a consequence.

Earlier, the appeal filed under ex article 2378, paragraph 4, of the Italian Civil Code by which the stockholder K Capital had sought the suspension of the execution of the resolution was denied by the Turin Court, by decree filed on June 9, 2003.

Fiat Group

Fiat S.p.A. and certain of its subsidiaries are involved in various lawsuits and controversies. Nevertheless, it is believed that the resolution of these controversies will not cause significant liabilities for which specific risk reserves have not already been set aside.

Worms & Cie Group

Fox River

The Environmental Protection Agency (EPA), in 1997, brought suit against Appleton Papers Inc., NCR Corporation and five other paper manufacturers for the alleged contamination of the Fox River.

This event took place during the 1950s - 1970s when the company was owned by the NCR Corporation. At the time of the acquisition of Appleton Papers Inc. by Arjo Wiggins Appleton, in 1978, an agreement was signed with NCR Corporation for purposes of sharing the costs of the indemnities that could be charged to Appleton Papers Inc.

Since 1997, studies are being conducted to establish the feasibility of decontaminating the Fox River and to determine the share of responsibility. During the first half of 2001, Appleton Papers Inc. and NCR Corporation reached an agreement with the pertinent American authorities which consists of the commitment to pay a sum of US\$ 40 million over four years to finance the research project for its decontamination. This payment will be charged against the indemnities to be paid.

In 2003, the "Department of Natural Resources" of Wisconsin (the state in which the pollution occurred) and the federal government published a long-term action plan for the complete reclamation of the river at an estimated total cost of US\$ 400 million, to be borne by the industries involved. In 2004, the aforementioned authorities finalized the technical solutions for the decontamination of the Fox River by capping with sand and dredging of the river itself.

In July 2003, a ruling by a Supreme Court of Justice of the State of Wisconsin gave the industries which had signed insurance contracts covering environmental risks the possibility of claiming the guarantees provided in these same contracts.

AWA Ltd retained the benefit of these insurance contracts, even after the sale of Appleton Papers Inc., in 2001.

Reviews are currently being conducted with the insurance companies to establish the portion of the costs that will be taken up by them, both for the research and the defense costs already incurred and the decontamination costs of the Fox River to be sustained in the future.

Negotiations with the insurance companies continue: no accruals have been made in the 2004 financial statements for the compensation to be received, despite the fact that one of the insurance companies has made a first payment of US\$ 2 million in December 2004.

In view of the way the dispute was evolving, the Worms & Cie Group, based on an evaluation by experts, had set aside a sum of US\$ 125 million in 2001. Such provision had been calculated on the basis of the best estimate for decontamination expenses to be borne by the Group.

The evolution of the events described above have not caused any significant change in the evaluation of the risk. On the other hand, the possibility of being able to lay claim against the insurance companies for the reimbursement of the indemnities, will make it possible to offset the eventuality of a variation in the costs as compared to the initial assumptions. Consequently, the amount of the provision has not been adjusted at December 31, 2004. The reserve is equal to US\$ 89 million (about € 65 million), net of the research and defense costs already spent.

European Commission

The inquiry by the Commission ended in July 2000 with notification of a fine, on which Arjo Wiggins Appleton had submitted its comments on the subject. On December 20, 2001, the Commission levied a fine of € 184 million on Arjo Wiggins Appleton which, in keeping with the principle of prudence, the company entirely accrued in the 2001 financial statements.

During the first half of 2002, the company filed an appeal to rescind the sentence which it maintains is out of proportion to the facts of the case. Since the appeal does not suspend the obligation to pay the fine, the company, in compliance with existing regulations, has decided to fulfill this obligation partly through a deposit of € 92 million and partly by providing a bank guarantee of the same amount.

The proceedings before the Court of the European Community in the first instance are still pending. Accordingly, at December 31, 2004, the provision has been calculated on the basis of the maximum potential risk.

Juventus Football Club

As regards the investigation by the judiciary against the Chief Executive Officer and the company physician concerning the alleged improper use of medicines by Juventus Football Club S.p.A. players, on November 26, 2004 the Court acquitted the Chief Executive Officer Antonio Giraudo of all charges and sentenced company physician Riccardo Agricola to one year and ten months' imprisonment, with the right to early release on the dual grounds provided by law.

The motivations for the sentence were filed on February 24, 2005. An appeal is currently being prepared on behalf of Riccardo Agricola and will be presented by the deadline date of April 11, 2005 and once filed will set in motion the second degree stage of the court process.

Group assets held by third parties

Group assets held by third parties, basically in reference to the Fiat Group, amount to € 3,313 million (€ 4,706 million at December 31, 2003), a decrease of € 1,393 million compared to December 31, 2003.

Fiat Group assets held by third parties at December 31, 2004 include securities deposited with banks and other financial institutions totaling € 156 million (€ 1,042 million at December 31, 2003). The reduction of € 886 million of the amount of securities deposited with banks is mainly due to their redemption at maturity by the issuers. This item also includes tangible fixed assets, products and goods of some Automotive Sectors held by outside suppliers for processing totaling € 3,062 million (€ 3,454 million at December 31, 2003).

COMMENTS ON THE PRINCIPAL COMPONENTS OF THE CONSOLIDATED STATEMENT OF OPERATIONS

14) Value of production – Revenues from sales and services and change in contract work in progress

In 2004, revenues from sales and services and change in contract work in progress amount to € 52,093 million, compared to € 52,434 million in 2003, with a decrease of 0.7%. They include revenues from sales and services of € 51,878 million (€ 53,509 million in 2003) and the positive change in contract work in progress of € 215 million (negative change of € 1,075 million in 2003).

The distribution of revenues from sales and services and the change in contract work in progress by business sector (net or intragroup transactions) is as follows:

€ in millions	2004	2003	Change	
			amount	%
Net revenues by operating sector				
Fiat Group				
- Automobiles	20,356	19,839	517	2.6
- Agricultural and construction equipment	9,791	9,410	381	4.0
- Commercial vehicles	8,960	8,206	754	9.2
- Ferrari and Maserati	1,502	1,250	252	20.2
- Components	2,586	2,087	499	23.9
- Production systems	1,285	1,756	(471)	(26.8)
- Metallurgical products	798	735	63	8.6
- Aviation (a)	0	625	(625)	n.s.
- Insurance (b)	0	1,654	(1,654)	n.s.
- Services	802	1,019	(217)	(21.3)
- Publishing and communications	398	372	26	7.0
- Other companies	225	318	(93)	(29.2)
Total Fiat Group	46,703	47,271	(568)	(1.2)
Worms & Cie Group - mainly paper manufacturing and distribution	4,280	4,214	66	1.6
Alpitour Group - Tourism	1,108	946	162	17.1
IFI, IFIL Holdings System and intragroup eliminations	2	3	(1)	(33.3)
Total net revenues of the Group	52,093	52,434	(341)	(0.7)

(a) The Aviation Sector's revenues are included up to July 1, 2003.

(b) The Insurance Sector's revenues are included up to May 2, 2003.

Net revenues from sales and services and change in contract work in progress by area of destination may be analyzed as follows:

€ in millions	2004	2003	Change
Net revenues by destination - Fiat Group			
Europe (excluding Italy)	18,180	18,884	(704)
Italy	15,618	16,381	(763)
North America	5,857	5,920	(63)
Other areas	3,852	3,491	361
Mercosur	3,196	2,595	601
Total	46,703	47,271	(568)
Net revenues by destination - Worms & Cie Group			
Europe (excluding Italy)	2,888	2,621	267
Other areas	724	912	(188)
North America	383	396	(13)
Italy	285	285	0
Total	4,280	4,214	66
Net revenues by destination - Alpitour Group			
Italy	1,002	840	162
Europe (excluding Italy)	90	72	18
Other areas	16	34	(18)
Total	1,108	946	162
IFI, IFIL Holdings System and intragroup eliminations	2	3	(1)
Total net revenues of the Group	52,093	52,434	(341)

Other income and revenues

Details of other income and revenues, by Group, are as follows:

€ in millions	2004	2003	Change
Fiat Group			
Revenue grants	54	52	2
Capital gains	87	187	(100)
Prior period income	345	423	(78)
Investment grants	61	78	(17)
Other income	969	949	20
Total Fiat Group	1,516	1,689	(173)
Worms & Cie Group			
Revenue grants	1	1	0
Other income	72	37	35
Total Worms & Cie Group	73	38	35
Alpitour Group			
Capital gains	3	0	3
Prior period income	3	1	2
Other income	7	8	(1)
Total Alpitour Group	13	9	4
IFIL Holdings System	4	1	3
Total other income and revenues	1,606	1,737	(131)

15) Costs of production

€ in millions	2004	2003	Change
Fiat Group	48,804	50,858	(2,054)
Worms & Cie Group	4,306	4,125	181
Alpitour Group	1,102	937	165
IFI and IFIL Holdings System	66	28	38
Total costs of production	54,278	55,948	(1,670)

As regards the Fiat Group:

- costs of production show a decrease of 4% compared to 2003. On a comparable consolidation basis, there would be an increase of 1.1%;
- raw materials, supplies and merchandise amount to € 28,951 million in 2004, an increase of 2% compared to 2003. Raw materials, supplies and merchandise as a percentage of revenues, on a comparable consolidation basis, would be 62% (63% in 2003);
- services amount to € 7,984 million in 2004, a decrease of 6.1% compared to 2003. This amount is equal to 17.1% of revenues (18% in 2003). On a comparable consolidation basis, the percentage of services expenses to revenues would be 17.1% (18.4% in 2003). Services include advertising costs, external information technology and telecommunication service costs, external maintenance costs and transportation costs.

The costs of production of the IFIL Holdings Systems include the extraordinary amortization of the residual difference on consolidation relating to the Alpitour Group (€ 37 million).

The difference on consolidation which originated in 2004 on the purchase of 10% of the capital stock of NHT (parent company of the Alpitour Group) was amortized at the end of the first quarter of 2004 for € 24 million since it could not be allocated. At the end of 2004, taking into account that on consolidation IFIL Group had in the past deducted the difference on consolidation on 90% of the investment in the Alpitour Group from the consolidation reserve, a charge was then made to completely amortize the remaining amount of € 13 million.

Personnel

Personnel costs consist of the following:

€ in millions	2004	2003	Change
Salaries and wages	5,111	5,341	(230)
Social security contributions	1,337	1,409	(72)
Employee severance indemnities	191	249	(58)
Employee pensions and similar obligations	191	189	2
Other costs	387	338	49
Total personnel costs	7,217	7,526	(309)

Details of personnel costs, by Group, are as follows:

€ in millions	2004	2003	Change
Fiat Group			
Salaries and wages	4,462	4,707	(245)
Social security contributions	1,168	1,249	(81)
Employee severance indemnities	187	244	(57)
Employee pensions and similar obligations	178	185	(7)
Other costs	374	303	71
Total Fiat Group	6,369	6,688	(319)
Worms & Cie Group			
Salaries and wages	576	577	(1)
Social security contributions	149	146	3
Employee pensions and similar obligations	13	4	9
Other costs	11	34	(23)
Total Worms & Cie Group	749	761	(12)
Alpitour Group			
Salaries and wages	65	50	15
Social security contributions	17	13	4
Employee severance indemnities	4	3	1
Other costs	1	1	0
Total Alpitour Group	87	67	20
IFI and IFIL Holdings System			
Salaries and wages	8	7	1
Social security contributions	3	1	2
Employee severance indemnities	0	2	(2)
Other costs	1	0	1
Total IFI and IFIL Holdings System	12	10	2
Total personnel costs	7,217	7,526	(309)

Personnel costs of the Fiat Group in 2004 amount to € 6,369 million in 2004, a decrease of 4.8% compared to 2003, mostly due to the effects of the change in the scope of consolidation. On a comparable consolidation basis, the decrease would be 2.4%. Personnel costs are equal to 13.6% of revenues (14.1% in 2003). Personnel costs as a percentage of revenues, on a comparable consolidation basis, would be 13.6% (14.5% in 2003).

An analysis of the average number of employees by category is provided as follows:

	2004	2003	Change
- Managers, management staff and clerks	64,904	72,106	(7,202)
- Blue-collar	114,886	120,444	(5,558)
Total	179,790	192,550	(12,760)

An analysis of the average number of employees, by Group, is provided as follows:

	2004	2003	Change
Fiat Group	161,494	174,242	(12,748)
Worms & Cie Group	14,551	14,961	(410)
Alpitour Group	3,664	3,268	396
IFI and IFIL Holdings System	81	79	2
Total	179,790	192,550	(12,760)

The average number of employees of the Fiat Group in 2004 totals 161,494, a decrease of 12,748 employees compared to 2003. This decrease is partly due to employees who left the Group, also in connection with employee reduction plans, and partly to the change in the scope of consolidation principally in relation to the sale of FiatAvio S.p.A., the Toro Assicurazioni Group and the retail financing activities of the Automobile Sector. In 2004 and 2003, there are no companies accounted for using the proportional method.

Provisions for risks

Provisions for risks of € 1,395 million in 2004 (€ 1,164 million in 2003) mainly refer to the Fiat Group and relate to the vehicle warranty reserve of € 636 million (€ 490 million in 2003), mainly in the Automotive Sectors, and to other reserves connected with industrial risks for € 758 million (€ 673 million in 2003).

Other operating costs

An analysis of other operating costs, by Group, is as follows:

€ in millions	2004	2003	Change
Fiat Group			
Losses on sale of fixed assets	83	47	36
Prior period expenses	208	226	(18)
Indirect and other taxes	128	147	(19)
Sundry expenses	656	608	48
Total Fiat Group	1,075	1,028	47
Worms & Cie Group			
Indirect and other taxes	43	40	3
Sundry expenses	47	38	9
Total Worms & Cie Group	90	78	12
Alpitour Group			
Prior period expenses	2	1	1
Indirect and other taxes	2	3	(1)
Sundry expenses	1	0	1
Total Alpitour Group	5	4	1
IFI and IFIL Holdings System	0	4	(4)
Total other operating costs	1,170	1,114	56

Insurance claims and other insurance costs

Insurance claims and other insurance costs amount to € 20 million in 2004 (€ 1,367 million in 2003) and refer to insurance companies in the Fiat Group. The decrease from 2003 is due to the sale of the Toro Assicurazioni Group on May 2, 2003.

16) Financial income and expenses

Investment income

Details of investment income are as follows:

€ in millions	2004	2003	Change
Dividends	38	38	0
Tax credit on dividends	0	17	(17)
Other	0	5	(5)
Total investment income	38	60	(22)

Other financial income

Details are as follows:

€ in millions	2004	2003	Change
Other financial income from			
- receivables held as fixed assets from others	1	5	(4)
- securities held as fixed assets other than equity investments	1	0	1
- securities held as current assets other than equity investments	45	127	(82)
Other income from			
- unconsolidated subsidiaries	4	8	(4)
- associated companies	6	7	(1)
- others:			
. bank and other interest	147	252	(105)
. customer interest and lease income	74	42	32
. discounts and other income	49	61	(12)
. income from derivative financial instruments	982	997	(15)
Total from others	1,252	1,352	(100)
Total other income	1,262	1,367	(105)
Total other financial income	1,309	1,499	(190)

Interest and other financial expenses

Details are as follows:

€ in millions	2004	2003	Change
Interest and other financial expenses from:			
- unconsolidated subsidiaries	0	3	(3)
- associated companies	5	6	(1)
- parent company	1	1	0
- others:			
. bond interest	576	673	(97)
. bank interest	188	277	(89)
. interest on trade and other payables	27	18	9
. interest on notes payable	6	14	(8)
. discounts and other expenses	475	443	32
. expenses from derivative financial instruments	661	994	(333)
. interest on other financial payables	115	187	(72)
. losses on sale of securities	1	8	(7)
Total interest and other financial expenses from others	2,049	2,614	(565)
Total interest and other financial expenses	2,055	2,624	(569)

Foreign exchange gains and losses

Foreign exchange gains, net, of € 25 million (€ 64 million in 2003) represent the balance between foreign exchange gains of € 2,549 million (€ 2,657 million in 2003) and foreign exchange losses of € 2,524 million (€ 2,593 million in 2003). Such balances mostly relate to the Fiat Group.

Fiat Group

The following analysis of "Other financial income", "Interest and other financial expenses" and "Foreign exchange gains and losses" presents the amounts shown in the related captions on the statement of operations and also the amounts of income and expenses of the Group's financial companies presented in the captions on the statement of operations under "Revenues from sales and services" and "Interest and other expenses of financial services companies", respectively. The last line in the table shows "Other financial income" and "Interest and other financial expenses" as presented on the statement of operations, excluding the financial activities.

€ in millions	2004	2003	Change
Other financial income from:			
- receivables held as fixed assets from others	0	3	(3)
- securities held as fixed assets other than equity investments	1	0	1
- securities held as current assets other than equity investments	39	119	(80)
Other income from:			
- unconsolidated subsidiaries	4	8	(4)
- associated companies	29	34	(5)
- others:			
. bank and other interest	190	266	(76)
. customer interest and lease income	922	1,166	(244)
. discounts and other income	65	81	(16)
. income from derivative financial instruments	996	1,132	(136)
Total from others	2,173	2,645	(472)
Total other income	2,206	2,687	(481)
Total other financial income	2,246	2,809	(563)
of which:			
Other financial income, excluding financial services companies	1,271	1,457	(186)

€ in millions	2004	2003	Change
Interest and other financial expenses from:			
- unconsolidated subsidiaries	0	3	(3)
- associated companies	5	6	(1)
- others:			
. bond interest	587	681	(94)
. bank interest	316	558	(242)
. interest on trade and other payables	27	18	9
. interest on notes payable	7	49	(42)
. interest on other financial payables	167	185	(18)
. discounts and other expenses	544	534	10
. expenses from derivative financial instruments	666	1,115	(449)
. losses on sale of securities	1	8	(7)
Total interest and other financial expenses from others	2,315	3,148	(833)
Total interest and other financial expenses	2,320	3,157	(837)
of which:			
Interest and other financial expenses, excluding financial services companies	1,944	2,489	(545)

€ in millions	2004	2003	Change
Foreign exchange gains and losses			
Positive balance of exchange differences	25	47	(22)
Total foreign exchange gains and losses	25	47	(22)
of which			
Foreign exchange gains and losses, excluding financial services companies	25	47	(22)

Other financial income of € 2,246 million in 2004 (€ 2,809 million in 2003), when shown net of interest and other financial expenses of € 2,320 million (€ 3,157 million in 2003) and the net balance of foreign exchange gains of € 25 million (€ 47 million in 2003) result in a net negative balance of € 49 million (a net negative balance of € 301 million in 2003). However, the result for fiscal 2003 had benefited from financial income, net of the relative financial expenses, on the businesses sold (mainly the retail activities of Fiat Auto and the Toro Assicurazioni Group) for approximately € 170 million. On a comparable consolidation basis, the improvement is about € 420 million and is the consequence of both nonrecurring transactions (mainly the net amount of income of approximately € 300 million from the termination of the equity swap on General Motors stock) and lower average indebtedness during the year and generally more favorable market interest rates.

Discounts and other expenses include receivables discounting and securitization expenses of € 195 million in 2004 (€ 280 million in 2003).

Worms & Cie Group

€ in millions	2004	2003	Change
Other financial income from:			
- receivables held as fixed assets from others	0	2	(2)
- securities held as current assets other than equity investments	1	3	(2)
Other income from:			
- others:			
. bank and other interest	28	24	4
. discounts and other income	0	3	(3)
Total other income	28	27	1
Total other financial income	29	32	(3)

€ in millions	2004	2003	Change
Interest and other financial expenses from:			
- others:			
. bank interest	39	49	(10)
. discounts and other expenses	18	21	(3)
Total interest and other financial expenses	57	70	(13)

Alpitour Group

€ in millions	2004	2003	Change
Other financial income from:			
- receivables held as fixed assets from others	1	0	1
- securities held as current assets other than equity investments	0	1	(1)
Bank and other interest	2	3	(1)
Total other financial income	3	4	(1)

€ in millions	2004	2003	Change
Interest and other financial expenses from:			
- others:			
. bank interest	11	11	0
. discounts and other expenses	2	2	0
Interest on other financial payables	1	2	(1)
Total interest and other financial expenses	14	15	(1)

IFI and IFIL Holdings System

€ in millions	2004	2003	Change
Other financial income from:			
- securities held as current assets other than equity investments	5	4	1
Bank and other interest	1	1	0
Total other financial income	6	5	1

€ in millions	2004	2003	Change
Interest and other financial expenses from:			
- parent companies	1	1	0
- others:			
. bond interest	14	9	5
. bank interest	13	24	(11)
. discounts and other expenses	2	7	(5)
. expenses from derivative financial instruments	9	9	0
. interest on other financial payables	1	0	1
Total interest and other financial expenses	40	50	(10)

17) Adjustments to financial assets

€ in millions	2004	2003	Change
Revaluations:			
- equity investments	203	229	(26)
- securities held in current assets other than equity investments	0	15	(15)
Total revaluations	203	244	(41)
Writedowns:			
- equity investments	(166)	(306)	140
- financial fixed assets other than equity investments	(23)	(1)	(22)
- securities held in current assets other than equity investments	(3)	(9)	6
- financial receivables	(74)	(6)	(68)
Total writedowns	(266)	(322)	56
Total adjustments to financial assets	(63)	(78)	15

The revaluations and the writedowns of equity investments also include the Group's share of earnings and losses of companies accounted for using the equity method and the amortization of differences on consolidation included in the carrying values of the investments accounted for using the equity method.

Details, by Group, are as follows.

Fiat Group

€ in millions	2004	2003	Change
Revaluations:			
- equity investments	125	91	34
- securities held in current assets other than equity investments	0	14	(14)
Total revaluations	125	105	20
Writedowns:			
- equity investments	(126)	(263)	137
- financial fixed assets other than equity investments	(23)	(1)	(22)
- securities held in current assets other than equity investments	(2)	(8)	6
- financial receivables	(71)	(5)	(66)
Total writedowns	(222)	(277)	55
Total adjustments to financial assets	(97)	(172)	75

Revaluations of equity investments include the results of the following companies: BUC – Banca Unione Credito for € 9 million (€ 11 million in 2003), various companies of CNH Global N.V. for € 28 million (€ 24 million in 2003), companies of the Automobile Sector for € 56 million (€ 20 million in 2003) and other companies for € 32 million (€ 36 million in 2003).

Writedowns of equity investments include the results of the companies valued using the equity method and the permanent impairments in value of the companies valued at cost, for the following: various companies of CNH Global N.V. for € 4 million (€ 9 million in 2003), companies of the Automobile Sector for € 51 million (€ 112 million in 2003), companies of the Commercial Vehicles Sector for € 28 million (€ 3 million in 2003), companies of the Service Sector for € 26 million (€ 7 million in 2003) and other companies for € 17 million (€ 4 million in 2003). In 2003, the amount included writedowns in the following companies: Italernergia Bis S.p.A. for € 24 million, Atlantet S.p.A. for € 56 million, and the first four months of the Toro Assicurazioni Group for € 48 million.

Writedowns of financial receivables of € 71 million (€ 5 million in 2003) include provisions to the allowance for doubtful financial accounts receivable to adjust certain items to realizable value after settlement for the partial collection of a receivable which became known during the early months of 2005.

Worms & Cie Group

€ in millions	2004	2003	Change
Revaluations:			
- equity investments	51	51	0
- securities held in current assets other than equity investments	0	1	(1)
Total revaluations	51	52	(1)
Writedowns:			
- equity investments	(22)	(23)	1
- securities held in current assets other than equity investments	0	(1)	1
- financial receivables	(3)	(1)	(2)
Total writedowns	(25)	(25)	0
Total adjustments to financial assets	26	27	(1)

Revaluations of equity investments in 2004 include the results of Pechel Industries for € 6 million (€ 13 million in 2003), SGS for € 44 million (€ 36 million in 2003) and sundry companies in the Antalis Group for € 1 million.

Writedowns refer to the amortization of the difference on consolidation included in the carrying value of the investment in SGS.

IFI and IFIL Holdings System

€ in millions	2004	2003	Change
Revaluations:			
- equity investments	27	87	(60)
Total revaluations	27	87	(60)
Writedowns:			
- equity investments	(18)	(20)	2
- securities held in current assets other than equity investments	(1)	0	(1)
Total writedowns	(19)	(20)	1
Total adjustments to financial assets	8	67	(59)

Revaluations include the result of Exor Group for € 27 million (€ 5 million in 2003). In 2003, revaluations also included the result of the Eurofind Group for € 82 million.

Writedowns include the negative result of Juventus Football Club for € 4 million (€ 10 million in 2003) and the Eurofind Group for € 6 million as well as the amortization of the differences on consolidation of Eurofind for € 8 million (€ 10 million in 2003).

18) Extraordinary income and expenses

€ in millions	2004	2003	Change
Extraordinary income			
Gains on disposals of investments and other fixed assets	813	2,080	(1,267)
Other income:			
- prior period income	20	36	(16)
- other income	153	161	(8)
Total other income	173	197	(24)
Total extraordinary income	986	2,277	(1,291)
Extraordinary expenses			
Losses on disposals of investments and other fixed assets	(7)	(56)	49
Taxes relating to prior years	(39)	(27)	(12)
Other expenses:			
- extraordinary provisions to reserves	(502)	(609)	107
- other extraordinary expenses	(770)	(1,003)	233
- prior period expenses	(18)	(49)	31
Total other expenses	(1,290)	(1,661)	371
Total extraordinary expenses	(1,336)	(1,744)	408
Total extraordinary income and expenses	(350)	533	(883)

Details of extraordinary income and expenses, by Group, are as follows.

Fiat Group

€ in millions	2004	2003	Change
Extraordinary income			
Gains on disposals of investments and other fixed assets	162	1,826	(1,664)
Other income:			
- prior period income	19	32	(13)
- other income	135	159	(24)
Total other income	154	191	(37)
Total extraordinary income	316	2,017	(1,701)
Extraordinary expenses			
Losses on disposals of investments and other fixed assets	(5)	(50)	45
Taxes relating to prior years	(39)	(26)	(13)
Other expenses:			
- extraordinary provisions to reserves	(432)	(585)	153
- other extraordinary expenses	(685)	(969)	284
- prior period expenses	(18)	(40)	22
Total other expenses	(1,135)	(1,594)	459
Total extraordinary expenses	(1,179)	(1,670)	491
Total extraordinary income and expenses	(863)	347	(1,210)

Gains on disposals of investments and other fixed assets amount to € 162 million in 2004 (€ 1,826 million in 2003). They include the gains on the following sales: the Midas Group for € 32 million (€ 28 million net of the provisions connected with the transaction, classified in extraordinary provisions to reserves), Fiat Engineering S.p.A. for € 60 million (€ 58 million net of the collateral costs classified as extraordinary expenses), Edison S.p.A. shares for € 32 million, Edison warrants for € 30 million and other minor investments for € 8 million.

Gains on disposals of investments and other fixed assets amounted to € 1,826 million in 2003 and included the gains on the following sales: the Toro Assicurazioni Group for € 427 million (€ 390 million net of the expenses and provisions connected with the transaction, classified as other extraordinary expenses), the Automobile Sector's Retail financing activities in Brazil for € 103 million, the 55.95% investment in IPI S.p.A. for € 15 million, the 50.1% investment in IN ACTION S.r.l. for € 8 million, FiatAvio S.p.A. for € 1,266 million (€ 1,258 million net of the expenses connected with the transaction) and other minor investments for € 7 million.

The other extraordinary income of € 135 million (€ 159 million in 2003) refers to nonrecurring income of the individual companies of the Group mainly for the release of extraordinary reserves that proved in excess of requirements.

Losses on disposals of investments and other fixed assets amount to € 5 million in 2004 (€ 50 million in 2003).

Taxes relating to prior years amount to € 39 million in 2004 (€ 26 million in 2003).

Other extraordinary expenses amounting to € 1,135 million in 2004, include principally expenses and provisions for risks in relation to corporate restructuring transactions of the Fiat Group of € 508 million, other extraordinary writedowns of assets on the basis of changes in market prospects and the consequent new business plans of € 35 million. They also include additional extraordinary expenses and provisions to reserves for future risks and charges for a total of € 592 million, the most significant of which refer to expenses for the rationalization and restructuring of relationships with suppliers of the Fiat Group of € 246 million. Other extraordinary expenses also include those of the Fiat Group of € 18 million for prior period expenses.

Other extraordinary expenses amounting to € 1,594 million in 2003, included principally expenses and provisions for risks in relation to corporate restructuring transactions of € 658 million, other extraordinary writedowns of assets on the basis of changes in market prospects and the consequent new business plans of € 215 million, provisions for the remaining commitments connected with the IPSE initiative of € 47 million, expenses and provisions recorded in reference to relations existing with the Ixfin Group of € 53 million, incidental costs and other provisions connected with the sale of the Toro Assicurazioni Group of € 37 million, incidental costs and other provisions connected with other sales which took place in 2003 and in prior years of € 102 million, damages caused by flooding at the Termoli factory of € 71 million and, lastly, commissions paid to Mediobanca for the extension of the commitments undertaken by Mediobanca itself under the "Ferrari" contract of € 16 million. Other extraordinary expenses also included prior years' expenses of € 40 million.

Other expenses under extraordinary expenses, by Sector, are as follows:

€ in millions	2004	2003	Change
Automobiles	742	711	31
Agricultural and construction equipment	68	142	(74)
Commercial vehicles	70	170	(100)
Metallurgical products	25	67	(42)
Components	68	86	(18)
Production systems	17	140	(123)
Services	16	31	(15)
Other companies	129	247	(118)
Total other expenses	1,135	1,594	(459)

Worms & Cie Group

€ in millions	2004	2003	Change
Extraordinary income			
Gains on disposals of investments and other fixed assets	28	115	(87)
Other income	15	0	15
Total extraordinary income	43	115	(72)
Extraordinary expenses			
Losses on disposals of investments and other fixed assets	0	(6)	6
Other expenses:			
- extraordinary provisions to reserves	(66)	(22)	(44)
- other extraordinary expenses	(80)	(28)	(52)
- prior period expenses	0	(9)	9
Total other expenses	(146)	(59)	(87)
Total extraordinary expenses	(146)	(65)	(81)
Total extraordinary income and expenses	(103)	50	(153)

Gains on disposals of investments and other fixed assets mainly relate to the sale of the remaining 0.64% stake in the Accor Group (€ 22 million) and the Roumain RTC Group (€ 2 million).

In 2003, gains mainly related to the sale of the 1.3% stake in Groupe Danone (€ 111 million).

Other extraordinary expenses include extraordinary depreciation of property, plant and equipment for € 54 million and other extraordinary expenses for the corporate restructuring of the AWA Group.

Alpitour Group

€ in millions	2004	2003	Change
Extraordinary income			
Gains on disposals of investments and other fixed assets	2	9	(7)
Total extraordinary income	2	9	(7)
Extraordinary expenses			
Losses on disposals of investments and other fixed assets	(2)	0	(2)
Taxes relating to prior years	0	(1)	1
Other expenses:			
- extraordinary provisions to reserves	(2)	0	(2)
- other extraordinary expenses	(5)	(3)	(2)
Total other expenses	(7)	(3)	(4)
Total extraordinary expenses	(9)	(4)	(5)
Total extraordinary income and expenses	(7)	5	(12)

Gains on disposals principally refer to the sale of the investment in Jumbo Renta.

In 2003, gains referred to the sale of the properties located in Turin, Milan and Trieste for € 7 million and the sale of the investment in Blumarin Hotel for € 2 million.

The losses on disposals refer to the sale of the investment in Promoviaggi.

Extraordinary expenses mainly refer to expenses incurred for the organizational restructuring of the Group.

IFI and IFIL Holdings System

€ in millions	2004	2003	Change
Extraordinary income			
Gains on disposals of investments and other fixed assets	621	130	491
Other income:			
- prior period income	1	4	(3)
- other income	3	2	1
Total other income	4	6	(2)
Total extraordinary income	625	136	489
Extraordinary expenses			
Other expenses:			
- extraordinary provisions to reserves	(2)	(2)	0
- other extraordinary expenses	0	(3)	3
Total extraordinary expenses	(2)	(5)	3
Total extraordinary income and expenses	623	131	492

Gains on disposals realized by the IFIL Holdings System refer to the sale of the 50% interest in the capital stock of Eurofind Food (+€ 586 million) and the 7.2% stake in the capital stock of Club Méditerranée (+€ 27 million), as well as the portion of the gain deferred in prior years at IFI level regarding the subsidiary La Rinascente (€ 8 million).

In 2003, the gains referred to the sale of the 25% interest in Sifalberghi (€ 25 million), the portion of gains deferred in prior years regarding the subsidiary Toro Assicurazioni (€ 93 million) and the dilution generated by the disposal of Fiat treasury stock held by Toro Assicurazioni, sold by the same Fiat (€ 12 million).

19) Income taxes, current and deferred

Income taxes recorded in the consolidated statement of operations are the following:

€ in millions	2004	2003	Change
Current taxes, net of tax credits	(351)	(206)	(145)
Deferred taxes	379	(500)	879
Total	28	(706)	734

The reconciliation between the tax charge recorded in the consolidated financial statements and the theoretical tax charge, calculated on the basis of the theoretical tax rates in effect in Italy, is the following:

€ in millions	2004	2003
Theoretical income taxes	357	395
Utilization of tax loss carryforwards	121	57
Tax effect of permanent differences	205	(78)
Tax effect of difference between foreign tax rates and theoretical Italian tax rates	7	48
Deferred tax assets not provided	(511)	(955)
Other differences	(19)	(45)
Total	160	(578)
IRAP	(132)	(128)
Income taxes recorded in financial statements (current and deferred income taxes)	28	(706)

In order to render the reconciliation between income taxes recorded in the financial statements and theoretical income taxes more meaningful, the IRAP tax is not taken into consideration. Since the IRAP tax has a taxable basis that is different from income before taxes, it generates distortions between one year and another. Accordingly, the theoretical income taxes were determined applying only the tax rate in effect in Italy (IRES equal to 33% in 2004) to the income before taxes.

20) Net sales and revenues, operating income (loss), depreciation and amortization, capital expenditures by segment

€ in millions	Net sales and revenues			Operating income (loss)	Depreciation and amortization	Capital expenditures	Total assets
	Third parties	Intersegment (a)	Total				
2004							
Fiat Group							
Automobiles	20,356	183	20,539	(840)	945	1,330	17,839
Ferrari and Maserati	1,502	10	1,512	6	121	139	1,099
Agricultural and construction equipment	9,791	5	9,796	407	393	210	12,134
Commercial vehicles	8,960	332	9,292	357	308	148	9,505
Components	2,586	1,218	3,804	116	181	187	2,393
Metallurgical products	798	113	911	35	48	44	728
Production systems	1,285	431	1,716	32	43	14	3,560
Services	802	770	1,572	36	33	11	783
Publishing and communications	398	9	407	12	7	2	228
Other companies and eliminations (d)	225	(3,071)	(2,846)	(139)	89	27	8,974
Total Fiat Group	46,703	0	46,703	22	2,168	2,112	57,243
Worms & Cie Group - mainly paper manufacturing and distribution							
	4,280	0	4,280	206	273	133	4,781
Alpitour Group - Tourism							
	1,108	0	1,108	21	17	20	515
IFI and IFIL Holdings System							
	2	0	2	(210)	38	0	2,320
Total of the Group	52,093	0	52,093	39	2,496	2,265	64,859
2003							
Fiat Group							
Automobiles	19,839	171	20,010	(979)	962	1,100	20,908
Ferrari and Maserati	1,250	11	1,261	32	85	193	965
Agricultural and construction equipment	9,410	8	9,418	229	450	217	12,928
Commercial vehicles	8,206	234	8,440	81	304	210	9,108
Components	2,087	1,119	3,206	32	173	148	2,418
Metallurgical products	735	109	844	12	49	56	739
Production systems	1,756	537	2,293	2	56	18	4,125
Services	1,019	797	1,816	45	30	7	1,892
Publishing and communications	372	11	383	10	7	3	251
Aviation (b)	625	0	625	53	41	33	0
Insurance (c)	1,654	0	1,654	44	16	0	0
Other companies and eliminations (d)	318	(2,997)	(2,679)	(71)	96	26	9,377
Total Fiat Group	47,271	0	47,271	(510)	2,269	2,011	62,711
Worms & Cie Group - mainly paper manufacturing and distribution							
	4,214	0	4,214	179	149	120	4,962
Alpitour Group - Tourism							
	946	0	946	9	11	29	633
IFI and IFIL Holdings System							
	3	0	3	(73)	43	0	1,734
Total of the Group	52,434	0	52,434	(395)	2,472	2,160	70,040

(a) Intersegment net revenues include revenues between Group companies consolidated line-by-line and reporting to different Sectors. Intersegment sales are accounted for at transfer prices that are substantially in line with market conditions.

(b) The Aviation Sector's revenues are included up to July 1, 2003.

(c) The Insurance Sector's revenues are included up to May 2, 2003.

(d) Operating losses of other companies amount to € 120 million in 2004 and € 137 million in 2003.

21) Other information

Research and development expenses

Fiat Group

Each year significant expenditures are borne by the Fiat Group for research and development programs that generally cover a period of several years and which are charged to income in the year incurred.

In 2004 and 2003 direct research and development expenses were € 1,810 million and € 1,747 million, respectively. For the most important projects, the Fiat Group has applied for financing to the Italian government and the European Community under related legislation.

At the end of 2004, there were multiyear research and innovation projects that are being examined or for which incentives are being paid, by the above authorities, which show estimated expenditures in the relative applications amounting to approximately € 997 million (an amount which also comprises projects on which the balance of the incentives was received in the same year). The Group filed/received low-rate loans for € 226 million and grants for € 436 million in respect of these projects which could also give rise to receipts for incentives in future years. The amounts received during 2004, referring to the aforementioned expenditures, totaled € 22 million in low-rate loans and € 52 million in grants, for a cumulative total at December 31, 2004 of € 42 million in low-rate loans and € 157 million in grants.

The average interest rate on financing received for research and innovation at December 31, 2004 was 2.08% (2.27% for outstanding financing at December 31, 2003).

Worms & Cie Group

In 2004, research and development costs expensed directly to income during the year total € 17 million (€ 16 million in 2003).

Maintenance costs

Maintenance costs charged to income in 2004 and 2003 amounted to € 443 million and € 510 million, respectively. Details, by Group, are as follows:

€ in millions	2004	2003	Change
Fiat Group	370	435	(65)
Worms & Cie Group	67	71	(4)
Alpitour Group	6	4	2
Total	443	510	(67)

Advertising costs

Advertising costs charged to income amounted to € 959 million and to € 982 million, respectively, in 2004 and 2003. Details, by Group, are as follows:

€ in millions	2004	2003	Change
Fiat Group	898	921	(23)
Worms & Cie Group	44	43	1
Alpitour Group	17	18	(1)
Total	959	982	(23)

22) Compensation to directors and statutory auditors

In accordance with art. 38 of Legislative Decree 127/91, the amount of emoluments to which the Directors and Statutory Auditors of IFI S.p.A. are entitled for carrying out such functions in the parent company and also in other companies included in the scope of consolidation are as follows:

€ in thousands	IFI S.p.A.	Subsidiaries	Total
Directors	451	3,187	3,638
Statutory Auditors	146	158	304
Total	597	3,345	3,942

In 2003, compensation amounted to € 5,528 thousand, of which € 1,123 thousand was paid by IFI and € 4,405 thousand by subsidiaries.

23) Statement of cash flows for the year ended at December 31, 2004

€ in millions	2004	2003
A) Cash at January 1	3,461	3,733
B) Cash flows provided by (used in) operating activities		
Net result before minority interest	(1,029)	(1,647)
Amortization and depreciation	2,550	2,472
Net change in reserve for employee severance indemnities	(34)	(135)
Change in deferred income taxes	(303)	422
Net gains on disposal of fixed assets	(813)	(2,080)
Revaluations and writedowns of equity investments	128	649
Dividends received from unconsolidated subsidiaries	256	41
Change in current assets and liabilities:		
- trade receivables	(260)	174
- net inventories	459	(381)
- trade payables	(509)	(28)
- other payables, receivables, accruals and deferrals	(275)	(587)
- reserves for income taxes and other reserves	(22)	(281)
- change in the scope of consolidation and others	22	(91)
Total cash flows provided by (used in) operating activities	170	(1,472)
C) Cash flows provided by (used in) investment activities		
Investments in		
- property, plant and equipment	(2,265)	(2,160)
- equity investments	(451)	(333)
- tangible assets and deferred charges	(276)	(515)
Investment grants	92	134
Proceeds from the sale of fixed assets	1,574	4,413
Net change in financial receivables	3,234	1,149
Change in securities in current assets and fixed assets	1,082	(3,063)
Other changes	301	3,262
Total cash flows provided by (used in) investment activities	3,291	2,887
D) Cash flows provided by (used in) financing activities		
Increase in borrowings	1,556	2,602
Repayment of borrowings	(5,184)	(6,976)
Net change in short-term financial receivables and payables	487	789
Increase in capital stock subscribed by minority interests	19	1,972
Distribution of profits and reserves and purchase of treasury stock	(111)	(74)
Total cash flows provided by (used in) financing activities	(3,233)	(1,687)
E) Total change in cash	228	(272)
F) Cash at December 31	3,689	3,461

24) Translation of foreign financial statements

The principal exchange rates used in 2004 and 2003 to translate foreign currency financial statements into euros are the following:

	2004		2003	
	Average	At 12/31/2004	Average	At 12/31/2003
U.S. dollar	1.244	1.362	1.131	1.263
British pound	0.679	0.705	0.692	0.705
Swiss franc	1.544	1.543	1.521	1.558
Polish zloty	4.526	4.084	4.398	4.717
Brazilian real	3.635	3.615	3.474	3.649
Argentine peso	3.664	4.045	3.335	3.713

Turin, March 30, 2005

For the Board of Directors
The Chairman
Gianluigi Gabetti

IFI S.p.A.

IFI S.p.A.

BALANCE SHEET - ASSETS (in €)	12/31/2004	12/31/2003	Change
FIXED ASSETS			
Intangible fixed assets			
Industrial patents and intellectual property rights	6,067	0	6,067
Property, plant and equipment			
Industrial and commercial equipment	0	10,524	(10,524)
Financial fixed assets			
Investments in subsidiaries	1,676,161,514	1,676,161,514	0
Investments in associated companies	102,559,055	102,559,055	0
Investments in other companies	735,596	923,658	(188,062)
Total investments	1,779,456,165	1,779,644,227	(188,062)
Receivables - from others	8,178,274	6,678,274	1,500,000
Treasury stock	70,477,224	70,477,224	0
Total financial fixed assets	1,858,111,663	1,856,799,725	1,311,938
TOTAL FIXED ASSETS	1,858,117,730	1,856,810,249	1,307,481
CURRENT ASSETS			
Receivables (a)			
Receivables from subsidiaries	289,379	393,498	(104,119)
Receivables from associated companies	100,000	54,483	45,517
Receivables from parent company	9,900	0	9,900
Taxes receivables	17,807,307	17,335,816	471,491
Other receivables			
due within one year	839,840	815,155	24,685
due beyond one year	33	33	0
Total receivables	19,046,459	18,598,985	447,474
Cash			
Bank and post office accounts	75,602	53,690	21,912
Cash on hand	3,263	10,255	(6,992)
Total cash	78,865	63,945	14,920
TOTAL CURRENT ASSETS	19,125,324	18,662,930	462,394
ACCRUED INCOME AND PREPAID EXPENSES	58,162	49,425	8,737
TOTAL ASSETS	1,877,301,216	1,875,522,604	1,778,612

(a) Unless otherwise indicated, the receivables are due within one year.

IFI S.p.A.

BALANCE SHEET - LIABILITIES AND STOCKHOLDERS' EQUITY (in €)	12/31/2004	12/31/2003	Change
STOCKHOLDERS' EQUITY			
Capital stock	163,251,460	163,251,460	0
Additional paid-in capital	386,346,907	386,346,907	0
Revaluation reserves			
Revaluation reserve Law No. 74/52	156,734	156,734	0
Revaluation reserve Law No. 576/75	16,939,786	16,939,786	0
Revaluation reserve Law No. 72/83	64,265,310	64,265,310	0
Total revaluation reserves	<u>81,361,830</u>	81,361,830	0
Legal reserve	32,650,292	14,788,912	17,861,380
Statutory reserves			
Extraordinary reserve	712,904,015	736,081,101	(23,177,086)
Treasury stock valuation reserve	70,477,224	70,477,224	0
Reserve for purchase of treasury stock	120,000,000	100,000,000	20,000,000
Net income	37,707,363	14,666,264	23,041,099
TOTAL STOCKHOLDERS' EQUITY	<u>1,604,699,091</u>	1,566,973,698	37,725,393
RESERVES FOR RISKS AND CHARGES			
For income taxes, also deferred income taxes	1,504,268	5,571,990	(4,067,722)
Other reserves	4,200,000	2,700,000	1,500,000
TOTAL RESERVES FOR RISKS AND CHARGES	<u>5,704,268</u>	8,271,990	(2,567,722)
RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES	<u>1,495,991</u>	1,300,802	195,189
PAYABLES ^(a)			
Borrowings from banks due within one year	208,455,620	66,261,713	142,193,907
Borrowings from banks due beyond one year	30,000,000	212,700,000	(182,700,000)
Trade payables	164,802	1,218,963	(1,054,161)
Payables to subsidiaries	192,202	372,803	(180,601)
Payables to parent company	24,189,192	15,175,589	9,013,603
Taxes payable	133,211	178,644	(45,433)
Social security payable			
due within one year	323,187	334,990	(11,803)
due beyond one year	254,272	452,512	(198,240)
Other payables	505,259	1,001,600	(496,341)
TOTAL PAYABLES	<u>264,217,745</u>	297,696,814	(33,479,069)
ACCRUED EXPENSES AND DEFERRED INCOME	<u>1,184,121</u>	1,279,300	(95,179)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>1,877,301,216</u>	1,875,522,604	1,778,612

(a) Unless otherwise indicated, the payables are due within one year.

IFI S.p.A.

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS (in €)	12/31/2004	12/31/2003	Change
GUARANTEES GRANTED			
Sureties issued on behalf of subsidiaries	4,128,053	32,002,828	(27,874,775)
GUARANTEES RECEIVED - from third parties	0	726,255	(726,255)
COMMITMENTS	161,592,962	173,517,351	(11,924,389)
OTHER MEMORANDUM ACCOUNTS			
Securities held in deposit by third parties	34,189,866	34,190,193	(327)
Third-party assets held by the company	86,450,000	0	86,450,000
TOTAL OTHER MEMORANDUM ACCOUNTS	120,639,866	34,190,193	86,449,673

IFI S.p.A.

STATEMENT OF OPERATIONS (in €)	2004	2003	Change
VALUE OF PRODUCTION			
Revenues from sales and services	1,008,667	1,060,113	(51,446)
Other income and revenues	505,848	456,385	49,463
TOTAL VALUE OF PRODUCTION	1,514,515	1,516,498	(1,983)
COSTS OF PRODUCTION			
Raw materials, supplies and merchandise	(43,224)	(53,856)	10,632
Services	(1,993,747)	(4,478,347)	2,484,600
Leases and rentals	(382,236)	(803,326)	421,090
Personnel			
salaries and wages	(1,486,020)	(1,715,921)	229,901
social security contributions	(485,083)	(520,723)	35,640
employee severance indemnities	(226,590)	(233,737)	7,147
other costs	(317,889)	(243,196)	(74,693)
	(2,515,582)	(2,713,577)	197,995
Amortization, depreciation and writedowns			
amortization of intangible fixed assets	(3,033)	0	(3,033)
depreciation of property, plant and equipment	(10,524)	(25,556)	15,032
	(13,557)	(25,556)	11,999
Other operating costs			
donations to charities and cultural organizations	(218,850)	(356,750)	137,900
other	(372,043)	(1,253,890)	881,847
	(590,893)	(1,610,640)	1,019,747
TOTAL COSTS OF PRODUCTION	(5,539,239)	(9,685,302)	4,146,063
FINANCIAL INCOME AND EXPENSES			
Dividends relating to			
subsidiaries	39,914,571	0	39,914,571
associated companies	10,596,550	4,443,715	6,152,835
other companies	87,840	202,500	(114,660)
	50,598,961	4,646,215	45,952,746
Gains on sale of investment in subsidiary	0	3,578,011	(3,578,011)
Gains on sale of investments in other companies	19,415	19,044,882	(19,025,467)
	50,618,376	27,269,108	23,349,268
Other financial income			
from parent company	43,081	0	43,081
other income	237,442	10,874	226,568
Interest and other financial expenses from			
subsidiaries	0	(65,897)	65,897
parent company	(619,130)	(655,645)	36,515
others	(12,616,445)	(14,496,102)	1,879,657
	(13,235,575)	(15,217,644)	1,982,069
Foreign exchange gains and losses	(437)	94	(531)
TOTAL FINANCIAL INCOME AND EXPENSES	37,662,887	12,062,432	25,600,455
EXTRAORDINARY INCOME AND EXPENSES			
Income	145,946	4,084,521	(3,938,575)
Expenses	(31,573)	(881,319)	849,746
TOTAL EXTRAORDINARY INCOME AND EXPENSES	114,373	3,203,202	(3,088,829)
INCOME BEFORE TAXES	33,752,536	7,096,830	26,655,706
INCOME TAXES, CURRENT AND DEFERRED	3,954,827	7,569,434	(3,614,607)
NET INCOME	37,707,363	14,666,264	23,041,099

STRUCTURE AND CONTENT OF THE STATUTORY FINANCIAL STATEMENTS

The statutory financial statements for the year ended December 31, 2003 are expressed in euros and have been prepared in accordance with the provisions of the Italian Civil Code. For the first time, information is provided in accordance with Legislative Decree No. 6 dated January 17, 2003 (Reform of the law on corporations and cooperatives). Accordingly, the 2003 financial statements have been reclassified to reflect the requirements of the new legislation.

Not being applicable, the financial statements do not reflect the elimination of previous tax interference.

The balance sheet and statement of operations show the changes in the individual captions on the face of the statements. In the Notes, prepared in accordance with the provisions of art. 2427 of the Italian Civil Code, the comments are limited to the principal changes. Unless otherwise indicated, all amounts in the notes are expressed in thousands of euros. In the "Annexes", which are an integral part of these notes, information is shown which is either required by current laws or presented as additional disclosure for purposes of clarity and completeness of the financial statements, including the information requested by Recommendation No. 94001437 dated February 23, 1994 issued by the National Commission for Corporations and the Stock Exchange (Consob).

As provided in point 5 of art. 2428 of the Italian Civil Code, significant events subsequent to the end of the year are commented in the Report on Operations, to which reference should be made.

SIGNIFICANT ACCOUNTING POLICIES

Pursuant to art. 2423-bis of the Italian Civil Code, the financial statements have been prepared on the basis of the general principle of prudence, using the accrual basis of accounting and according to the going-concern concept. The accounting policies discussed below have been applied on a basis consistent with the prior year, where not amended by the new provisions of the Italian Civil Code, and comply with the provisions of art. 2426 of the Italian Civil Code, as well as take into account the economic function of the assets and liabilities under consideration. Furthermore, there were no departures from paragraph 4 of art. 2423 of the Italian Civil Code in preparing these financial statements.

Intangible fixed assets

Intangible fixed assets are recorded at cost of acquisition and amortized on a straight-line basis over a period of not more than five years. Unamortized intangible fixed assets are covered by available reserves.

Property, plant and equipment

These are stated at cost of acquisition, including accessory charges, net of accumulated depreciation. Depreciation is calculated on a straight-line basis each year over the estimated useful lives of the assets.

In view of the nature of the property, plant and equipment, depreciation is calculated at the ordinary depreciation rates plus the rates for allowable accelerated depreciation. For property, plant and equipment purchased during the year, these rates are reduced by half. Purchases of assets of below € 516 are entirely expensed in the year of purchase.

Financial fixed assets

Financial fixed assets are valued at cost of acquisition, including accessory charges, determined using the LIFO method with annual adjustments.

The cost of acquisition of the investments in IFIL and in Exor Group has been revalued in previous years as allowed by monetary revaluation laws. If, at the balance sheet date, the investment value is determined to have suffered a permanent impairment in value to below the cost of acquisition as defined above, it is written down to the lower value.

Should the reasons for the writedowns no longer apply, the value of the financial fixed assets will be reinstated up to the limit of the cost of acquisition; for financial fixed assets prior to the enactment of Legislative Decree 127/91, this limit is represented by the amounts recorded in the financial statements at March 31, 1993.

Receivables

Receivables are stated at estimated realizable value and include, where applicable, accrued interest earned and collectible at the end of the year.

Accruals and deferrals

These are income and expenses, common to two or more years, calculated on the accrual principle with the matching of costs and revenues of the year.

Employee severance indemnities

Employee severance indemnities, revalued on the basis of indexes, and determined in accordance with labor legislation and contracts, reflect the liability in respect of all employees. This liability is calculated in reference to the years of service and the employee's annual salary, in accordance with art. 2120 of the Italian Civil Code.

The reserve also includes the liability pursuant to the company agreements dated December 23, 1999.

Payables

Payables are recorded at nominal value and include, where applicable, accrued interest payable at the end of the year.

Guarantees, commitments and other memorandum accounts

Financial instruments used to hedge exchange and interest rate risks and, in general, the fluctuations in the value of assets and liabilities, are recorded under "Commitments".

Such contracts form part of the results for the year on the basis of the accrual principle.

Commitments relating to the performance of contracts are recorded under memorandum accounts on the basis of the nominal value to which they refer.

Securities held in deposit by third parties are shown at their nominal value.

Dividends

Dividends are recorded in the year in which they are declared.

Financial income and expenses

Financial income and expenses are recorded in the financial statements based on the accrual concept. As for financial instruments used to hedge interest rate risk, the interest differentials are recognized in the statement of operations based on the accrual concept.

Extraordinary income and expenses

Extraordinary income and expenses are generated by events unrelated to ordinary activities or by income and expenses and nonexistent assets and liabilities relating to prior years.

Income taxes

Ires and Irap taxes for the current year are calculated on the basis of the tax legislation in force.

Deferred taxes are calculated on temporary differences between the asset and liability items and the corresponding tax items and the deferred tax liability is recorded in a specific reserve in liabilities; any deferred tax assets are recorded in "Receivables – deferred tax assets" only if there is reasonable certainty of their future recovery. Deferred tax assets and liabilities are offset where allowed by law.

Transactions denominated in foreign currency

Transactions in currencies other than the euro are recorded at the exchange rates agreed with the counterparts or, in their absence, at the exchange rate as of the date of transaction.

Assets and liabilities in currencies other than the euro, except for property, plant and equipment, intangible fixed assets and financial fixed assets (if made up of investments valued at cost) are adjusted to the year-end exchange rate, in the absence of a hedging contract for exchange rate risks.

Any net positive difference is booked, for the part not absorbed by a possible loss for the year, in a reserve under stockholders' equity which cannot be distributed until such time as the gains have effectively been realized. This reserve, however, may be used, from the year it is booked, to absorb the losses of prior years.

Property, plant and equipment, intangible fixed assets and financial fixed assets (if made up of investments valued at cost) in currencies other than the euro are booked at the exchange rate in effect at their date of purchase or at the rate at the end of the year if this results in a lower value and constitutes an impairment considered as permanent.

ANALYSIS OF THE INDIVIDUAL ITEMS OF THE BALANCE SHEET

Intangible fixed assets

Intangible fixed assets amount to € 6 thousand and relate to costs to update the corporate website (€ 9 thousand), net of the amortization charge for the year (€ 3 thousand). Such costs are amortized over a period of three years.

Financial fixed assets – Investments

Details of investments and the percentage holdings of the classes of capital stock are summarized in the following table:

€ in thousands	12/31/2004		12/31/2003	
	%	Carrying value	%	Carrying value
Subsidiaries				
IFIL S.p.A. (ordinary shares)	62.03	1,676,162 (a)	62.03	1,676,162
Associated companies - Exor Group S.A. (ordinary shares)				
	29.29	102,559	29.29	102,559
Other companies				
Deutsche Morgan Grenfell Capital Italy S.A.				
- ordinary shares	0.93	455	1.11	544
- preferred shares	1.28	5	1.28	5
Emittenti Titoli S.p.A.	6.43	272	8.78	371
Sundry consortiums	-	3	-	3
		735		923
Total investments		1,779,456		1,779,644

(a) Net of writedowns of € 73,473 thousand made in 2002.

During the year, there were no movements in the investments in subsidiaries and associated companies while 193,000 Emittenti Titoli shares (2.35% of capital stock) were sold and 172 Deutsche Morgan Grenfell Capital Italy shares were reimbursed (0.18% of the class of stock).

Financial fixed assets – Receivables from others

The receivable from TLcom I at December 31, 2004 amounts to € 8,178 thousand. This is an increase of € 1,500 thousand compared to the prior year.

Financial fixed assets – Treasury stock

There were no transactions in preferred treasury stock carried under financial fixed assets during the year. The balance at December 31, 2004 refers to the following:

	Number of shares	Carrying value	
		Unit (€)	Total (€ in thousands)
IFI preferred shares	5,360,300	13.15	70,477 (a)

(a) Net of writedowns of € 58,934 thousand made in 2002.

IFI preferred shares in portfolio at December 31, 2004 have a par value of € 5,360 thousand and represent 3.28% of capital stock (6.98% of the class of stock).

Based upon the average stock market prices for the second half of 2004 (€ 8.85), IFI preferred shares show an unrealized loss of € 23 million, which would be reduced to € 10 million based upon the average market prices for the period March 1 – 15, 2005 (€ 11.35).

Such unrealized loss is not considered representative of a permanent impairment in value taking also into account that the per share carrying value of IFI preferred shares is in any case lower than the per share value of the consolidated stockholders' equity of the IFI Group at December 31, 2004 (€ 13.9).

Additional details are provided in Annex 3.

Current assets – Receivables from subsidiaries

€ in thousands	12/31/2004	12/31/2003	Change
Fiat S.p.A.	228	0	228
Juventus Football Club S.p.A.	35	159	(124)
IFIL S.p.A.	9	201	(192)
Neos S.p.A.	9	0	9
Welcome Travel Group S.p.A.	1	22	(21)
Soiem S.p.A.	0	11	(11)
Other Fiat Group companies	7	0	7
Total receivables from subsidiaries	289	393	(104)

Current assets – Receivables from associated companies

€ in thousands	12/31/2004	12/31/2003	Change
Exor Group S.A.	100	54	46

Current assets – Receivables from parent company

€ in thousands	12/31/2004	12/31/2003	Change
Giovanni Agnelli e C. S.a.p.az.	10	0	10

The above receivables from subsidiaries, associated companies and parent company originated from the performance of services and cost recoveries.

Current assets – Taxes receivable

These refer to receivables from the tax authorities:

€ in thousands	12/31/2004	12/31/2003	Change
Receivables from the tax authorities for prior years' taxes, refunds requested	17,437	17,200	237
VAT receivables	235	0	235
Receivables from the tax authorities for current and prior years' taxes, carried forward	113	113	0
Excess tax on companies	22	22	0
Total other receivables	17,807	17,335	472

There are no receivables due beyond five years.

The changes in receivables from the tax authorities for the year 2004 are as follows:

€ in thousands	
Balance at December 31, 2003	17,335
Purchase of receivables from the tax authorities from the subsidiary IFIL	516
VAT, prorata change in nondeductibility (from 100% to 19%)	235
Used to compensate withholdings payable	(516)
Interest earned during the year	237
Balance at December 31, 2004	17,807

Current assets – Other receivables

Other receivables amount to € 840 thousand (€ 815 thousand at December 31, 2003) and include € 620 thousand for services rendered to Fiat Sava for the custody of receivables which guarantee the circulation of interest-bearing Sava Fiat bonds and € 220 thousand for sundry revenues and cost recoveries.

Capital stock

At December 31, 2004, the capital stock of IFI S.p.A., fully subscribed to and paid-in, amounts to € 163,251,460 and is composed of 86,450,000 ordinary shares and 76,801,460 preferred shares of par value € 1 each.

In accordance with art. 10 of the bylaws, preferred shares have voting rights only for the resolutions set forth in art. 2365 of the Italian Civil Code.

Pursuant to art. 27 of the bylaws, preferred shares have the right to a preference dividend, which is not cumulative from one year to the next, equal to 5.17% of par value (€ 1).

Capital stock may be increased for a period of five years, at one or more times, also in divisible form, up to a maximum of € 561,750,000, by the authority delegated, pursuant to art. 2443 of the Italian Civil Code, to the Board of Directors by the Extraordinary Stockholders' Meeting held April 22, 2003.

Reserves

The statement of changes in stockholders' equity is presented in Annex 4.

The information required by art. 2427, number 7 bis of the Italian Civil Code (available and distributable reserves) is presented as follows:

Balance sheet caption € in thousands	Balance at 12/31/2004	Possibility of use	Portion available	Used to cover losses in the years 2002 2003 and 2004
Capital stock	163,251			
Capital stock reserves:				
Additional paid-in capital (a)	386,347	A, B, C	386,347	35,206
Revaluation reserve Law 74, 2/11/1952 (b)	157	A, B, C	157	
Revaluation reserve Law 576, 12/2/1975 (b)	16,940	A, B, C	16,940	
Revaluation reserve Law 72, 3/19/1983 (b)	64,265	A, B, C	64,265	
Legal reserve	2,032	B	0	
Treasury stock valuation reserve	458		0	
Reserve under DPR No. 597, art. 55, 9/29/1973	0		0	91
Merger surplus reserve	0		0	191,628
Retained earnings	0		0	11
Earnings reserves:				
Legal reserve	30,618	B		
Treasury stock valuation reserve	70,019			
Extraordinary reserve	712,905	A, B, C	712,905	
Reserve for purchase of treasury stock	120,000		0	
Total	1,566,992		1,180,614	226,936
Portion not distributable (c)			(6)	
Residual portion distributable			1,180,608	

A: For capital increases; B: For coverage of losses; C: For distribution to stockholders;

- (a) Since the legal reserve is equal to one-fifth of capital stock (art. 2431 of the Italian Civil Code), the reserve can be distributed.
- (b) The revaluation reserves can be used for bonus increases of capital stock. If used to cover losses, they must be subsequently replenished. If not, then no dividends can be distributed. They cannot be used to set up the reserve for the purchase of treasury stock. The monetary revaluation reserves can be reduced only by resolution of the Stockholders' Meeting and in compliance with the prescriptions of art. 2445, paragraphs 2 and 3 of the Italian Civil Code.
- (c) Pursuant to art. 2426 of the Italian Civil Code, paragraph 5, when there are start-up and expansion costs that must still be amortized, dividends can only be distributed if there are available reserves sufficient to cover the unamortized portion of these costs. Art. 2426 of the Italian Civil Code, paragraph 8 bis requires that unrealized net exchange gains, in that they derive from the valuation of the balances in foreign currency at year-end exchange rates, should be recorded, for the part not absorbed by any loss for the year, in a non-distributable reserve until the gain is realized.

At December 31, 2004, tax-deferred reserves are recorded for a total amount of € 83,394 thousand, of which € 81,362 thousand relates to the monetary revaluation reserve and € 2,032 thousand to the legal reserve. In the event of distribution, such amounts would form part of the taxable income of the Company. In view of the unlikelihood of their distribution, no deferred taxes have been set aside in respect of such reserves.

Reserves for risks and charges

These amount to € 5,704 thousand, of which € 1,504 thousand refers to taxes and € 4,200 thousand to the risk of writedowns of financial receivables.

Reserve for employee severance indemnities

This reserve refers to the liability for employee severance indemnities, calculated in accordance with art. 2120 of the Italian Civil Code, as well as the liability in respect of employees arising from the December 23, 1999 agreement.

Details of the changes are as follows:

€ in thousands	Employee Sever. Indem.	Agreement 12/23/1999	Total
Balance at December 31, 2003	1,066	235	1,301
Provisions	155	66	221
Payments	(120)	(31)	(151)
Decrease for transfers to other Group companies	(156)	(26)	(182)
Increase for transfers from other Group companies	249	58	307
Balance at December 31, 2004	1,194	302	1,496

Borrowings from banks

€ in thousands	12/31/2004	12/31/2003	Change
Due within one year	208,456	66,262	142,194
Due beyond one year	30,000	212,700	(182,700)
Total borrowings from banks	238,456	278,962	(40,506)

Borrowings from banks due within one year amount to € 208.5 million (€ 66.3 million at December 31, 2003) and include loans of € 140 million due in the first half of 2005, on which interest rate swaps and zero cost collars have been put into place to guarantee a fixed interest rate.

Borrowings from banks due beyond one year of € 30 million include loans of € 20 million on which interest rate swaps have been put into place to guarantee a fixed interest rate.

Loans are classified as due beyond one year on the basis of the residual period of the loan and the period of the hedging contracts.

Borrowings from banks due beyond one year are payable within five years.

The company has irrevocable lines of credit available totaling € 495 million, of which € 350 million is due beyond one year.

Payables to subsidiaries

Payables to subsidiaries amount to € 192 thousand and refer entirely to trade payables.

€ in thousands	12/31/2004	12/31/2003	Change
Soiem S.p.A.	128	313	(185)
IFIL S.p.A.	23	0	23
Fiat Auto S.p.A.	5	11	(6)
Other Fiat Group companies	36	49	(13)
Total payables to subsidiaries	192	373	(181)

Payables to parent company

Payables to parent company amount to € 24,189 thousand (€ 15,176 thousand at December 31, 2003) and include € 24,186 thousand for the loan granted by the parent company Giovanni Agnelli e C. S.a.p.az., which bears interest at the monthly floating market rate, and € 3 thousand of cost recoveries.

Taxes payable

Taxes payable amount to € 133 thousand (€ 179 thousand in 2003) and relate to Irpef withholding taxes and VAT payable.

The Company has agreed its tax years up to December 31, 1999.

The Company took advantage of the tax amnesty (Law 289/2002 and subsequent amendments) opting to apply art. 8 (simple supplement) relating to the year 2002, with a charge of € 300.

Social security payable

€ in thousands	12/31/2004	12/31/2003	Change
INPS solidarity fund (MD No. 158 dated 4/28/2000)	442 (a)	679	(237)
INPS social security contributions on salaries and unused vacation and holidays	135	109	26
Total social security payable	577	788	(211)

(a) Of which € 254 thousand is beyond one year.

Ministerial Decree No. 158 dated April 28, 2000, established, at INPS, the "Solidarity Fund for the support of earnings, employment and professional reconversion and requalification of credit personnel". Financial and asset management of the Fund is administered autonomously. The Fund provides, in exceptional circumstances, for the issue of checks to support earnings at the request of the employer and up until the right accrues for the years-of-service or old age pension by employees who accrue the requisites within a maximum period of 60 months from the date of termination of the working relationship. The above liabilities (€ 442 thousand in total) represent the extraordinary contribution that IFI must pay to cover the exceptional checks that are due to former employees, including related social security contributions.

Other payables

€ in thousands	12/31/2004	12/31/2003	Change
Employees for salaries, holidays and vacation	258	65	193
Board of Statutory Auditors compensation	154	178	(24)
Stockholders for dividends not yet collected	89	107	(18)
Extraordinary compensation for the former Managing Director	0	500	(500)
Extraordinary compensation for the former Deputy Chairman	0	150	(150)
Sundry	4	2	2
Total other payables	505	1,002	(497)

Accrued expenses

Accrued expenses amount to € 1,184 thousand (€ 1,279 thousand at December 31, 2003) and include interest expenses on borrowings from banks (€ 632 thousand) and expenses on interest rate swaps and zero cost collars (€ 552 thousand) accrued to December 31, 2004.

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

Guarantees granted – Sureties issued on behalf of subsidiaries

At December 31, 2004, sureties granted in the past by IFI amount to €4,128 thousand and refer to F.I.G.C., Federazione Italiana Giuoco Calcio – Lega Nazionale Professionisti, on behalf of the Juventus Football Club.

The decrease of €27,875 thousand compared to December 31, 2003 is due to the sureties that expired (€24,256 thousand) or were reduced (€3,619 thousand) during the year.

The sureties, remunerated at market rates, will expire in 2005.

Commitments

€ in thousands	12/31/2004	12/31/2003	Change
Commitments with leading banking institutions relating to transactions to hedge interest rate fluctuations on bank debt due in 2005 and 2007 (a)	160,000	170,000	(10,000)
Residual commitment to invest in TLcom I	1,500	3,000	(1,500)
Residual commitment to subscribe to Emittenti Titoli's capital increase	93	93	0
Commitment to sell 47,500 IFIL ordinary shares	0	424	(424)
Total commitments	161,593	173,517	(11,924)

(a) The transactions in derivative financial instruments are used exclusively to hedge the risk of interest rate fluctuations and are therefore not valued separately.

Other memorandum accounts – Securities held in deposit by third parties

These amount to €34,190 thousand and refer to 3,418,242 Exor Group S.A. ordinary shares and 2,886 Deutsche Morgan Grenfell shares deposited at banks.

Other memorandum accounts – Third-party assets held by the company

These amount to €86,450 thousand and refer to 86,450,000 IFI ordinary shares owned by the parent company Giovanni Agnelli e C. S.a.p.az..

ANALYSIS OF THE INDIVIDUAL ITEMS OF THE STATEMENT OF OPERATIONS

Value of production – Revenues from sales and services

€ in thousands	2004	2003	Change
Services rendered to subsidiaries, associated companies and parent company:			
- Exor Group S.A.	207	92	115
- Juventus Football Club S.p.A.	54	223	(169)
- Giovanni Agnelli e C. S.a.p.az. (parent company)	33	0	33
- IFIL S.p.A.	25	0	25
Services rendered to Fiat Sava S.p.A.	620	620	0
Services rendered to third parties	70	125	(55)
Total revenues from sales and services	1,009	1,060	(51)

The services rendered to Fiat Sava consist of the custody of receivables (€ 1,223.5 million) which guarantee the circulation of interest-bearing Sava Fiat bonds (the 2004 bond issue amounts to € 526 million).

Value of production – Other income and revenues

€ in thousands	2004	2003	Change
Cost recoveries from subsidiaries:			
- Fiat S.p.A.	229	0	229
- IFIL S.p.A.	16	201	(185)
- Soiem S.p.A.	0	10	(10)
	245	211	34
Compensation for posts held by IFI employees in the following companies:			
- SANPAOLO IMI S.p.A.	129	99	30
- Neos S.p.A.	9	0	9
- IFIL S.p.A.	2	0	2
- Welcome Travel Group S.p.A.	1	20	(19)
- Fiat S.p.A.	0	20	(20)
	141	139	2
Sundry	120	107	13
Total other income and revenues	506	457	49

Costs of production – Raw materials, supplies and merchandise

These costs total € 43 thousand (€ 54 thousand in 2003) and refer to the purchase of stationery and supplies, printed forms and gifts.

Costs of production – Services

Services total € 1,994 thousand (€ 4,478 thousand in 2003, of which € 1,760 thousand had been for nonrecurring expenses connected with the Reorganization Plan of the Group and the capital stock increase).

Details of the main services are as follows:

€ in thousands	2004	2003	Change
Consulting and services rendered by:			
- Third parties	544	1,750	(1,206)
- Soiem S.p.A. (subsidiary)	262	562	(300)
- IFIL S.p.A. (subsidiary)	70	0	70
	876	2,312	(1,436)
Compensation to corporate boards			
- Board of Directors	454	977	(523)
- Board of Statutory Auditors	146	146	0
	600	1,123	(523)
Office management and security	190	384	(194)
Vehicle maintenance, office equipment and insurance	115	183	(68)
Mailing and similar expenses	12	14	(2)
Travel and entertainment	58	136	(78)
Bank charges and fees	43	208	(165)
Audit fees	42	42	0
Employee expenses	28	32	(4)
Other expenses	30	44	(14)
Total services	1,994	4,478	(2,484)

Costs of production – Leases and rentals

These amount to € 382 thousand (€ 803 thousand in 2003) and include the rent on the Turin headquarters (€ 148 thousand to the subsidiary company Soiem S.p.A.), leases and expenses of the Rome headquarters (€ 67 thousand), leases for office machines, for cars in the company fleet and other rentals (€ 167 thousand).

Costs of production – Personnel

These total € 2,516 thousand (€ 2,714 thousand in 2003) and show a decrease of € 198 thousand due to the reduction in the average number of staff (from 18 to 16 employees).

Other costs include the contribution (€ 82 thousand) to the Corporate Employee Benefits Fund – Pension Fund, administered separately from the balance sheet, in which IFI S.p.A. and other companies in the Group participate. The purpose of this Fund, which is non-profit, is to pay benefits that are a supplement to the obligatory public system, either directly or by taking out insurance policies, in conformity with the provisions of the collective labor contracts, agreements or company regulations. The technical equilibrium between benefits and contributions is ensured by the company partners in the Fund.

At year-end 2004, employees number 15 (11 at the end of 2003).
The average number of employees in 2004 was 16, summarized by category as follows:

	2004	2003	Change
Managers	2	3	(1)
Management staff	4	5	(1)
Clerks	7	8	(1)
Messengers	3	2	1
Average number of employees	16	18	(2)

Costs of production – Other operating costs

Other operating costs total € 591 thousand (€ 1,611 thousand in 2003) and show a decrease of € 1,020 thousand compared to 2003. Details are as follows:

€ in thousands	2004	2003	Change
Donations to non-profit and cultural organizations	219	357	(138)
Notary and corporate charges	105	152	(47)
Indirect taxes and duties	73	831 ^(a)	(758)
Publication of annual, first-half and quarterly financial statements	57	86	(29)
Association dues	53	46	7
Books, newspapers and magazines	24	40	(16)
Ads	13	81	(68)
Sundry	47	18	29
Total other operating costs	591	1,611	(1,020)

(a) Including nonrecurring expenses relating to nondeductible VAT for € 282 thousand.

Donations to non-profit and cultural organizations in 2004 were paid from the portion of prior years' profits to which the Board of Directors is entitled, according to the bylaws, and which it waived.

Dividends

Details are as follows:

€ in thousands	2004	2003	Change
Subsidiaries			
IFIL S.p.A. (ordinary shares)	39,915	0	39,915
Associated companies			
Exor Group S.A. (ordinary shares)	10,596	4,444	6,152
Other companies			
Emittenti Titoli S.p.A.	88	202 ^(a)	(114)
Total	50,599	4,646	45,953

(a) Including € 72 thousand relating to tax credits.

Gains on sale of investments in other companies

These total € 19 thousand and come from the sale of 193,000 Emittenti Titoli shares. In 2003, this caption had included the gain on the contribution of the investment in SANPAOLO IMI to IFIL (€ 19,045 thousand).

Other financial income – Other income

These total € 237 thousand (€ 11 thousand in 2003) and refer to interest income on receivables from the tax authorities (€ 236 thousand) and bank interest income.

Interest and other financial expenses

Details are as follows:

€ in thousands	2004	2003	Change
Interest expense on loan from parent company			
- Giovanni Agnelli e C. S.a.p.az.	619	656	(37)
Others			
- interest expenses on borrowings from banks	6,327	10,008	(3,681)
- expenses relating to hedges of interest rate fluctuations	4,045	3,647	398
- sundry bank fees	744	641	103
- accrual for sundry financial risks	1,500	200	1,300
Interest expense on loans from subsidiaries	0	66	(66)
Total interest and other financial expenses	13,235	15,218	(1,983)

Extraordinary income and expenses

Extraordinary income amounts to € 146 thousand and € 113 thousand of that amount relates to the release of the current income tax reserve in excess of requirements and € 33 thousand to prior period income.

Extraordinary expenses of € 32 thousand refer entirely to prior period expenses.

Income taxes, current and deferred

The taxable base according to tax laws did not generate any current income tax expenses for the year 2004 and resulted in the release of € 3,955 thousand of excess deferred taxes provided in previous years. Since reasonable certainty of future recovery is not assured, no deferred tax assets have been booked on the tax losses for the years 2003 and 2004 (€ 167 million, in total) and on the portions of investment writedowns that, as allowed by existing tax legislation, will be deductible in future years (€ 53 million, in total). Details are as follows:

€ in millions	2004		2003	
	Temporary differences	Tax effect (33% rate)	Temporary differences	Tax effect (34% rate)
Deferred tax benefit		-		-
Deferred tax expense				
Gains realized in the years 1999 (€ 49 million), 2000 (€ 39 million) and in 2001 (€ 21 million) subject to taxes over 5 years	12	4	22	7
Rate adjustment (from 34% to 33%)			16	
Total deferred income taxes		4		7
Net deferred income taxes		4		7
Temporary differences excluded from the calculation of deferred income taxes				
Tax losses carried forward:				
- year 2003	147		147	
- year 2004	20			
Total tax losses carried forward	167		147	
Writedown of financial fixed assets deductible in future years				
	53		79	

The reconciliation between pre-tax income and taxable income is presented in the following table:

€ in millions	2004	2003
IRES taxes		
Pre-tax income	34	7
Increases:		
- permanent differences	9	1
- gains on investments deferred in prior years	12	22
Total increases	21	23
Decreases:		
- 95% of dividends collected	(48)	(4)
- portion of writedown of investments deductible over 5 years	(26)	(27)
- other differences	(1)	(146)
Total decreases	(75)	(177)
Taxable loss	(20)	(147)

Taxable income for the computation of IRAP taxes is negative.

Other information – Compensation to Directors, Statutory Auditors and General Managers
(Art. 78 of Consob resolution No. 11971 dated May 14, 1999 and subsequent amendments)

All amounts in the following table are expressed in thousands of euros.

Name	Post held	Term of office	Expiration of term of office (a)	Compensation for post held (b)	Non-monetary benefits	Bonuses and other incentives	Other compensation
Directors in office							
Gabetti Gianluigi	Chairman	1/1 - 12/31 (d)	2006	250			1,639 (c)
Teodorani-Fabbri Pio	Deputy Chairman	1/1 - 12/31 (e)	2006	100 (f)			8 (c)
Avogadro di Collobiano Annibale	Director	1/1 - 12/31	2006				
Elkann John	Director	1/1 - 12/31	2006				428 (c)
Ferrero Ventimiglia Luca	Director	6/23 - 12/31	2005				
Galateri di Genola Gabriele	Director	1/1 - 12/31	2006				
Nasi Andrea	Director	1/1 - 12/31	2006				
Rattazzi Lupo	Director	1/1 - 12/31	2006				4 (c)
Grande Stevens Franzo	Director	1/1 - 12/31	2006				312 (c)
Directors no longer in office							
Agnelli Umberto	Chairman	1/1 - 5/27		101			796 (c)
Total Board of Directors				451			3,187
Board of Statutory Auditors							
Ferrero Cesare	Chairman	1/1 - 12/31	2006	62			135 (c)
Giorgi Giorgio	Statutory Auditor	1/1 - 12/31	2006	42			23 (c)
Jona Celesia Lionello	Statutory Auditor	1/1 - 12/31	2006	42			
Total Board of Statutory Auditors				146			158
General Manager							
Marrone Virgilio	General Manager	1/1 - 12/31	-		58		427 (g)

- (a) The term of office expires in concurrence with the Stockholders' Meeting that will approve the financial statements for the year ended December 31, 2005. Luca Ferrero Ventimiglia was coopted by the Board of Directors' Meeting held on June 23, 2004; in accordance with the law, he will remain in office until the next Stockholders' Meeting.
- (b) The amounts indicated refer to special compensation correlated to the post and functions carried out.
- (c) Compensation for the posts held in subsidiaries.
- (d) Chairman from June 11, 2004 and Deputy Chairman prior to that date.
- (e) Deputy Chairman from June 11, 2004.
- (f) Compensation as the person in charge of IFI headquarters in Rome.
- (g) Employment income.

Other information - Stock options granted to Directors and General Managers

(Art. 78 of Consob resolution No. 11971 dated May 14, 1999 and subsequent amendments)

Name Post held	Company	Options held at beginning of year			Options held during year			Options held at end of year		
		Number of options	Average exercise price	Exercise period (mth/yr)	Number of options	Average exercise price	Exercise period (mth/yr)	Number of options	Average exercise price	Exercise period (mth/yr)
Gabetti Gianluigi Chairman	IFIL ord.	532,000	2.28	1/05-12/06				532,000	2.28	1/05-12/06
Galateri di Genola Gabriele Director	IFIL ord.	746,600	5.80	1/04 - 12/06	70,000	7.93	4/2004	676,600	5.58	1/05-12/06
	Alpitour	153,500	6.73	08/2006				153,500	6.73	08/2006
Marrone Virgilio General Manager	IFIL ord.	266,450	4.95	1/04-12/06	27,250	7.93	4/2004	239,200	4.62	1/05-12/06

In 2004, no options were exercised and the options relating to the IFIL 1998 stock option plan expired.

Turin, March 30, 2005

For the Board of Directors
The Chairman
Gianluigi Gabetti

ANNEXES TO THE NOTES TO THE STATUTORY FINANCIAL STATEMENTS

Changes in investments (Recommendation Consob No. 94001437 dated February 23, 1994)	1
List of investments in subsidiaries and associated companies at December 31, 2004	2
Comparison of carrying values and market prices of listed financial fixed assets (Recommendation Consob No. 94001437 dated February 23, 1994)	3
Statement of changes in stockholders' equity for the years 2002, 2003 and 2004	4
Statement of cash flows for the years 2004 and 2003	5
Reclassified statement of operations according to the format recommended by Consob (Recommendation Consob No. 94001437 dated February 23, 1994)	6
Revaluations made to fixed assets existing at December 31, 2004 (Law No. 72, art. 10 of March 19, 1983)	7

Turin, March 30, 2005

For the Board of Directors
The Chairman
Gianluigi Gabetti

CHANGE IN INVESTMENTS (RECOMMENDATION CONSOB NO. 94001437 DATED FEBRUARY 23, 1994)

	Balance at December 31, 2003			
	Number of shares/warrants	% of class of stock	Carrying value	
			Per share (€)	Total (€/000)
SUBSIDIARIES				
IFIL S.p.A. - ordinary shares	643,783,399	62.03	2.60	1,676,162
ASSOCIATED COMPANIES				
EXOR GROUP S.A. - ordinary shares	3,418,242	29.29	30.00	102,559
OTHER COMPANIES				
EMITTENTI TITOLI S.p.A.	720,000	8.78	0.52	371
DEUTSCHE MORGAN GRENPELL C.I. S.A.				
- ordinary shares	1,058	1.11	513.89	544
- preferred shares (b)	2,000	1.28	2.58	5
CONSORTIUMS (c)				3
Total other companies				923
TOTAL INVESTMENTS				1,779,644

Other companies include the investment in Tlcom I (1 quota for € 100).

- (a) Net of the writedown of € 73,473 million made in 2002.
(b) Including 1,114 shares, non representative of capital stock.
(c) Consortiums Fiat Media Center, Orione and Conai.

Change during 2004				Balance at December 31, 2004			
Increase		Decrease		Number of shares	% of class of stock	Carrying value	
Number of shares	Carrying value (€/000)	Number of shares	Carrying value (€/000)			Per share (€)	Total (€/000)
				643,783,399	62.03	2.60	1,676,162 (a)
				3,418,242	29.29	30.00	102,559
		193,000	99	527,000	6.43	0.52	272
		172	89	886	0.93	513.89	455
				2,000	1.28	2.58	5
							3
	0		188				735
	0		188				1,779,456

LIST OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES AT DECEMBER 31, 2004

	Capital stock			
	Number of shares	Currency	Par value	Amount
SUBSIDIARIES				
IFIL Investments S.p.A. - Turin (Italy)				
- ordinary shares	1,037,812,717	Euro	1	1,037,812,717
- savings shares	37,383,020	Euro	1	37,383,020
	<u>1,075,195,737</u>			<u>1,075,195,737</u>
ASSOCIATED COMPANIES				
EXOR GROUP S.A. - Luxembourg				
- ordinary shares	11,670,050	Euro	10	116,700,500
- preferred shares	4,110	Euro	10	41,100
	<u>11,674,160</u>			<u>116,741,600</u>

(a) Figures relating to the 2004 consolidated financial statements.

IFI's investment						
Number of shares	% ownership of		Carrying value		Stockholders' equity (a) (€/000)	Net income/(loss) (a) (€/000)
	Cap. Stock	Class of stock	Per share (€)	Total (€/000)		
643,783,399	59.88	62.03	2.60	1,676,162	3,916,800	119,000
3,418,242	29.28	29.29	30.00	102,559	668,348	92,634

**COMPARISON OF CARRYING VALUES AND MARKET PRICES OF LISTED FINANCIAL FIXED ASSETS
(RECOMMENDATION CONSOB NO. 94001437 DATED FEBRUARY 23, 1994)**

	Balance at December 31, 2004			Market prices at December 30, 2004		
	Number	Carrying value		Per share (€)	Total (€/000)	Difference (€/000)
	of shares	Per share (€)	Total (€/000)			
IFIL S.p.A. - ordinary shares	643,783,399	2.604	1,676,162	3.285	2,114,828	438,666
IFI S.p.A. - preferred shares	5,360,300	13.148	70,477	10.431	55,913	(14,564)

Average market prices II half 2004			Average market prices December 2004		
Per share (€)	Total (€/000)	Difference (€/000)	Per share (€)	Total (€/000)	Difference (€/000)
2.817	1,813,538	137,376	3.055	1,966,758	290,596
8.849	47,433	(23,044)	10.132	54,311	(16,166)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS 2002, 2003 AND 2004

€ in thousands	Capital stock	Additional paid-in capital	Revaluation reserves	Legal reserve
BALANCE AT DECEMBER 31, 2001	61,750	65,614	81,362	14,789
Ordinary stockholders' meeting on May 28, 2002				
- Appropriation of 2001 net income				
. Dividends to stockholders				
. Extraordinary reserve				
- Revocation of resolution to purchase treasury stock of May 29, 2001				
- Transfer to Reserve for purchase of treasury stock pursuant to art. 2357 and 2357-ter of the Italian Civil Code				
Purchase of 573,650 IFI preferred shares				
Statute-barred dividends				
Writedown of the carrying value of 5,360,300 IFI preferred shares (€ 13.148), adjustment to reserve				
Net loss 2002				
Changes in 2002	0	0	0	0
BALANCE AT DECEMBER 31, 2002	61,750	65,614	81,362	14,789
Ordinary stockholders' meeting on May 29, 2003				
- Absorption of the 2002 loss through the use:				
. Merger surplus				
. Additional paid-in-capital		(35,206)		
. Reserve under DPR No. 597 art. 55 of 9/29/1973				
. Retained earnings				
- Revocation of resolution to purchase treasury stock of May 28, 2002				
- Transfer to Reserve for purchase of treasury stock pursuant to art. 2357 and art. 2357-ter of the Italian Civil Code				
Board of Directors' Meeting on June 27, 2003				
- Capital stock increase with issue of 55,575,000 ordinary shares and 45,926,460 preferred shares at € 4.5 each of which € 1 of par value and € 3.5 of paid-in-capital	101,501	355,255		
- Sale of 285,410 unexercised rights on IFI preferred shares		684		
Statute-barred dividends				
Net income 2003				
Changes in 2003	101,501	320,733	0	0
BALANCE AT DECEMBER 31, 2003	163,251	386,347	81,362	14,789
Ordinary stockholders' meeting on June 23, 2004				
- Adjustment to legal reserve to one-fifth of capital stock				17,861
- Appropriation of 2003 net income				
- Revocation of resolution to purchase treasury stock of May 29, 2003				
- Transfer to Reserve for purchase of treasury stock pursuant to art. 2357 and art. 2357-ter of the Italian Civil Code				
Statute-barred dividends				
Net income 2004				
Changes in 2004	0	0	0	17,861
BALANCE AT DECEMBER 31, 2004	163,251	386,347	81,362	32,650

Treasury stock valuation reserve	Extraordinary reserve	Reserve for purchase of treasury stock	Retained earnings and other reserves	Net income (loss) for the year	Total
117,208	559,352	147,093	191,730	116,901	1,355,799
				(34,030)	(34,030)
	82,871			(82,871)	0
	136,982	(136,982)			0
	(200,000)	200,000			0
12,203		(12,203)			0
	17				17
(58,934)	58,934				0
				(226,936)	(226,936)
(46,731)	78,804	50,815	0	(343,837)	(260,949)
70,477	638,156	197,908	191,730	(226,936)	1,094,850
				226,936	226,936
			(191,628)		(191,628)
					(35,206)
			(91)		(91)
			(11)		(11)
	197,908	(197,908)			0
	(100,000)	100,000			0
					456,756
					684
	17				17
				14,666	14,666
0	97,925	(97,908)	(191,730)	241,602	472,123
70,477	736,081	100,000	0	14,666	1,566,973
	(17,861)				0
	14,666			(14,666)	0
	100,000	(100,000)			0
	(120,000)	120,000			0
	19				19
				37,707	37,707
0	(23,176)	20,000	0	23,041	37,726
70,477	712,905	120,000	0	37,707	1,604,699

STATEMENT OF CASH FLOWS FOR THE YEARS 2004 AND 2003

(€ in thousands)	2004	2003
A) Cash at January 1	64	230
B) Cash flows provided by (used in) operating activities		
Net income	37,707	14,666
Depreciation and amortization	14	26
(Gains) Losses on disposals of:		
financial fixed assets	(19)	(22,623)
property, plant and equipment	(2)	(12)
(Purchase) Sale of receivables from the tax authorities	(516)	0
Net change in employee severance indemnities	195	(1,010)
Change in working capital:		
trade receivables	(48)	63
trade payables	(1,232)	(115)
reserve for income taxes and other reserves	(2,568)	(7,463)
other assets and liabilities	(812)	(696)
	32,719	(17,164)
C) Cash flows provided by (used in) investment activities		
Investments in fixed assets:		
financial fixed assets	(1,500)	(309,512)
intangible fixed assets	(9)	0
Proceeds from the sale of fixed assets:		
financial fixed assets	207	0
property, plant and equipment	3	12
	(1,299)	(309,500)
D) Cash flows provided by (used in) financial activities		
Increase (repayment) of loans	(182,700)	42,700
(Repayment) Increase in loans from subsidiaries and parent company	9,010	(28,246)
Net change in borrowings from banks	142,194	(145,413)
	(31,496)	(130,959)
E) Cash flows provided by (used in) net equity movements		
Capital stock increase	0	457,440
Other changes	91	17
	91	457,457
F) Net change in cash	15	(166)
G) Cash at December 31	79	64

RECLASSIFIED STATEMENT OF OPERATIONS ACCORDING TO THE FORMAT RECOMMENDED BY CONSOB (RECOMMENDATION CONSOB NO. 94001437 DATED FEBRUARY 23, 1994)

(Amounts in €)	Year 2004	Year 2003	Change
FINANCIAL INCOME AND EXPENSES			
Dividends relating to:			
subsidiaries	39,914,571	0	39,914,571
associated companies	10,596,550	4,443,715	6,152,835
other companies	87,840	202,500	(114,660)
Gains on sale of investments in:			
subsidiaries	0	3,578,011	(3,578,011)
other companies	19,415	19,044,882	(19,025,467)
	<u>50,618,376</u>	<u>27,269,108</u>	<u>23,349,268</u>
Other financial income from			
parent company	43,081	0	43,081
other	237,442	10,874	226,568
	<u>280,523</u>	<u>10,874</u>	<u>269,649</u>
Interest and other financial expenses from			
subsidiaries	0	(65,897)	65,897
parent company	(619,130)	(655,645)	36,515
other companies	(12,616,445)	(14,496,102)	1,879,657
	<u>(13,235,575)</u>	<u>(15,217,644)</u>	<u>1,982,069</u>
Foreign exchange gains and losses	(437)	94	(531)
TOTAL FINANCIAL INCOME AND EXPENSES	37,662,887	12,062,432	25,600,455
VALUE OF PRODUCTION			
Revenues from services	1,008,667	1,060,113	(51,446)
Other income and revenues	505,848	456,385	49,463
TOTAL VALUE OF PRODUCTION	1,514,515	1,516,498	(1,983)
OTHER OPERATING COSTS			
Raw materials, supplies and merchandise	(43,224)	(53,856)	10,632
Services	(1,993,747)	(4,478,347)	2,484,600
Leases and rentals	(382,236)	(803,326)	421,090
Personnel			
Salaries and wages	(1,486,020)	(1,715,921)	229,901
Social security contributions	(485,083)	(520,723)	35,640
Employee severance indemnities	(226,590)	(233,737)	7,147
Other costs	(317,889)	(243,196)	(74,693)
	<u>(2,515,582)</u>	<u>(2,713,577)</u>	<u>197,995</u>
Amortization, depreciation and writedowns	(13,557)	(25,556)	11,999
Other operating costs	(590,893)	(1,610,640)	1,019,747
TOTAL OTHER OPERATING COSTS	(5,539,239)	(9,685,302)	4,146,063
INCOME BEFORE EXTRAORDINARY INCOME AND EXPENSES AND TAXES	33,638,163	3,893,628	29,744,535
EXTRAORDINARY INCOME AND EXPENSES			
Income	145,946	4,084,521	(3,938,575)
Expenses	(31,573)	(881,319)	849,746
TOTAL EXTRAORDINARY INCOME AND EXPENSES	114,373	3,203,202	(3,088,829)
INCOME BEFORE TAXES	33,752,536	7,096,830	26,655,706
INCOME TAXES, CURRENT AND DEFERRED	3,954,827	7,569,434	(3,614,607)
NET INCOME	37,707,363	14,666,264	23,041,099

**REVALUATIONS MADE TO FIXED ASSETS EXISTING AT DECEMBER 31, 2004
(LAW NO. 72, ART. 10 OF MARCH 19, 1983)**

(€ in thousands)	Legal revaluations	
	Law No. 576	Law No. 72
	December 2, 1975	March 19, 1983
Financial fixed assets		
Subsidiaries		
IFIL ordinary shares	608	4,246
Associated companies		
EXOR GROUP ordinary shares	5,920	37,519
	6,528	41,765

REPORT OF THE BOARD OF STATUTORY AUDITORS ACCORDING TO ART. 153 OF LEGISLATIVE DECREE NO. 58/1998 AND ART. 2429, PARAGRAPH 3 OF THE ITALIAN CIVIL CODE

Dear Stockholders,

Under art. 153 of Legislative Decree No. 58 of February 24, 1998, the Board of Statutory Auditors has the obligation to report to the Stockholders' Meeting on matters concerning the audit work carried out and any omissions and censurable matters that may have come to its attention. The Board of Statutory Auditors may also formulate proposals to the Stockholders' Meeting in relation to the financial statements, to its approval and to matters of its competence.

With this report, we have complied with the law.

In 2004, the Board of Statutory Auditors has complied with the obligations required by art. 149 of Legislative Decree No. 58 dated February 24, 1998, which allows us to specifically comment on the matters which follow.

We have attended the meetings of the Board of Directors during the course of which the Directors informed us of the activities carried out and the significant economic, financial and equity transactions entered into or in progress by the company and/or its subsidiaries. In this regard, we have ascertained that the transactions approved and carried out were in conformity with the law and the corporate bylaws, were not in disagreement with the resolutions approved by the Stockholders' Meeting, nor in potential conflict of interest and were based upon the principles of good administration.

The current organizational structure of the Company, insofar as we are responsible, appears to be adequate for the specific type of business and size of the Company. The Board of Statutory Auditors, also on the basis of meetings held with company management and with representatives of the Independent Auditors, has gathered extensive information regarding compliance with the principles of diligent and correct administrative management.

Our evaluation of the adequacy of the internal control system is positive, meaning that the system is operating effectively for the purpose of ascertaining that the internal operating and administrative procedures, which have been adopted in order to guarantee a sound and efficient management, are being followed, and, also for identifying, preventing and managing, as far as possible, financial and operating risks and any fraud to the detriment of the company.

Furthermore, we consider that the administrative accounting system, insofar as ascertained and checked by us also in previous years, is in a condition to correctly represent operating events.

As regards "Corporate Governance", the Directors refer to this subject in a specific report, as required by the Code of Self-discipline of listed companies.

The directives imposed on the subsidiaries by IFI S.p.A. as per art. 114, paragraph 2, of Legislative Decree No. 58/98 are also considered adequate.

The Board of Directors has sent to us, in accordance with the law, the report relating to the first half of the year, making it public within the time-frame and according to the procedures established by Consob and has also provided, according to the law, reports on quarterly performance.

With reference to Consob Communications dated February 20, 1997, March 2, 1998 and April 6, 2001, as far as our responsibility is concerned, we can attest that:

- the information provided by the Directors in the Report on Operations are considered exhaustive and complete, also with respect to the status of the implementation of the systems and procedures for the application of the international accounting principles (Consob Communication DME/5015175 of March 10, 2005);
- the Board of Statutory Auditors, in accordance with the "Testo Unico sulla Finanza" (Legislative Decree No. 58/98), has been kept constantly informed about matters of its competence;
- the periodical tests and controls which the Board of Statutory Auditors carried out on the company did not show atypical or unusual transactions;
- as for intercompany transactions, the Directors in their Report on Operations present and describe the numerous transactions for goods and services entered into with Group companies and/or related parties which have been carried out on the basis of reciprocal economic gain or at normal market conditions;
- the Independent Auditors' report did not contain any qualifications or other matters of interest nor related observations or proposals;

- as previously stated, the organizational structure of the company, insofar as we are responsible, appears to be adequate and the administrative accounting system is reliable for purposes of correctly representing operating events;
- the internal control system appears adequate and effective;
- during 2004, the Board of Directors held seven meetings, which we attended, and the Board of Statutory Auditors held 15 meetings, five of which were attended by the Independent Auditors;
- neither complaints, as per ex art. 2408 of the Italian Civil Code, were received by the Board of Statutory Auditors, nor has it been informed, at this time, of any petitions presented to IFI S.p.A.;
- opinions have been issued during the year by the Board of Statutory Auditors pursuant to the law;
- IFI S.p.A. has assigned the audit firm, Deloitte & Touche S.p.A., other work, apart from the audit of the statutory financial statements and the consolidated financial statements and the limited scope audit of the six-month report, for assistance activities in establishing the impact of the adoption of International Financial Reporting Standards, and the plan for the relative process of conversion to these Standards, for a fee of € 20 thousand.

As for the annual statutory financial statements, which show a net income of € 37,707,363, the reasons for which were described in the Report on Operations, we have ascertained compliance with the law as regards its structure and formation by tests carried out by us directly and through information received by us from the Independent Auditors. We therefore maintain that the financial statements are befitting of your approval, together with the motion to appropriate the net income to the extraordinary reserve, as formulated by the Board of Directors.

The Board of Directors also asks for your authorization to buy-back treasury stock in the amount and in the manner and terms described in the specific report, and proposes amendments to the Regulations for Stockholders' Meetings. As for our responsibility, we attest that both motions proposed to you agree with existing legislation.

Turin, April 28, 2005

THE BOARD OF STATUTORY AUDITORS

(Cesare Ferrero)

(Giorgio Giorgi)

(Lionello Jona Celesia)

REPORT OF THE BOARD OF STATUTORY AUDITORS ACCORDING TO ART. 41 OF LEGISLATIVE DECREE NO. 127/1991

Dear Stockholders,

The consolidated financial statements of IFI S.p.A. for the year ended December 31, 2004 – consisting of the balance sheet, the statement of operations and the notes to the financial statements – which have been made available to you, show a net income of € 117 million, compared to a loss of € 130 million in the prior year. The consolidated financial statements were submitted to us within the terms of the law, together with the Report on Operations, and prepared in accordance with the provisions of Legislative Decree No. 127 dated April 9, 1991.

The tests carried out by Deloitte & Touche S.p.A., the Independent Auditors charged with the audit of the financial statements, has led to the assertion that the values expressed in the financial statements agree with the accounting records of the Parent Company, the statutory and consolidated financial statements of the subsidiaries and the relative information formally communicated by the latter.

Such financial statements, transmitted by the subsidiaries to the Parent Company, for purposes of drawing up the consolidated financial statements, prepared by their relevant corporate bodies, have been examined by the bodies and/or parties in charge of controlling the individual companies, according to the respective regulations, and on the part of the Independent Auditors within the scope of the procedures carried out for the audit of the consolidated financial statements. The Board of Statutory Auditors has, therefore, not extended its examination to these financial statements.

The determination of the scope of consolidation, the choice of the principles of consolidation of the investments and the procedures adopted for this purpose are in agreement with the provisions of Legislative Decree No. 127 of April 9, 1991. The structure of the consolidated financial statements is thus to be considered technically correct and, as a whole, conforms to the specific law.

The Report on Operations adequately describes the results of operations and financial condition, the trend of operations during the course of 2004 and the business outlook of the whole of the companies in the scope of consolidation after the end of the year. The examination to which the Report has been subjected shows its congruity with the consolidated financial statements.

Turin, April 28, 2005

THE BOARD OF STATUTORY AUDITORS

(Cesare Ferrero)

(Giorgio Giorgi)

(Lionello Jona Celesia)

**REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS
PURSUANT TO ART. 156 OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998**
(Translation from the Original Issued in Italian)

**To the Stockholders of
IFI – ISTITUTO FINANZIARIO INDUSTRIALE S.p.A.**

1. We have audited the financial statements of IFI – Istituto Finanziario Industriale S.p.A. as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Directors of IFI – Istituto Finanziario Industriale S.p.A. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in Italy as recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (CONSOB). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the adequacy and the fairness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion. The audit of the financial statements of certain subsidiaries and affiliates, which statements reflect total assets representing 10% of consolidated total assets and revenues representing 13% of consolidated revenues, is the responsibility of other auditors.

For the opinion on the prior year's financial statements, which are presented for comparative purposes as required by law, reference should be made to our auditors' report dated May 14, 2004.

3. In our opinion, the financial statements of IFI – Istituto Finanziario Industriale S.p.A. as of and for the year ended December 31, 2004 comply with the Italian statutory provisions governing the criteria for their preparation; accordingly, they give a true and fair view of the Company's financial position and results of operations.

DELOITTE & TOUCHE S.p.A.

Signed by
Colin Johnston
Partner

Turin, Italy
April 8, 2005

This report has been translated into the English language solely for convenience of international readers.

**REPORT OF THE INDEPENDENT AUDITORS
ON THE CONSOLIDATED FINANCIAL STATEMENTS
PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998
(Translation from the Original Issued in Italian)**

**To the Stockholders of
IFI – ISTITUTO FINANZIARIO INDUSTRIALE S.p.A.**

1. We have audited the consolidated financial statements of IFI – Istituto Finanziario Industriale S.p.A. and subsidiaries (the IFI Group) as of and for the year ended December 31, 2004. These consolidated financial statements are the responsibility of the Directors of IFI – Istituto Finanziario Industriale S.p.A. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in Italy as recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the adequacy and the fairness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion. The audit of the financial statements of certain subsidiaries and affiliates, which statements reflect total assets representing 10% of consolidated total assets and revenues representing 13% of consolidated revenues, is the responsibility of other auditors.

For the opinion on the prior year's consolidated financial statements, which are presented for comparative purposes as required by law, reference should be made to our auditors' report dated May 14, 2004.

3. In our opinion, the consolidated financial statements of the IFI Group as of and for the year ended December 31, 2004 comply with the Italian statutory provisions governing the criteria for their preparation; accordingly, they give a true and fair view of the Group's financial position and results of operations.

DELOITTE & TOUCHE S.p.A.

Signed by
Colin Johnston
Partner

Turin, Italy
April 8, 2005

This report has been translated into the English language solely for convenience of international readers.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma
Torino Treviso Verona Vicenza

Member of
Deloitte Touche Tohmatsu

Sede Legale: Via Tortona, 25 - 20144 Milano
Capitale Sociale: versato Euro 10.275.030,00 - sottoscritto Euro 10.327.590,00 - deliberato Euro 10.850.000,00
Partita IVA/Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239

IFI GROUP'S COMPANIES

In accordance with the provisions of Legislative Decree No. 127/91, articles 38 and 39, and Consob resolution No. 11971 of May 14, 1999 (art. 126 of the Regulations) and successive amendments, the following list is provided of the companies and significant holdings included in the consolidated financial statements.

The companies in the list are divided by consolidation method and business segment. For each company, the following information is provided: the name of the company, the country location, the capital stock in the original currency. The consolidated percentage of ownership held by the Group is also indicated, as well as the percentage of ownership held by IFI S.p.A. or by other subsidiaries.

A separate column shows the percentage of voting rights in the Ordinary Stockholders' Meeting. An Asterisk (*) indicates ownership with voting suspended.

Name	Country	Capital Stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
IFI S.p.A.	ITALY	163,251,460	EUR				

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Holding companies - diversified

Name	Country	Capital Stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
IFIL INVESTMENTS S.p.A.	ITALY	1,075,195,737	EUR		Societa' per Azioni ISTITUTO		
				60.55	FINANZIARIO INDUSTRIALE	59.876	62.033
					IFIL INVESTMENTS S.p.A. (*)	1.099	1.139
					SOIEM S.p.A. (*)	0.075	0.078

ASSOCIATED COMPANIES VALUED BY THE EQUITY METHOD

Holding companies - diversified

Name	Country	Capital Stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
EXOR GROUP S.A.	LUXEMBOURG	116,741,600	EUR		Societa' per Azioni ISTITUTO		
				29.30	FINANZIARIO INDUSTRIALE	29.280	29.291
					EXOR GROUP S.A. (*)	0.031	0.031
					LONG POND BV	0.035	0.000

(*) Voting suspended.

For purposes of a clearer presentation, the investments held through IFIL are shown separately.

INVESTMENTS HELD THROUGH IFIL S.p.A. (60.55%-owned subsidiary)

Name	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS							
Miscellaneous and Holding companies							
FIAT S.p.A. (a)	ITALY	4,918,113,540	EUR	27.62	IFIL INVESTMENTS S.p.A. FIAT S.p.A. (*)	27.619 0.446	30.061 0.548
IFIL INVESTISSEMENTS S.A.	LUXEMBOURG	166,611,300	EUR	100.00	IFIL INVESTMENTS S.p.A. IFIL INVESTMENT HOLDING N.V.	79.816 20.184	79.816 20.184
IFIL INVESTMENT HOLDING N.V.	NETHERLANDS	54,000,000	EUR	100.00	IFIL INVESTMENTS S.p.A.	100.000	100.000
NHT NEW HOLDING FOR TOURISM B.V. (b)	NETHERLANDS	32,980,000	EUR	100.00	IFIL INVESTISSEMENTS S.A. IFIL FINANCE B.V.	69.679 30.321	69.679 30.321
MEDITERRANEAN CAPITAL (ex-IFIL CAPITAL B.V.) (b)	NETHERLANDS	11,000,000	EUR	100.00	IFIL INVESTMENT HOLDING N.V.	100.000	100.000
IFIL FINANCE B.V. (b)	NETHERLANDS	10,000,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFIL NEW BUSINESS S.r.l.	ITALY	15,000	EUR	100.00	IFIL INVESTMENTS S.p.A.	100.000	100.000
WORMS & CIE S.A. A DIRECTOIRE ET CONSEIL DE SURVEILLANCE (a)	FRANCE	161,544,967	EUR	52.96	IFIL INVESTISSEMENTS S.A. WORMS & CIE S.A. A DIRECTOIRE ET CONSEIL DE SURVEILLANCE (*)	52.965 0.000	52.965 (**)
Financing services							
IFILGROUP FINANCE L.T.D.	IRELAND	4,000,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFIL INTERNATIONAL FINANCE L.T.D.	IRELAND	4,000,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFIL USA INC.	U.S.A.	500,000	USD	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFIL INVESTMENTS L.L.C.	U.S.A.	N/A	USD	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFIL CAPITAL PARTNERS L.P.	U.S.A.	N/A	USD	100.00	IFIL INVESTISSEMENTS S.A. IFIL AMERICA L.P.	99.000 1.000	99.000 1.000
IFIL AMERICA L.P.	U.S.A.	N/A	USD	100.00	IFIL INVESTISSEMENTS S.A. IFIL INVESTMENTS L.L.C.	99.000 1.000	99.000 1.000
Tourism and Hotel activities							
ALPITOUR S.p.A. (a)	ITALY	17,725,000	EUR	100.00	NHT NEW HOLDING FOR TOURISM B.V.	100.000	100.000
Services							
SADCO S.A.	SWITZERLAND	300,000	CHF	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFIL ASIA LIMITED	CHINA (People's Rep. Pop)	1	HKD	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
SOIEM S.p.A.	ITALY	9,125,000	EUR	100.00	IFIL INVESTMENTS S.p.A.	100.000	100.000
SUBSIDIARIES VALUED BY THE EQUITY METHOD							
Football Club							
JUVENTUS FOOTBALL CLUB S.p.A.	ITALY	12,093,200	EUR	61.69	IFIL INVESTMENTS S.p.A.	61.692	61.692
SUBSIDIARIES VALUED AT COST							
Lease of own real estate and sublease							
CAMPI DI VINOVO S.p.A.	ITALY	1,300,000	EUR	-	JUVENTUS FOOTBALL CLUB S.p.A. CAMPI DI VINOVO S.p.A. (*)	69.800 3.000	69.800 3.000
ASSOCIATED COMPANIES VALUED BY THE EQUITY METHOD							
Miscellaneous and Holding companies							
EUROFIND TEXTILE S.A. (c)	LUXEMBOURG	120,000	EUR	50.00	IFIL INVESTISSEMENTS S.A.	50.000	50.000
EUFIN INVESTMENTS UNLIMITED	UNITED KINGDOM	243,100	EUR	50.00	EUROFIND TEXTILE S.A.	100.000	100.000
ASSOCIATED COMPANIES VALUED AT COST							
Miscellaneous and Holding companies							
EUROMEDIA LUXEMBOURG ONE S.A.	LUXEMBOURG	44,887,500	USD	-	IFIL INVESTISSEMENTS S.A. FIAT NETHERLAND HOLDING NV	14.286 14.286	14.286 14.286
Services							
WE-CUBE.COM S.p.A.	ITALY	666,668	EUR	-	IFIL INVESTISSEMENTS S.A. BUSINESS SOLUTIONS S.p.A.	14.790 14.790	14.790 14.790
Stadium management							
SEMANA S.r.l.	ITALY	100,000	EUR	-	JUVENTUS FOOTBALL CLUB S.p.A.	30.000	30.000

(a) For purposes of a clearer presentation, the investments held through FIAT, Worms & Cie and Alpitour are shown separately.

(b) Companies put or to be put into a wind-up.

(c) Company set up on December 13, 2004, following the proportional total spin-off of Eurofind.

(*) Voting suspended.

(**) 160 shares held by the Company.

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
Automobiles							
Fiat Auto Holdings B.V.	Amsterdam	Netherlands	1,000,000	EUR	90,00	Fiat Partecipazioni S.p.A.	90,000
Banco Fidis de Investimento SA	Sao Paolo	Brazil	116,235,465	BRL	89,97	Fidis S.p.A.	98,970
						Fiat Automoveis S.A. - FIASA	1,000
B.D.C. S.A.	Brussels	Belgium	23,651,294	EUR	90,00	Fiat Auto (Belgio) S.A.	99,998
						Fiat Auto (Suisse) S.A.	0,002
Clickar Assistance S.r.l.	Turin	Italy	335,632	EUR	90,00	Fidis S.p.A.	100,000
Easy Drive S.r.l.	Turin	Italy	10,400	EUR	90,00	Fiat Auto S.p.A.	99,000
						Fiat Center Italia S.p.A.	1,000
FAL Fleet Services S.A.S.	Trappes	France	3,000,000	EUR	90,00	Fidis Renting Italia S.p.A.	100,000
Fiat Auto Argentina S.A.	Buenos Aires	Argentina	463,938,188	ARS	90,00	Fiat Auto S.p.A.	63,336
						Fiat Automoveis S.A. - FIASA	36,664
Fiat Auto (Belgio) S.A.	Brussels	Belgium	20,951,220	EUR	90,00	Fiat Finance Netherlands B.V.	99,998
						Fiat Auto (Suisse) S.A.	0,002
Fiat Auto Contracts Ltd	Slough Berkshire	United Kingdom	15,500,000	GBP	90,00	Fidis Renting Italia S.p.A.	100,000
Fiat Auto Dealer Financing SA	Brussels	Belgium	62,000	EUR	89,86	Fiat Auto (Belgio) S.A.	99,839
Fiat Auto Espana S.A.	Alcalá De Henares	Spain	60,696,601	EUR	90,00	Fiat Finance Netherlands B.V.	99,998
						Fiat Auto (Suisse) S.A.	0,002
Fiat Auto Financial Services (Wholesale) Ltd.	Slough Berkshire	United Kingdom	3,500,000	GBP	90,00	Fidis S.p.A.	100,000
Fiat Auto (France) S.A.	Trappes	France	91,050,000	EUR	90,00	Fiat Finance Netherlands B.V.	99,999
Fiat Auto Hellas S.A.	Argyroupoli	Greece	33,533,499	EUR	90,00	Fiat Finance Netherlands B.V.	100,000
Fiat Auto (Ireland) Ltd.	Dublin	Ireland	5,078,952	EUR	90,00	Fiat Finance Netherlands B.V.	100,000
Fiat Auto Japan K.K.	Minatu-Ku, Tokyo	Japan	420,000,000	JPY	90,00	Fiat Auto S.p.A.	100,000
Fiat Auto Kreditbank GmbH	Vienna	Austria	5,000,000	EUR	90,00	Fiat Auto S.p.A.	50,000
						Fidis S.p.A.	50,000
Fiat Auto Lease N.V.	Utrecht	Netherlands	454,000	EUR	90,00	Fidis Renting Italia S.p.A.	100,000
Fiat Auto Maroc S.A.	Casablanca	Morocco	314,000,000	MAD	89,96	Fiat Auto S.p.A.	99,950
Fiat Auto Nederland B.V.	Lijnden	Netherlands	5,672,250	EUR	90,00	Fiat Auto Holdings B.V.	100,000
Fiat Auto Poland S.A.	Bielsko-Biala	Poland	660,334,600	PLN	90,00	Fiat Auto S.p.A.	100,000
Fiat Auto Portuguesa S.A.	Alges	Portugal	8,000,000	EUR	90,00	Fiat Finance Netherlands B.V.	100,000
Fiat Auto South Africa (Proprietary) Ltd	Sunninghill	South Africa	540	ZAR	90,00	Fiat Auto S.p.A.	100,000
Fiat Auto S.p.A.	Turin	Italy	2,500,000,000	EUR	90,00	Fiat Auto Holdings B.V.	100,000
Fiat Auto (Suisse) S.A.	Geneva	Switzerland	21,400,000	CHF	90,00	Fiat Auto S.p.A.	100,000
Fiat Auto (U.K.) Ltd	Slough Berkshire	United Kingdom	44,600,000	GBP	90,00	Fiat Finance Netherlands B.V.	100,000
Fiat Auto Var S.r.l.	Turin	Italy	10,200,000	EUR	90,00	Fiat Auto S.p.A.	100,000
Fiat Automobil AG	Heilbronn	Germany	97,280,000	EUR	90,00	Fiat Finance Netherlands B.V.	99,000
						Fiat Auto (Suisse) S.A.	1,000
Fiat Automobil GmbH	Vienna	Austria	37,000	EUR	90,00	Fiat Finance Netherlands B.V.	100,000
Fiat Automobil Vertriebs GmbH	Frankfurt	Germany	8,700,000	EUR	90,00	Fiat Automobil AG	100,000
Fiat Automobil Danmark A/S	Glostrup	Denmark	55,000,000	DKK	90,00	Fiat Finance Netherlands B.V.	100,000
Fiat Automoveis S.A. - FIASA	Betim	Brazil	1,432,341,332	BRL	90,00	Fiat Auto S.p.A.	100,000
Fiat Center Italia S.p.A.	Turin	Italy	2,000,000	EUR	90,00	Fiat Auto S.p.A.	100,000
Fiat Center (Suisse) S.A.	Geneva	Switzerland	13,000,000	CHF	90,00	Fiat Auto (Suisse) S.A.	100,000
Fiat CR Spol. S.R.O.	Prague	Czech Republic	1,000,000	CZK	90,00	Fiat Auto S.p.A.	100,000
Fiat Credit Belgio S.A.	Evere	Belgium	3,718,500	EUR	90,00	Fidis S.p.A.	99,999
Fiat Credito Compania Financiera S.A.	Buenos Aires	Argentina	94,107,977	ARS	90,00	Fidis S.p.A.	99,999
						Fiat Auto Argentina S.A.	0,001
Fiat Distribuidora Portugal S.A.	Lisbon	Portugal	450,300	EUR	90,00	Fiat Auto Portuguesa S.A.	100,000
Fiat Finance Holding S.A.	Luxembourg	Luxembourg	2,300,000	EUR	90,00	Fidis S.p.A.	99,995
						Fiat Finance Netherlands B.V.	0,005
Fiat Finance Netherlands B.V.	Amsterdam	Netherlands	690,000,000	EUR	90,00	Fiat Auto S.p.A.	100,000
Fiat Handlerservice GmbH	Heilbronn	Germany	5,100,000	EUR	90,00	Fiat Automobil AG	100,000
Fiat India Automobiles Private Limited	Mumbai	India	18,780,741,500	INR	90,00	Fiat Auto S.p.A.	100,000
Fiat India Private Ltd.	Mumbai	India	4,477,502,700	INR	89,78	Fiat India Automobiles Private Limited	79,081
						Fiat Auto S.p.A.	20,673
							19,438
Fiat Magyarorszag Kereskedelmi KFT.	Budapest	Hungary	150,000,000	HUF	90,00	Fiat Auto S.p.A.	100,000
Fiat Motor Sales Ltd	Slough Berkshire	United Kingdom	1,500,000	GBP	90,00	Fiat Auto (U.K.) Ltd	100,000
Fiat SR Spol. SR O.	Bratislava	Slovak Republic	1,000,000	SKK	90,00	Fiat Auto S.p.A.	100,000
Fiat Versicherungsdienst GmbH	Heilbronn	Germany	26,000	EUR	94,90	Fiat Automobil AG	51,000
						Rimaco S.A.	49,000
Fidis Credit Danmark A/S	Glostrup	Denmark	500,000	DKK	90,00	Fiat Finance Netherlands B.V.	100,000
Fidis Dealer Services B.V.	Utrecht	Netherlands	698,000	EUR	90,00	Fiat Auto Nederland B.V.	100,000
Fidis Faktoring Polska Sp. z o.o.	Warsaw	Poland	1,000,000	PLN	90,01	Fidis S.p.A.	99,950
						Fiat Polska Sp. z o.o.	0,050
Fidis Finance Polska Sp. z o.o.	Warsaw	Poland	10,000,000	PLN	90,00	Fidis S.p.A.	99,980
						Fiat Polska Sp. z o.o.	0,020
Fidis Hungary KFT	Budapest	Hungary	13,000	EUR	90,00	Fidis S.p.A.	100,000
Fidis Renting Italia S.p.A.	Turin	Italy	5,800,000	EUR	90,00	Fiat Auto S.p.A.	100,000
Fidis S.p.A.	Turin	Italy	311,232,342	EUR	90,00	Fiat Auto S.p.A.	99,900
						Nuove Iniziative Finanziarie 2 S.r.l.	0,100
Finplus Renting S.A.	Madrid	Spain	3,955,986	EUR	90,00	Fidis Renting Italia S.p.A.	100,000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
Inmap 2000 Espana S.L.	Alcalá De Henares	Spain	8,237,907	EUR	90.00	Fiat Auto Espana S.A.	100.000	
International Metropolitan Automotive Promotion (France) S.A.	Paris	France	56,000	EUR	90.00	Fiat Auto (France) S.A.	100.000	
Italian Automotive Center S.A.	Brussels	Belgium	19,749,654	EUR	90.00	B.D.C. S.A.	100.000	
Sata-Società Automobiliistica Tecnologie Avanzate S.p.A.	Melfi	Italy	276,640,000	EUR	90.00	Fiat Auto S.p.A.	100.000	
Savarent Società per Azioni	Turin	Italy	21,000,000	EUR	90.00	Fidis Renting Italia S.p.A.	100.000	
Sofice-Société de Financement des Concessionnaires s.a.s.	Trappes	France	3,353,600	EUR	90.00	Fiat Auto (France) S.A.	100.000	
Tarfin S.A.	Geneva	Switzerland	500,000	CHF	90.00	Fidis S.p.A.	100.000	
Targa Infomobility S.p.A.	Turin	Italy	100,000	EUR	90.00	Fidis S.p.A.	100.000	
Targa Rent S.r.l.	Turin	Italy	310,000	EUR	90.00	Fidis S.p.A.	100.000	
Targasys Espana S.L.	Alcalá De Henares	Spain	5,000	EUR	90.00	Fiat Auto Espana S.A.	100.000	
Targasys Stock SA	Alcalá De Henares	Spain	5,108,799	EUR	90.00	Fiat Auto Espana S.A. Fiat Finance Holding S.A.	99.999 0.001	
Agricultural and Construction Equipment								
CNH Global N.V.	Amsterdam	Netherlands	319,359,348	EUR	84.54	Fiat Netherlands Holding N.V. CNH Global N.V.	84.500 0.109	84.542 0.000
Austoft Industries Limited	Bundaberg	Australia	16,353,225	AUD	84.54	CNH Australia Pty Limited	100.000	
Banco CNH Capital S.A.	Curitiba	Brazil	252,285,242	BRL	84.54	CNH Global N.V. CNH Latin America Ltda.	59.760 40.240	
Bli Group Inc.	Wilmington	U.S.A.	1,000	USD	84.54	CNH America LLC	100.000	
Blue Leaf I.P. Inc.	Wilmington	U.S.A.	1,000	USD	84.54	Bli Group Inc.	100.000	
Case Brazil Holdings Inc.	Wilmington	U.S.A.	1,000	USD	84.54	CNH America LLC	100.000	
Case Canada Receivables Inc.	Calgary	Canada	1	CAD	84.54	CNH Capital America LLC	100.000	
Case Credit Australia Investments Pty Ltd	St. Marys	Australia	187,360,048	AUD	84.54	CNH Australia Pty Limited	100.000	
Case Credit Holdings Limited	Wilmington	U.S.A.	5	USD	84.54	CNH Capital America LLC	100.000	
Case Credit Ltd.	Calgary	Canada	1	CAD	84.54	Case Credit Holdings Limited CNH Canada Ltd.	99.500 0.500	
Case Equipment Holdings Limited	Wilmington	U.S.A.	5	USD	84.54	CNH America LLC	100.000	
Case Equipment International Corporation	Wilmington	U.S.A.	1,000	USD	84.54	CNH America LLC	100.000	
Case Europe S.a.r.l.	Roissy	France	7,622	EUR	84.54	CNH America LLC	100.000	
Case Harvesting Systems GmbH	Neustadt	Germany	281,211	EUR	84.54	CNH America LLC	100.000	
Case India Limited	Wilmington	U.S.A.	5	USD	84.54	CNH America LLC	100.000	
Case International Marketing Inc.	Wilmington	U.S.A.	5	USD	84.54	CNH America LLC	100.000	
Case LBX Holdings Inc.	Wilmington	U.S.A.	5	USD	84.54	CNH America LLC	100.000	
Case Machinery (Shanghai) Co. Ltd.	Shanghai	People's Rep. of China	2,250,000	USD	84.54	CNH America LLC	100.000	
Case New Holland Inc.	Wilmington	U.S.A.	5	USD	84.54	CNH Global N.V.	100.000	
Case United Kingdom Limited	Basilidon	United Kingdom	3,763,618	GBP	84.54	CNH America LLC	100.000	
Case Wholesale Receivables Inc.	Wilmington	U.S.A.	1,000	USD	84.54	CNH Capital America LLC	100.000	
CNH America LLC	Wilmington	U.S.A.	0	USD	84.54	Case New Holland Inc.	100.000	
CNH Argentina S.A.	Buenos Aires	Argentina	29,611,105	ARS	84.54	New Holland Holdings Argentina S.A. CNH Latin America Ltda.	80.654 19.346	
CNH Australia Pty Limited	St. Marys	Australia	306,785,439	AUD	84.54	CNH Global N.V.	100.000	
CNH Baumaschinen GmbH	Berlin	Germany	61,355,030	EUR	84.54	CNH International S.A.	100.000	
CNH Belgium N.V.	Zedelgem	Belgium	27,268,300	EUR	84.54	CNH International S.A.	100.000	
CNH Canada Ltd.	Toronto	Canada	28,000,100	CAD	84.54	CNH Global N.V.	100.000	
CNH Capital America LLC	Wilmington	U.S.A.	0	USD	84.54	CNH Capital LLC	100.000	
CNH Capital Australia Pty Limited	St. Marys	Australia	83,248,874	AUD	84.54	CNH Australia Pty Limited	100.000	
CNH Capital Benelux	Zedelgem	Belgium	6,350,000	EUR	84.54	CNH Global N.V. CNH Capital U.K. Ltd	98.999 1.001	
CNH Capital (Europe) plc	Dublin	Ireland	38,100	EUR	84.54	CNH Capital plc CNH Financial Services A/S CNH Financial Services S.r.l. CNH Global N.V. CNH International S.A. New Holland Financial Services Ltd CNH Trade N.V.	99.984 0.003 0.003 0.003 0.003 0.003 0.001	
CNH Capital Insurance Agency Inc.	Wilmington	U.S.A.	5	USD	84.54	CNH Capital America LLC	100.000	
CNH Capital LLC	Wilmington	U.S.A.	0	USD	84.54	CNH America LLC	100.000	
CNH Capital plc	Dublin	Ireland	6,386,791	EUR	84.54	CNH Global N.V.	100.000	
CNH Capital Receivables LLC	Wilmington	U.S.A.	0	USD	84.54	CNH Capital America LLC	100.000	
CNH Capital U.K. Ltd	Basilidon	United Kingdom	10,000,001	GBP	84.54	CNH Global N.V.	100.000	
CNH Componentes, S.A. de C.V.	Sao Pedro	Mexico	135,634,842	MXN	84.54	CNH America LLC	100.000	
CNH Danmark A/S	Hvidovre	Denmark	12,000,000	DKK	84.54	CNH International S.A.	100.000	
CNH Deutschland GmbH	Heilbronn	Germany	18,457,650	EUR	84.54	CNH International S.A.	100.000	
CNH Engine Corporation	Wilmington	U.S.A.	1,000	USD	84.54	CNH America LLC	100.000	
CNH Financial Services	Puteaux	France	3,738,141	EUR	84.54	CNH Global N.V.	100.000	
CNH Financial Services A/S	Hvidovre	Denmark	500,000	DKK	84.54	CNH Global N.V.	100.000	
CNH Financial Services GmbH	Heilbronn	Germany	200,000	EUR	84.54	CNH International S.A.	100.000	
CNH Financial Services S.r.l.	Modena	Italy	10,400	EUR	84.54	CNH Global N.V.	100.000	
CNH France S.A.	Le Plessis-Belleville	France	138,813,150	EUR	84.54	CNH International S.A.	100.000	
CNH International S.A.	Luxembourg	Luxembourg	300,000,000	USD	84.54	CNH Global N.V.	100.000	
CNH Italia s.p.a.	Modena	Italy	15,600,000	EUR	84.54	CNH Global N.V.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
CNH Latin America Ltda.	Contagem	Brazil	674,264,183	BRL	84.54	CNH Global N.V.	87.880	
						Case Brazil Holdings Inc.	10.610	
						Case Equipment International Corporation	1.510	
CNH Maquinaria Spain S.A.	Coslada	Spain	21,000,000	EUR	84.54	CNH International S.A.	99.999	
CNH Osterreich GmbH	St. Valentin	Austria	2,000,000	EUR	84.54	CNH Global N.V.	100.000	
CNH Polska Sp. z o.o.	Plock	Poland	162,591,660	PLN	84.54	CNH Belgium N.V.	99.995	
						Fiat Polska Sp. z o.o.	0.005	
CNH Portugal-Comercio de Tractores e Maquinas Agricolas Ltda	Carnaxide	Portugal	498,798	EUR	84.54	CNH International S.A.	99.980	
						CNH Italia s.p.a.	0.020	
CNH Receivables LLC	Wilmington	U.S.A.	0	USD	84.54	CNH Capital America LLC	100.000	
CNH Serviços Técnicos e Desenvolvimento de Negócios Ltda	Curitiba	Brazil	1,000,000	BRL	84.54	Banco CNH Capital S.A.	100.000	
CNH Trade N.V.	Amsterdam	Netherlands	50,000	EUR	84.54	CNH Global N.V.	100.000	
CNH U.K. Limited	Basildon	United Kingdom	91,262,275	GBP	84.54	New Holland Holding Limited	100.000	
CNH Wholesale Receivables LLC	Wilmington	U.S.A.	0	USD	84.54	CNH Capital America LLC	100.000	
Fiat Kobelco Construction Machinery S.p.A.	San Mauro Torinese	Italy	80,025,291	EUR	63.09	CNH Italia s.p.a.	59.625	
						CNH Global N.V.	15.000	
Fiatallis North America LLC	Wilmington	U.S.A.	32	USD	84.54	CNH America LLC	100.000	
Fiat-Kobelco Construction Machinery Belgium SA	Herstal-lez-Liege	Belgium	247,900	EUR	63.09	Fiat Kobelco Construction Machinery S.p.A.	100.000	
Flexi-Coil (U.K.) Limited	Basildon	United Kingdom	1,000	GBP	84.54	CNH Canada Ltd.	100.000	
Harbin New Holland Tractors Co., Ltd.	Harbin	People's Rep. of China	2,859,091	USD	84.54	New Holland Mauritius (Private) Ltd.	99.000	
						CNH International S.A.	1.000	
HFI Holdings Inc.	Wilmington	U.S.A.	1,000	USD	84.54	CNH America LLC	100.000	
JV Uzcaseagroleasing LLC	Tashkent	Uzbekistan	0	USD	43.12	Case Credit Holdings Limited	51.000	
JV UzCaseMash LLC	Tashkent	Uzbekistan	0	USD	50.73	Case Equipment Holdings Limited	60.000	
JV UzCaseService LLC	Tashkent	Uzbekistan	0	USD	43.12	Case Equipment Holdings Limited	51.000	
JV UzCaseTractor LLC	Tashkent	Uzbekistan	0	USD	43.12	Case Equipment Holdings Limited	51.000	
Kobelco Construction Machinery America LLC	Wilmington	U.S.A.	0	USD	54.95	New Holland Excavator Holdings LLC	65.000	
Kobelco Construction Machinery Europe BV in liquidation	Almere	Netherlands	567,225	EUR	63.09	Fiat Kobelco Construction Machinery S.p.A.	100.000	
MBA AG	Bassersdorf	Switzerland	4,000,000	CHF	84.54	CNH Global N.V.	100.000	
New Holland Australia Pty Ltd	Riverstone	Australia	1	AUD	84.54	CNH Australia Pty Limited	100.000	
New Holland (Canada) Credit Company	Burlington	Canada	1,000	CAD	84.54	CNH Canada Ltd.	99.000	
						Case Credit Ltd.	1.000	
New Holland (Canada) Credit Holding Ltd. in liquidation	Toronto	Canada	1	CAD	84.54	CNH Canada Ltd.	100.000	
New Holland Canada Ltd.	Saskatoon	Canada	10,403	CAD	84.54	CNH Canada Ltd.	100.000	
New Holland Credit Australia Pty Limited	Riverstone	Australia	725,834	AUD	84.54	CNH Capital Australia Pty Limited	100.000	
New Holland Credit Company LLC	Wilmington	U.S.A.	0	USD	84.54	CNH Capital LLC	100.000	
New Holland Excavator Holdings LLC	Wilmington	U.S.A.	0	USD	84.54	CNH America LLC	100.000	
New Holland Financial Services Ltd	Basildon	United Kingdom	50,000	GBP	84.54	CNH Global N.V.	100.000	
New Holland Holding Limited	London	United Kingdom	165,000,000	GBP	84.54	CNH International S.A.	100.000	
New Holland Holdings Argentina S.A.	Buenos Aires	Argentina	23,555,415	ARS	84.54	CNH Latin America Ltda.	100.000	
New Holland Ltd	Basildon	United Kingdom	1,000,000	GBP	84.54	CNH Global N.V.	100.000	
New Holland Mauritius (Private) Ltd.	Port Louis	Mauritius	78,571,333	USD	84.54	CNH Global N.V.	100.000	
New Holland Tractor Ltd. N.V.	Antwerp	Belgium	9,631,500	EUR	84.54	New Holland Holding Limited	100.000	
New Holland Tractors (India) Private Ltd	New Delhi	India	168,736,580,600	INR	84.54	New Holland Mauritius (Private) Ltd.	100.000	
O & K - Hilfe GmbH	Berlin	Germany	25,565	EUR	84.54	CNH Baumaschinen GmbH	100.000	
Pryor Foundry Inc.	Oklahoma City	U.S.A.	1,000	USD	84.54	CNH America LLC	100.000	
Receivables Credit II Corporation	Calgary	Canada	1	CAD	84.54	CNH Capital America LLC	100.000	
RosCaseMash	Saratov	Russia	200,000	RUR	32.34	Case Equipment Holdings Limited	38.250	51.000
Shanghai New Holland Agricultural Machinery Corporation Limited	Shanghai	People's Rep. of China	35,000,000	USD	50.73	New Holland Mauritius (Private) Ltd.	60.000	
Commercial Vehicles								
Iveco S.p.A.	Turin	Italy	858,400,000	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Amce-Automotive Manufacturing Co.Ethiopia	Addis Abeba	Ethiopia	3,000,000	ETB	70.00	Iveco S.p.A.	70.000	
Astra Veicoli Industriali S.p.A.	Piacenza	Italy	10,400,000	EUR	100.00	Iveco S.p.A.	100.000	
Brandschutztechnik Gorlitz GmbH	Gürnitz	Germany	511,292	EUR	88.00	Iveco Magirus Brandschutztechnik GmbH	88.000	
C.A.M.I.V.A. Constructeurs Associés de Matériels S.A.	Saint-Alban-Laysse	France	1,870,169	EUR	99.96	Iveco Eurofire (Holding) GmbH	99.961	
Componentes Mecanicos S.A.	Barcelona	Spain	37,405,038	EUR	59.39	Iveco Pegaso S.L.	59.387	
Effe Grundbesitz GmbH	Ulm	Germany	10,225,838	EUR	100.00	Iveco Investments GmbH	90.000	
						Iveco S.p.A.	10.000	
Euromoteurs S.A.	Garchizy	France	2,098,560	EUR	100.00	Iveco France S.A.	100.000	
European Engine Alliance S.c.r.l.	Turin	Italy	32,044,797	EUR	61.51	CNH Global N.V.	33.333	
						Iveco S.p.A.	33.333	
Heuliez Bus S.A.	Rorthais	France	9,000,000	EUR	100.00	Société Charolaise de Participations S.A.	100.000	
IAV-Industrie-Anlagen-Verpachtung GmbH	Ulm	Germany	25,565	EUR	100.00	Iveco Investigations GmbH	95.000	
						Iveco S.p.A.	5.000	
Ikarus Egyedi Autobusz GY	Budapest	Hungary	350,000,000	HUF	68.15	Irisbus Holding S.L.	68.146	
Ikarus Trade Kft.	Budapest	Hungary	423,220,000	HUF	100.00	Ikarusbus Jamugyarto RT	99.976	
						Irisbus Holding S.L.	0.024	
Ikarusbus Jamugyarto RT	Szekesfehervar	Hungary	974,268,827	HUF	100.00	Irisbus Italia S.p.A.	99.998	
						Irisbus France S.A.	0.002	
Industrial Vehicles Center Hainaut S.A.	Charleroi	Belgium	600,000	EUR	100.00	S.A. Iveco Belgium N.V.	95.000	
						Iveco Nederland B.V.	5.000	
Irisbus Australia Pty. Ltd.	Dandenong	Australia	1,500,000	AUD	100.00	Irisbus Holding S.L.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
Irisbus Benelux Ltd.	Leudelange	Luxembourg	594,000	EUR	100.00	Irisbus France S.A. Société Charolaise de Participations S.A.	99.983 0.017	
Irisbus Deutschland GmbH	Mainz-Mombach	Germany	22,000,000	EUR	100.00	Irisbus Holding S.L.	100.000	
Irisbus France S.A.	Vénissieux	France	142,482,000	EUR	100.00	Irisbus Holding S.L.	100.000	
Irisbus Holding S.L.	Madrid	Spain	233,670,000	EUR	100.00	Iveco S.p.A. Iveco Pegaso S.L.	99.999 0.001	
Irisbus Iberica S.L.	Madrid	Spain	28,930,788	EUR	100.00	Irisbus Holding S.L.	100.000	
Irisbus Italia S.p.A.	Turin	Italy	100,635,750	EUR	100.00	Irisbus Holding S.L.	100.000	
Irisbus (U.K.) Ltd	Watford	United Kingdom	200,000	GBP	100.00	Irisbus Holding S.L.	100.000	
IVC Brabant N.V. S.A.	Groot	Belgium	800,000	EUR	100.00	S.A. Iveco Belgium N.V. Iveco Nederland B.V.	75.000 25.000	
IVC Nutzfahrzeuge AG	Hendschiken	Switzerland	3,500,000	CHF	100.00	Iveco (Schweiz) AG	100.000	
IVC Véhicules Industriels S.A.	Morges	Switzerland	1,200,000	CHF	100.00	Iveco (Schweiz) AG	100.000	
Iveco Argentina S.A.	Cordoba	Argentina	26,700,000	ARS	100.00	Iveco S.p.A. Astra Veicoli Industriali S.p.A.	99.999 0.001	
Iveco Austria GmbH	Vienna	Austria	6,178,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Bayern GmbH	Nuremberg	Germany	742,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Colombia Ltda.	Santa Fe' de Bogota	Colombia	2,870,909,000	COP	100.00	Iveco Venezuela C.A. Iveco Latin America Ltda	99.974 0.026	
Iveco Contract Services Limited	Watford	United Kingdom	2,000,000	GBP	100.00	Iveco (UK) Ltd	100.000	
Iveco Danmark A/S	Glostrup	Denmark	501,000	DKK	100.00	Iveco S.p.A.	100.000	
Iveco Eurofire (Holding) GmbH	Weisweil	Germany	30,776,857	EUR	100.00	Iveco Magirus AG Iveco S.p.A.	90.032 9.968	
Iveco Fiat Brasil Ltda	Sete Lagoas	Brazil	170,100,000	BRL	95.00	Fiat Automoveis S.A. - FIASA Iveco S.p.A. Iveco Latin America Ltda	50.000 48.576 1.424	
Iveco Finance AG	Kloten	Switzerland	1,500,000	CHF	100.00	Iveco (Schweiz) AG	100.000	
Iveco Finance GmbH	Ulm	Germany	40,000,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Finance Limited	Watford	United Kingdom	100	GBP	100.00	Iveco (UK) Ltd	100.000	
Iveco Finanziaria S.p.A.	Turin	Italy	30,000,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Finland OY	Espoo	Finlandia	200,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco France S.A.	Trappes	France	93,800,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco International Trade Finance S.A.	Paradiso	Switzerland	25,000,000	CHF	100.00	Iveco S.p.A.	100.000	
Iveco Investitions GmbH	Ulm	Germany	2,556,459	EUR	100.00	Iveco Magirus AG Iveco S.p.A.	99.020 0.980	
Iveco Latin America Ltda	Sao Paolo	Brazil	534,700,000	BRL	100.00	Iveco S.p.A. Astra Veicoli Industriali S.p.A.	99.999 0.001	
Iveco Lease GmbH	Ulm	Germany	775,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Limited	Watford	United Kingdom	117,000,000	GBP	100.00	Iveco (UK) Ltd	100.000	
Iveco Lorraine S.a.s.	Hautconcourt	France	305,600	EUR	100.00	Iveco France S.A.	100.000	
Iveco L.V.I. S.a.s.	Saint-Priest-En-Jarez	France	503,250	EUR	100.00	Iveco France S.A.	100.000	
Iveco Magirus AG	Ulm	Germany	250,000,000	EUR	100.00	Iveco S.p.A. Fiat Netherlands Holding N.V.	53.660 46.340	
Iveco Magirus Brandschutztechnik GmbH	Ulm	Germany	6,493,407	EUR	100.00	Iveco Eurofire (Holding) GmbH Iveco S.p.A.	99.764 0.236	
Iveco Mezzi Speciali S.p.A.	Brescia	Italy	13,120,000	EUR	100.00	Iveco Eurofire (Holding) GmbH	100.000	
Iveco Motorenforschung AG	Arbon	Switzerland	4,600,000	CHF	100.00	Iveco S.p.A. Iveco France S.A.	60.000 40.000	
Iveco Motors of North America Inc.	Wilmington	U.S.A.	1	USD	100.00	Iveco S.p.A.	100.000	
Iveco Nederland B.V.	Breda	Netherlands	4,537,802	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Nord Nutzfahrzeuge GmbH	Hamburg	Germany	818,500	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Nord-Ost Nutzfahrzeuge GmbH	Berlin	Germany	2,120,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Norge A.S.	Voyenenga	Norway	18,600,000	NOK	100.00	Iveco S.p.A.	100.000	
Iveco Nutzfahrzeuge Nord-West GmbH	Dortmund-Wambel	Germany	1,355,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Otomotiv Ticaret A.S.	Samandira-Kartal/Istanbul	Turkey	5,960,707,000,000	TRL	100.00	Iveco S.p.A.	99.995	
Iveco Participations S.A.	Trappes	France	10,896,100	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Pegaso S.L.	Madrid	Spain	105,213,628	EUR	100.00	Iveco S.p.A. Astra Veicoli Industriali S.p.A.	99.999 0.001	
Iveco Pension Trustee Ltd	Watford	United Kingdom	2	GBP	100.00	Iveco Limited Iveco (UK) Ltd	50.000 50.000	
Iveco Plan S.A. de Ahorro para fines determinados	Buenos Aires	Argentina	153,000	ARS	100.00	Iveco Argentina S.A. Fiat Argentina S.A.	99.600 0.400	
Iveco Poland Ltd.	Warsaw	Poland	46,974,500	PLN	100.00	Iveco S.p.A. Fiat Polska Sp. z o.o.	99.989 0.011	
Iveco Portugal-Comercio de Veiculos Industriais S.A.	Vila Franca de Xira	Portugal	15,962,000	EUR	100.00	Iveco S.p.A. Astra Veicoli Industriali S.p.A.	99.997 0.001	
Iveco (Schweiz) AG	Kloten	Switzerland	9,000,000	CHF	100.00	Iveco Nederland B.V.	100.000	
Iveco South Africa (Pty) Ltd.	Wadewille	South Africa	15,000,750	ZAR	100.00	Iveco S.p.A.	100.000	
Iveco Süd-West Nutzfahrzeuge GmbH	Mannheim-Neckarau	Germany	1,533,900	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Sweden A.B.	Arlov	Sweden	600,000	SEK	100.00	Iveco S.p.A.	100.000	
Iveco Trucks Australia Limited	Dandenong	Australia	47,492,260	AUD	100.00	Iveco S.p.A.	100.000	
Iveco (UK) Ltd	Watford	United Kingdom	47,000,000	GBP	100.00	Iveco S.p.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

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Iveco Ukraine Inc.	Kiev	Ukraine	55,961,760	UAK	99.97	Iveco S.p.A.	99.968	
Iveco Venezuela C.A.	La Victoria	Venezuela	2,495,691,000	VEB	100.00	Iveco S.p.A.	100.000	
Iveco West Nutzfahrzeuge GmbH	Colonia	Germany	1,662,000	EUR	100.00	Iveco Magirus AG	100.000	
Karosa A.S.	Vysoke Myto	Czech Republic	1,065,559,000	CZK	97.60	Inibus France S.A.	97.596	
Karosa r.s.o.	Bratislava	Slovak Republic	200,000	SKK	97.60	Karosa A.S.	100.000	
Lavorazione Plastica S.r.l.	Turin	Italy	14,955	EUR	100.00	Iveco S.p.A. Sicca S.p.A.	98.997 1.003	
Lohr-Magirus Feuerwehrtechnik GmbH	Kainbach	Austria	1,271,775	EUR	95.00	Iveco Magirus Brandschutztechnik GmbH	95.000	
Mediterranea de Camiones S.L.	Valencia	Spain	48,080	EUR	100.00	Iveco Pegaso S.L.	100.000	
Officine Brennero S.p.A.	Trento	Italy	7,120,000	EUR	100.00	Iveco S.p.A.	100.000	
S.A. Iveco Belgium N.V.	Zellik	Belgium	6,000,000	EUR	100.00	Iveco S.p.A. Iveco Nederland B.V.	99.983 0.017	
S.C.I. La Méditerranéenne	Vitrolles	France	248,000	EUR	100.00	Iveco France S.A. Société de Diffusion de Vehicules Industriels-S	50.000 50.000	
Seddon Atkinson Vehicles Ltd	Oldham	United Kingdom	41,700,000	GBP	100.00	Iveco (UK) Ltd	100.000	
Sicca S.p.A.	Modena	Italy	5,300,000	EUR	100.00	Iveco S.p.A.	100.000	
Société Charolaise de Participations S.A.	Vénissieux	France	2,370,000	EUR	100.00	Inibus Holding S.L.	100.000	
Société de Diffusion de Véhicules Industriels-SDVI S.A.S.	Trappes	France	7,022,400	EUR	100.00	Iveco France S.A.	100.000	
Transolver Finance S.A.	Trappes	France	30,244,800	EUR	100.00	Iveco S.p.A.	100.000	
Transolver Service S.A.	Madrid	Spain	610,000	EUR	100.00	Iveco Pegaso S.L.	100.000	
Transolver Service S.p.A.	Turin	Italy	1,989,000	EUR	100.00	Iveco S.p.A.	100.000	
Transolver Services GmbH	Heilbronn	Germany	750,000	EUR	100.00	Iveco Magirus AG	100.000	
Transolver Services S.A.	Trappes	France	38,000	EUR	100.00	Fiat France S.A. Iveco France S.A.	90.000 10.000	
Trucksure Services Ltd	Watford	United Kingdom	900,000	GBP	100.00	Iveco (UK) Ltd	100.000	
Utilitaires & Véhicules Industriels Franciliens-UVIF SAS	La Garenne	France	1,067,500	EUR	100.00	Iveco France S.A.	100.000	
Zona Franca Alari Sepauto S.A.	Barcelona	Spain	520,560	EUR	51.87	Iveco Pegaso S.L.	51.867	
2 H Energy S.A.S.	Fécamp	France	2,000,000	EUR	100.00	Iveco S.p.A.	100.000	
Ferrari and Maserati								
Ferrari S.p.A.	Modena	Italy	20,000,000	EUR	56.00	Fiat S.p.A.	56.000	
Charles Pozzi S.A.	Levallois-Perret	France	280,920	EUR	56.00	Société Française de Participations Ferrari - S.	100.000	
Ferrari Deutschland GmbH	Wiesbaden	Germany	1,000,000	EUR	56.00	Ferrari International S.A.	100.000	
Ferrari International S.A.	Luxembourg	Luxembourg	13,112,000	EUR	56.00	Ferrari S.p.A. Ferrari N.America Inc.	99.999 0.001	
Ferrari Maserati UK	Slough Berkshire	United Kingdom	50,000	GBP	56.00	Ferrari International S.A.	100.000	
Ferrari N.America Inc.	Englewood Cliffs	U.S.A.	200,000	USD	56.00	Ferrari S.p.A.	100.000	
Ferrari San Francisco Inc.	Mill Valley	U.S.A.	100,000	USD	56.00	Ferrari N.America Inc.	100.000	
Ferrari (Suisse) SA	Nyon	Switzerland	1,000,000	CHF	56.00	Ferrari International S.A.	100.000	
GSA-Gestions Sportives Automobiles S.A.	Meyrin	Switzerland	1,000,000	CHF	56.00	Ferrari International S.A.	100.000	
Maserati North America Inc.	Englewood Cliffs	U.S.A.	1,000	USD	56.00	Ferrari N.America Inc.	100.000	
Maserati S.p.A.	Modena	Italy	31,000,000	EUR	56.00	Ferrari S.p.A.	100.000	
Pozzi Rent Snc	Lyon	France	15,256	EUR	56.00	Charles Pozzi S.A.	100.000	
Société de Transformation Automobile Lyonnaise - S.T.A.L. S.a.r.l.	Lyon	France	155,498	EUR	56.00	Charles Pozzi S.A.	100.000	
Société Française de Participations Ferrari - S.F.P.F. S.A.R.L.	Levallois-Perret	France	6,000,000	EUR	56.00	Ferrari International S.A.	100.000	
410 Park Display Inc.	New York	U.S.A.	100	USD	56.00	Ferrari N.America Inc.	100.000	
Components								
Magneti Marelli Holding S.p.A.	Corbetta	Italy	254,324,998	EUR	99.99	Fiat S.p.A.	99.991	100.000
Automotive Lighting Brotterode GmbH	Meiningen	Germany	7,270,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Holding GmbH in liquidation	Innsbruck	Austria	11,952,191	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Automotive Lighting Italia S.p.A.	Venaria Reale	Italy	2,000,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Automotive Lighting LLC	Farmington Hills	U.S.A.	25,001,000	USD	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Automotive Lighting o.o.o.	Rjiasan	Russia	36,875,663	RUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Polska Sp. z o.o.	Sosnowiec	Poland	83,500,000	PLN	99.99	Automotive Lighting Reutlingen GmbH Fiat Polska Sp. z o.o.	99.997 0.003	
Automotive Lighting Rear Lamps Deutschland GmbH	Grasbrunn-Neukerferloh	Germany	25,565	EUR	98.99	Automotive Lighting Rear Lamps Italia S.p.A.	99.000	
Automotive Lighting Rear Lamps Espana S.A.	Llinares del Valles	Spain	9,153,693	EUR	99.99	Automotive Lighting Rear Lamps Italia S.p.A.	100.000	
Automotive Lighting Rear Lamps France S.A.	Saint Denis	France	1,011,536	EUR	99.98	Automotive Lighting Rear Lamps Italia S.p.A.	99.992	
Automotive Lighting Rear Lamps Italia S.p.A.	Tolmezzo	Italy	13,220,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Automotive Lighting Reutlingen GmbH	Reutlingen	Germany	1,330,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Automotive Lighting S.R.O.	Jihlava	Czech Republic	927,637,000	CZK	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting UK Limited	Cannock	United Kingdom	15,387,348	GBP	99.99	Magneti Marelli Holding S.p.A.	100.000	
Fiat CIEI S.p.A.	Corbetta	Italy	624,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Iluminacao Automotiva Ltda	Contagem	Brazil	93,260,418	BRL	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Industrial Yorka de Mexico S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Yorka de Mexico S.r.l. de CV Industrial Yorka de Tepotzotlan S.A. de C.V.	98.000 2.000	
Industrial Yorka de Tepotzotlan S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Yorka de Mexico S.r.l. de CV Industrial Yorka de Mexico S.A. de C.V.	99.000 1.000	
Industrias Magneti Marelli Mexico S.A. de C.V.	Tepotzotlan	Mexico	50,000	MXN	99.99	Magneti Marelli Mexico S.A. Servicios Administrativos Corp. IPASA S.A.	99.998 0.002	
Kadron S/A	Maua	Brazil	20,000,000	BRL	99.69	Magneti Marelli do Brasil Industria e Comercio	100.000	
Magneti Marelli After Market S.p.A.	Turin	Italy	15,349,500	EUR	99.99	Magneti Marelli Holding S.p.A.	99.999	100.000

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Magneti Marelli Argentina S.A.	Buenos Aires	Argentina	2,000,000	ARS	99.90	Magneti Marelli France S.A. Magneti Marelli Holding S.p.A.	84.563 15.437		
Magneti Marelli Automotive Components (WUHU) Co. Ltd.	Anhui	People's Rep. of China	3,000,000	USD	99.99	Magneti Marelli Powertrain S.p.A.	100.000		
Magneti Marelli Cofap Companhia Fabricadora de Pecas	Santo Andre	Brazil	244,206,231	BRL	99.62	Magneti Marelli Holding S.p.A.	99.628	99.966	
Magneti Marelli Components B.V.	Amsterdam	Netherlands	53,600,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000		
Magneti Marelli Conjuntos de Escape S.A.	Buenos Aires	Argentina	12,000	ARS	99.99	Magneti Marelli Sistemi di Scarico S.p.A. Magneti Marelli Argentina S.A.	99.900 1.000		
Magneti Marelli Controle Motor Ltda.	Hortolandia	Brazil	127,175,621	BRL	99.99	Magneti Marelli Powertrain S.p.A. Fiat do Brasil S.A.	99.997 0.003		
Magneti Marelli Deutschland GmbH	Russelsheim	Germany	1,050,000	EUR	99.99	Magneti Marelli After Market S.p.A.	100.000		
Magneti Marelli do Brasil Industria e Comercio SA	Hortolandia	Brazil	16,868,427	BRL	99.69	Magneti Marelli Holding S.p.A.	99.695	99.976	
Magneti Marelli Electronica SL	Barcelona	Spain	18,388,581	EUR	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	100.000		
Magneti Marelli Elektronische Systeme GmbH	Heilbronn	Germany	100,000	EUR	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	100.000		
Magneti Marelli Electronica Ltda	Sao Paulo	Brazil	88,185,301	BRL	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	100.000		
Magneti Marelli Escapamentos Ltda	Amparo	Brazil	65,736,384	BRL	99.99	Magneti Marelli Sistemi di Scarico S.p.A. Fiat do Brasil S.A.	99.997 0.003		
Magneti Marelli Exhaust Systems Polska Sp. z o.o.	Sosnowiec	Poland	15,000,000	PLN	99.99	Magneti Marelli Sistemi di Scarico S.p.A. Fiat Polska Sp. z o.o.	99.993 0.007		
Magneti Marelli France S.A.	Nanterre	France	67,380,000	EUR	99.88	Magneti Marelli Holding S.p.A. Ufima S.A.S.	99.884 0.003		
Magneti Marelli Guangzhou Motor Vehicle Instruments Co. Limited	Guangzhou	People's Rep. of China	8,100,000	USD	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	100.000		
Magneti Marelli Holding U.S.A. Inc.	Wixom	U.S.A.	10	USD	99.99	Magneti Marelli Holding S.p.A.	100.000		
Magneti Marelli Iberica S.A.	Madrid	Spain	99,766	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000		
Magneti Marelli Infotelecom Ltda	Sao Paulo	Brazil	999	BRL	99.99	Magneti Marelli Electronica Ltda Magneti Marelli do Brasil Industria e Comercio	99.900 0.100		
Magneti Marelli Mexico S.A.	Tepoztlan	Mexico	23,611,680	MXN	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	100.000		
Magneti Marelli Motopropulsion France SAS	Nanterre	France	10,692,500	EUR	99.88	Magneti Marelli France S.A.	100.000		
Magneti Marelli North America Inc.	Wilmington	U.S.A.	40,223,205	USD	99.62	Magneti Marelli Cofap Companhia Fabricadora	100.000		
Magneti Marelli Poland S.A.	Sosnowiec	Poland	10,567,800	PLN	99.99	Magneti Marelli Holding S.p.A. Fiat Polska Sp. z o.o.	99.995 0.005		
Magneti Marelli Powertrain GmbH	Russelsheim	Germany	100,000	EUR	99.99	Magneti Marelli Powertrain S.p.A.	100.000		
Magneti Marelli Powertrain (Shanghai) Co. Ltd.	Shanghai	People's Rep. of China	10,000,000	USD	99.99	Magneti Marelli Powertrain S.p.A.	100.000		
Magneti Marelli Powertrain S.p.A.	Corbetta	Italy	85,690,872	EUR	99.99	Magneti Marelli Holding S.p.A.	99.999	100.000	
Magneti Marelli Powertrain U.S.A. LLC	Sanford	U.S.A.	25,000,000	USD	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000		
Magneti Marelli Sistemi di Scarico S.p.A.	Corbetta	Italy	20,000,000	EUR	99.99	Magneti Marelli Components B.V.	100.000		
Magneti Marelli Sistemi Elettronici S.p.A.	Corbetta	Italy	74,897,548	EUR	99.99	Magneti Marelli Holding S.p.A.	99.999	100.000	
Magneti Marelli South Africa (Proprietary) Limited	Johannesburg	South Africa	1,950,000	ZAR	99.99	Magneti Marelli Sistemi di Scarico S.p.A.	100.000		
Magneti Marelli Suspension Systems Poland Sp. z o.o.	Sosnowiec	Poland	43,100,000	PLN	99.99	Magneti Marelli Holding S.p.A. Fiat Polska Sp. z o.o.	99.993 0.007		
Magneti Marelli Svenska A/B in liquidation	Goteborg	Sweden	100,000	SEK	99.99	Magneti Marelli Components B.V.	100.000		
Magneti Marelli Systemes Electroniques France S.A.S.	Nanterre	France	40,040,016	EUR	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	100.000		
Magneti Marelli Tubos de Escape SL	Barcelona	Spain	10,154,256	EUR	99.99	Magneti Marelli Sistemi di Scarico S.p.A.	100.000		
Magneti Marelli U.K. Limited	Cannock	United Kingdom	12,400,000	GBP	99.99	Magneti Marelli Components B.V.	100.000		
Malaysian Automotive Lighting SDN. BHD	Penang	Malaysia	8,000,000	MYR	79.99	Automotive Lighting Reutlingen GmbH	80.000		
Servicios Administrativos Corp. IPASA S.A.	Col. Chapultepec	Mexico	1,000	MXN	99.99	Magneti Marelli Mexico S.A. Industrias Magneti Marelli Mexico S.A. de C.V.	99.990 0.010		
Sistemi Sospensioni S.p.A.	Corbetta	Italy	60,500,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000		
Tecnologia de Iluminacion Automotriz S.A. de C.V.	Chihuahua	Mexico	50,000	MXN	99.99	Automotive Lighting LLC	100.000		
Tutela Lubrificantes S.A.	Contagem	Brazil	941,028	BRL	99.99	Magneti Marelli Holding S.p.A.	100.000		
Ufima S.A.S.	Nanterre	France	44,940	EUR	99.94	Magneti Marelli Holding S.p.A. Fiat Partecipazioni S.p.A. Magneti Marelli Components B.V.	35.541 34.980 29.426		
Yorka de Mexico S.r.l. de CV	El Marques Queretaro	Mexico	50,000	MXN	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000		
Production Systems									
Comau S.p.A.	Grugliasco	Italy	140,000,000	EUR	100.00	Fiat S.p.A.	100.000		
Autodie International, Inc.	Grand Rapids	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000		
Comau Argentina S.A.	Buenos Aires	Argentina	3,617,977	ARS	100.00	Comau S.p.A. Comau do Brasil Industria e Comercio Ltda. Fiat Argentina S.A.	55.283 44.689 0.028		
Comau Belgium N.V.	Zedelgem	Belgium	175,000	EUR	100.00	Comau S.p.A. Comau Service France S.A.	99.900 0.100		
Comau Deutschland GmbH	Bobligen	Germany	1,330,000	EUR	100.00	Comau S.p.A.	100.000		
Comau do Brasil Industria e Comercio Ltda.	Betim	Brazil	112,794,611	BRL	100.00	Comau S.p.A. Fiat do Brasil S.A.	99.999 0.001		
Comau Estil Unl.	Luton	United Kingdom	46,108,100	USD	100.00	Comau S.p.A.	100.000		
COMAU Germann-Intec GmbH & Co. KG	Heilbronn	Germany	1,478,614	EUR	100.00	Germann-Intec Verwaltungs GmbH	100.000		
Comau India Private Limited	Pune	India	58,435,020	INR	100.00	Comau S.p.A. Comau Deutschland GmbH	99.990 0.010		
COMAU Ingest Sverige AB	Trollhattan	Sweden	5,000,000	SEK	100.00	Comau S.p.A. Ingest Facility S.p.A.	51.000 49.000		
Comau Pico Holdings Corporation	New York	U.S.A.	100	USD	100.00	Comau S.p.A.	100.000		

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
Comau Poland Sp. z o.o.	Bielsko-Biala	Poland	2,100,000	PLN	100.00	Comau S.p.A.	99.976	
						Fiat Polska Sp. z o.o.	0.024	
Comau Romania S.R.L.	Bihor	Romania	3,249,800,000	ROL	100.00	Comau S.p.A.	100.000	
Comau SA Body Systems (Pty) Ltd.	Uitenhage	South Africa	300	ZAR	100.00	Comau South Africa (Pty) Ltd.	100.000	
Comau SA Press Tools and Parts (Pty) Ltd.	Uitenhage	South Africa	100	ZAR	100.00	Comau South Africa (Pty) Ltd.	100.000	
Comau SA Properties (Pty) Ltd.	Uitenhage	South Africa	100	ZAR	100.00	Comau South Africa (Pty) Ltd.	100.000	
Comau Sciaky S.A.	Trappes	France	40,000	EUR	99.76	Comau Systèmes France S.A.	99.760	
Comau Service France S.A.	Trappes	France	1,086,000	EUR	99.99	Comau S.p.A.	99.987	
Comau Service Systems S.L.	Madrid	Spain	250,000	EUR	100.00	Comau S.p.A.	100.000	
Comau Service U.K. Ltd	Watford	United Kingdom	50,000	GBP	100.00	Comau S.p.A.	100.000	
Comau (Shanghai) Automotive Equipment Co. Ltd.	Shanghai	People's Rep. of China	1,000,000	USD	100.00	Comau S.p.A.	100.000	
Comau South Africa (Pty) Ltd.	Uitenhage	South Africa	1,001,000	ZAR	100.00	Comau S.p.A.	100.000	
Comau Systèmes France S.A.	Trappes	France	9,112,592	EUR	100.00	Comau S.p.A.	100.000	
Eagle Test and Assembly Co.	Southfield	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Estil Shrewsbury Ltd. in liquidation	Shropshire	United Kingdom	100	GBP	100.00	Comau Estil Unl.	100.000	
Geico do Brasil Ltda	Betim	Brazil	202,950	BRL	48.78	Geico S.p.A.	95.565	
						Comau do Brasil Industria e Comercio Ltda.	0.044	
Geico Endustriyel Taahhut A.S.	Istanbul	Turkey	100,000,000,000	TRL	50.98	Geico S.p.A.	99.959	
Geico S.p.A.	Cinisello Balsamo	Italy	3,627,000	EUR	51.00	Comau S.p.A.	51.000	
Germann-Intec Verwaltungs GmbH	Heilbronn	Germany	25,000	EUR	100.00	Comau Deutschland GmbH	100.000	
Mecaner S.A.	Urduliz	Spain	6,000,000	EUR	100.00	Comau S.p.A.	100.000	
Novi Industries, Inc.	Novi	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Pico East, Inc.	Macomb	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Pico Estil Control Systems Ltd.	Rainham	United Kingdom	100	GBP	100.00	Comau Estil Unl.	100.000	
Pico Estil Manufacturing Ltd. in liquidation	Luton	United Kingdom	5,000	GBP	100.00	Comau Estil Unl.	100.000	
Pico Europe, Inc.	Southfield	U.S.A.	1,000	USD	100.00	Comau S.p.A.	100.000	
Pico Expatriate, Inc.	Southfield	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Pico laisa S.de R.L. de C.V.	Tepetzotlan	Mexico	3,000	MXN	100.00	Progressive Mexico S.de R.L. de C.V.	99.967	
						Comau S.p.A.	0.033	
Pico Pitex S.de R.L. C.V.	Tepetzotlan	Mexico	3,000	MXN	100.00	Progressive Mexico S.de R.L. de C.V.	99.967	
						Comau S.p.A.	0.033	
Pico Resources, Inc.	Southfield	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Precision.Com Corp.	Plymouth	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Progressive Industries Co. of Canada Ltd.	Windsor	Canada	100	CAD	100.00	Comau S.p.A.	100.000	
Progressive Mexico S.de R.L. de C.V.	Tepetzotlan	Mexico	3,000	MXN	100.00	Comau S.p.A.	99.967	
						Comau Deutschland GmbH	0.033	
Progressive Tool & Industries Company	Southfield	U.S.A.	21,455	USD	100.00	Comau Pico Holdings Corporation	100.000	
Trebol Tepetzotlan S.de R.L. de C.V.	Tepetzotlan	Mexico	3,000	MXN	100.00	Progressive Mexico S.de R.L. de C.V.	99.967	
						Comau S.p.A.	0.033	
Wisne Automation & Engineering Co.	Novi	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Metallurgical Products								
Teksid S.p.A.	Turin	Italy	239,600,000	EUR	80.48	Fiat S.p.A.	80.482	
Accurcast Limited in liquidation	Saint John	Canada	39,684,600	CAD	41.05	Meridian Technologies Inc.	100.000	
Compania Industrial Frontera S.A. de C.V.	Sao Pedro	Mexico	50,000	MXN	80.48	Teksid Hierro de Mexico S.A. de C.V.	100.000	
Fonderie du Poitou Fonte S.A.S.	Ingrandes-sur-Vienne	France	26,958,464	EUR	80.48	Teksid S.p.A.	100.000	
Funfrap-Fundicao Portuguesa S.A.	Cacia	Portugal	13,697,550	EUR	67.29	Fonderie du Poitou Fonte S.A.S.	83.607	
Jutras Die Casting Limited in liquidation	Saint John	Canada	24,490,715	CAD	41.05	Meridian Technologies Inc.	100.000	
Magnesium Products of America Inc.	Eaton Rapids	U.S.A.	43,454,000	USD	41.05	Meridian Technologies Inc.	100.000	
Magnesium Products of Italy S.r.l.	Verres	Italy	13,962,000	EUR	41.05	Magnesium Products of America Inc.	100.000	
Meridian Deutschland GmbH	Heilbronn	Germany	25,600	EUR	41.05	Meridian Technologies Inc.	100.000	
Meridian Magnesium LLC in liquidation	Wilmington	U.S.A.	4,962	USD	41.05	Meridian Technologies Japan Inc.	90.000	
						Meridian Technologies Inc.	10.000	
Meridian Technologies Inc.	Saint John	Canada	173,123,445	CAD	41.05	Teksid S.p.A.	31.450	
						Teksid Acquisition Inc.	19.550	
Meridian Technologies Japan Inc.	Saint John	Canada	6,210	CAD	41.05	Meridian Technologies Inc.	100.000	
Shanghai Meridian Magnesium Products Company Limited	Shanghai	People's Rep. of China	8,000,000	USD	24.63	Meridian Technologies Inc.	60.000	
Société Bretonne de Fonderie et de Mécanique S.A.	Caudan	France	10,549,859	EUR	80.48	Teksid S.p.A.	100.000	
Teksid Acquisition Inc.	Toronto	Canada	68,800,001	CAD	80.48	Teksid S.p.A.	100.000	
Teksid do Brasil Ltda	Betim	Brazil	59,899,570	BRL	80.48	Teksid S.p.A.	100.000	
Teksid Hierro de Mexico S.A. de C.V.	Sao Pedro	Mexico	567,466,400	MXN	80.48	Teksid S.p.A.	100.000	
Teksid Inc.	Wilmington	U.S.A.	100,000	USD	80.48	Teksid S.p.A.	100.000	
Teksid Iron Poland Sp. z o.o.	Skoczow	Poland	115,678,500	PLN	80.48	Teksid S.p.A.	99.996	
						Fiat Polska Sp. z o.o.	0.004	
Services								
Business Solutions S.p.A.	Turin	Italy	10,000,000	EUR	100.00	Fiat S.p.A.	100.000	
Atlant S.p.A.	Turin	Italy	2,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Building Services S.r.l.	Turin	Italy	90,000	EUR	51.00	Ingest Facility S.p.A.	51.000	
Building Support S.r.l.	Turin	Italy	90,000	EUR	51.00	Building Services S.r.l.	100.000	
Business Solutions Argentina S.A.	Buenos Aires	Argentina	12,000	ARS	100.00	Business Solutions do Brasil Ltda	99.992	
						Fiat Auto Argentina S.A.	0.008	
Business Solutions Deutschland FiatGroup GmbH	Ulm	Germany	200,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Business Solutions do Brasil Ltda	Nova Lima	Brazil	36,915,855	BRL	100.00	Business Solutions S.p.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
Business Solutions France FiatGroup S.a.s.	Levallois-Perret	France	695,600	EUR	100.00	Business Solutions S.p.A.	100.000	
Business Solutions Iberica Fiat Group SL	Madrid	Spain	369,327	EUR	100.00	Business Solutions S.p.A. Fiat Iberica S.A.	80.000 20.000	
Business Solutions Polska Sp. z o.o.	Bielsko-Biala	Poland	3,600,000	PLN	100.00	Business Solutions S.p.A. Fiat Polska Sp. z o.o.	99.986 0.014	
Delivery & Mail S.r.l.	Turin	Italy	90,000	EUR	100.00	Ingest Facility S.p.A.	100.000	
eSPIN S.p.A.	Turin	Italy	1,000,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Fast Buyer do Brasil Ltda	Nova Lima	Brazil	50,000	BRL	99.92	Fast-Buyer S.p.A. Business Solutions do Brasil Ltda	99.998 0.002	
Fast Buyer France S.a.r.l.	Paris	France	7,700	EUR	99.92	Fast-Buyer S.p.A.	100.000	
Fast-Buyer S.p.A.	Turin	Italy	500,000	EUR	99.92	Business Solutions S.p.A.	99.916	
Fiat GES.CO. Belgium N.V.	Brugge	Belgium	62,500	EUR	100.00	Gesco U.K. Limited Fiat Gesco S.p.A.	99.960 0.040	
Fiat Gesco S.p.A.	Turin	Italy	3,600,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Gesco U.K. Limited	Basildon	United Kingdom	750,000	GBP	100.00	Fiat Gesco S.p.A. Fiat United Kingdom Limited	75.000 25.000	
Global Value S.p.A.	Turin	Italy	1,000,000	EUR	50.00	Business Solutions S.p.A.	50.000	
H.R. Services S.p.A.	Turin	Italy	400,000	EUR	100.00	Business Solutions S.p.A. WorkNet società di fornitura di lavoro temporaneo-per azioni	100.000	
Individual S.p.A.	Milan	Italy	105,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Ingest Facility Polska Sp. z o.o.	Bielsko-Biala	Poland	500,000	PLN	100.00	Ingest Facility S.p.A. Fiat Polska Sp. z o.o.	99.800 0.200	
Ingest Facility S.p.A.	Turin	Italy	1,700,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Isvor Knowledge System S.p.A.	Turin	Italy	500,000	EUR	98.61	Business Solutions S.p.A. Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	70.000 30.000	
KeyG Consulting S.p.A.	Turin	Italy	167,352	EUR	60.00	Fiat Gesco S.p.A. Business Solutions S.p.A.	52.800 7.200	
Learning Systems S.p.A.	Milan	Italy	104,000	EUR	50.29	Isvor Knowledge System S.p.A.	51.000	
Risk Management S.p.A.	Turin	Italy	120,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Sadi Brasil Ltda.	Nova Lima	Brazil	100,000	BRL	96.95	Business Solutions do Brasil Ltda CNH Latin America Ltda. Fiat Automoveis S.A. - FIASA Iveco Fiat Brasil Ltda Iveco Latin America Ltda	60.000 10.000 10.000 10.000 10.000	
Sadi Polska-Agencja Celna Sp. z o.o.	Bielsko-Biala	Poland	500,000	PLN	100.00	Servizi e Attività Doganali per l'Industria S.p.A. Fiat Polska Sp. z o.o.	99.800 0.200	
Scuola di Pubblica Amministrazione s.p.a.	Lucca	Italy	100,000	EUR	51.97	Isvor Knowledge System S.p.A.	52.700	
Servizi e Attività Doganali per l'Industria S.p.A.	Turin	Italy	520,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Sestrieres S.p.A.	Sestriere	Italy	16,120,000	EUR	100.00	Business Solutions S.p.A. Fiat Partecipazioni S.p.A.	70.000 30.000	
Sporting Club Sestrieres S.R.L.	Sestriere	Italy	312,000	EUR	100.00	Sestrieres S.p.A.	100.000	
Telexis do Brasil Ltda.	Nova Lima	Brazil	1,400	BRL	99.94	Fast Buyer do Brasil Ltda Business Solutions do Brasil Ltda	71.357 28.643	
Trantor S.r.l.	Milan	Italy	104,000	EUR	100.00	Ingest Facility S.p.A.	100.000	
Worknet Formazione S.r.l.	Milan	Italy	50,000	EUR	100.00	WorkNet società di fornitura di lavoro temporaneo-per azioni	100.000	
WorkNet società di fornitura di lavoro temporaneo-per azioni	Rome	Italy	1,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
Publishing and Communications								
Itedi-Italiana Edizioni S.p.A.	Turin	Italy	5,980,000	EUR	100.00	Fiat S.p.A.	100.000	
Editrice La Stampa S.p.A.	Turin	Italy	4,160,000	EUR	100.00	Itedi-Italiana Edizioni S.p.A.	100.000	
Publikompass S.p.A.	Milan	Italy	3,068,000	EUR	100.00	Itedi-Italiana Edizioni S.p.A.	100.000	
Miscellaneous and Holding companies								
Centro Ricerche Plast-Optica S.p.A.	Amaro	Italy	1,033,000	EUR	72.34	C.R.F. Società Consortile per Azioni	51.000	
						Automotive Lighting Rear Lamps Italia S.p.A.	24.500	
Consorzio "Sirio" per la Sicurezza Industriale	Turin	Italy	56,364	EUR	66.24	Fiat Auto S.p.A.	36.978	
						Iveco S.p.A.	9.692	
						Magneti Marelli Powertrain S.p.A.	1.661	
						Fiat S.p.A.	1.594	
						Comau S.p.A.	1.588	
						Ferrari S.p.A.	1.545	
						Teksid S.p.A.	1.404	
						Irisbus Italia S.p.A.	1.314	
						Magneti Marelli Sistemi Elettronici S.p.A.	1.221	
						Fiat Gesco S.p.A.	1.168	
						Sistemi Sospensioni S.p.A.	1.163	
						Fiat Kobelco Construction Machinery S.p.A.	1.133	
						C.R.F. Società Consortile per Azioni	1.129	
						Fiat Servizi per l'Industria S.c.p.a.	1.064	
						Fiat Ge Va. S.p.A.	0.948	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.947	
						Fidis S.p.A.	0.711	
						Magneti Marelli Sistemi di Scarico S.p.A.	0.498	
						CNH Italia s.p.a.	0.494	
						Automotive Lighting Italia S.p.A.	0.488	
						Editrice La Stampa S.p.A.	0.488	
						Elasis-Società Consortile per Azioni	0.488	
						Ingest Facility S.p.A.	0.487	
						Fiat Partecipazioni S.p.A.	0.432	
						H.R. Services S.p.A.	0.373	
						Fiat Information & Communication Services società consortile per azioni	0.219	
						Astra Veicoli Industriali S.p.A.	0.213	
						Atlanet S.p.A.	0.213	
						Magneti Marelli Holding S.p.A.	0.213	
						Savarent Società per Azioni	0.213	
						Servizi e Attività Doganali per l'Industria S.p.A.	0.213	
						Fiat-Revisione Interna S.c.r.l.	0.121	
						Iveco Mezzi Speciali S.p.A.	0.121	
						Fiat Center Italia S.p.A.	0.089	
						Isvor Knowledge System S.p.A.	0.089	
						Consorzio Fiat Media Center	0.082	
						Orione-Consorzio Industriale per la Sicurezza e la Vigilanza	0.082	
						Business Solutions S.p.A.	0.078	
						eSPIN S.p.A.	0.078	
						Fast-Buyer S.p.A.	0.078	
						Itedi-Italiana Edizioni S.p.A.	0.075	
						Maserati S.p.A.	0.075	
						Pharos S.r.l.	0.075	
						Risk Management S.p.A.	0.075	
						Sisport Fiat Società per Azioni-SF	0.075	
						Fiat International S.p.A.	0.045	
						Palazzo Grassi S.p.A.	0.045	
						Automotive Lighting Rear Lamps Italia S.p.A.	0.044	
						Lavorazione Plastica S.r.l.	0.044	
						Delivery & Mail S.r.l.	0.039	
						Easy Drive S.r.l.	0.039	
						Global Value S.p.A.	0.039	
						Iveco Finanziaria S.p.A.	0.039	
C.R.F. Società Consortile per Azioni	Orbassano	Italy	45,400,000	EUR	93.81	Fiat Auto S.p.A.	40.000	
						Iveco S.p.A.	20.000	
						Magneti Marelli Holding S.p.A.	20.000	
						CNH Italia s.p.a.	5.000	
						Comau S.p.A.	5.000	
						Teksid S.p.A.	5.000	
						Fiat Partecipazioni S.p.A.	4.000	
						Ferrari S.p.A.	1.000	
Deposito Avogadro S.r.l.	Turin	Italy	100,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
Elasis-Società Consortile per Azioni	Pomigliano d'Arco	Italy	20,000,000	EUR	91.12	Fiat Auto S.p.A.	56.000	
						C.R.F. Società Consortile per Azioni	27.933	
						CNH Italia s.p.a.	6.800	
						Iveco S.p.A.	3.300	
						Comau S.p.A.	1.500	
						Magneti Marelli Holding S.p.A.	1.500	
						Fiat Partecipazioni S.p.A.	1.450	
						Ferrari S.p.A.	1.100	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.250	
						Fiat S.p.A.	0.167	
Fahag Immobilien-und Finanz-Gesellschaft AG	Zurich	Switzerland	500.000	CHF	100.00	IHF-Internazionale Holding Fiat S.A.	100.000	
Fias Fiat Administration und Service GmbH	Ulm	Germany	102.258	EUR	98.00	Iveco Magirus AG	80.000	
						Fiat Automobil AG	20.000	
Fiat Argentina S.A.	Buenos Aires	Argentina	520.002	ARS	100.00	Fiat Partecipazioni S.p.A.	99.990	
						SGR-Sociedad para la Gestion de Riesgos S.A.	0.010	
Fiat Concord S.A.	Buenos Aires	Argentina	1	ARS	100.00	Fiat Argentina S.A.	99.996	
						SGR-Sociedad para la Gestion de Riesgos S.A.	0.004	
Fiat do Brasil S.A.	Nova Lima	Brazil	999.684	BRL	100.00	Fiat Partecipazioni S.p.A.	99.932	
						Fiat Gesco S.p.A.	0.061	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.007	
Fiat Energia S.r.l.	Turin	Italy	350,088.770	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Financas Brasil Ltda	Nova Lima	Brazil	2,469.701	BRL	100.00	Fiat Ge.Va. S.p.A.	99.994	
						Fiat do Brasil S.A.	0.006	
Fiat Finance and Trade Ltd	Luxembourg	Luxembourg	251,494.000	EUR	100.00	Fiat Ge.Va. S.p.A.	99.993	
						Fiat Finance Canada Ltd.	0.007	
Fiat Finance Canada Ltd.	Calgary	Canada	10,099.885	CAD	100.00	Fiat Ge.Va. S.p.A.	100.000	
Fiat Finance Luxembourg S.A.	Luxembourg	Luxembourg	100.000	USD	100.00	Intermap (Nederland) B.V.	99.000	
						Fiat Netherlands Holding N.V.	1.000	
Fiat Finance North America Inc.	Wilmington	U.S.A.	40,090.010	USD	100.00	Fiat Ge.Va. S.p.A.	60.526	
						Fiat S.p.A.	39.474	
Fiat France S.A.	Paris	France	55,216.000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Gesco UK Limited in liquidation	London	United Kingdom	625.767	GBP	100.00	Fiat United Kingdom Limited	100.000	
Fiat Ge.Va. S.p.A.	Turin	Italy	224,440.000	EUR	100.00	Fiat S.p.A.	100.000	
Fiat Gra.De EEIG	Watford	United Kingdom	0	GBP	91.59	Fiat Auto S.p.A.	46.000	
						CNH Global N.V.	23.000	
						Fiat Netherlands Holding N.V.	23.000	
						Business Solutions S.p.A.	2.000	
						Fiat S.p.A.	2.000	
						Comau S.p.A.	1.000	
						C.R.F. Società Consortile per Azioni	1.000	
						Magneti Marelli Holding S.p.A.	1.000	
						Teksid S.p.A.	1.000	
Fiat Iberica S.A.	Madrid	Spain	2,797.054	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Information & Communication Services società consortile per azioni	Turin	Italy	800.000	EUR	95.55	Fiat S.p.A.	51.000	
						CNH Italia s.p.a.	10.000	
						Fiat Auto S.p.A.	10.000	
						Iveco S.p.A.	10.000	
						Business Solutions S.p.A.	3.000	
						Comau S.p.A.	3.000	
						Ferrari S.p.A.	3.000	
						Itedi-Italiana Edizioni S.p.A.	3.000	
						Magneti Marelli Holding S.p.A.	3.000	
						Teksid S.p.A.	3.000	
						Fiat Partecipazioni S.p.A.	1.000	
Fiat International S.p.A.	Turin	Italy	61,300.000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Netherlands Holding N.V.	Amsterdam	Netherlands	4,366,482.748	EUR	100.00	Fiat S.p.A.	60.563	
						Fiat Partecipazioni S.p.A.	39.437	
Fiat Partecipazioni S.p.A.	Turin	Italy	3,924,685.869	EUR	100.00	Fiat S.p.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
Fiat Polska Sp. z o.o.	Warsaw	Poland	25,500,000	PLN	99.99	Fiat Partecipazioni S.p.A.	99.904	
						Fiat Auto Poland S.A.	0.029	
						Automotive Lighting Polska Sp. z o.o.	0.010	
						Magneti Marelli Exhaust Systems Polska Sp. z o.o.	0.010	
						Magneti Marelli Poland S.A.	0.010	
						Magneti Marelli Suspension Systems Poland Sp. z o.o.	0.010	
						Teksid Iron Poland Sp. z o.o.	0.010	
						Business Solutions Polska Sp. z o.o.	0.002	
						CNH Polska Sp. z o.o.	0.002	
						Comau Poland Sp. z o.o.	0.002	
						Fidis Faktoring Polska Sp. z o.o.	0.002	
						Fidis Finance Polska Sp. z o.o.	0.002	
						Ingest Facility Polska Sp. z o.o.	0.002	
						Sadi Polska-Agencja Celna Sp. z o.o.	0.002	
						Sirio Polska Sp. z o.o.	0.002	
						Iveco Poland Ltd.	0.001	
Fiat Servizi per l'Industria S.c.p.a.	Turin	Italy	3,850,000	EUR	95.70	Fiat S.p.A.	36.468	
						Fiat Auto S.p.A.	33.532	
						Iveco S.p.A.	6.000	
						H.R. Services S.p.A.	4.500	
						Magneti Marelli Holding S.p.A.	4.000	
						Business Solutions S.p.A.	3.000	
						CNH Italia s.p.a.	3.000	
						Fiat Partecipazioni S.p.A.	3.000	
						Teksid S.p.A.	2.000	
						Comau S.p.A.	1.500	
						C.R.F. Società Consortile per Azioni	1.500	
Editrice La Stampa S.p.A.	1.500							
IHF-Internazionale Holding Fiat S.A.	100.000							
Fiat United Kingdom Limited	London	United Kingdom	860,000	GBP	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat U.S.A. Inc.	New York	U.S.A.	16,830,000	USD	100.00	Fiat S.p.A.	100.000	
Fiat-Revisione Interna S.c.r.l.	Turin	Italy	300,000	EUR	93.28	Fiat Auto S.p.A.	20.000	
						Fiat Partecipazioni S.p.A.	15.667	
						Fiat S.p.A.	14.000	
						CNH Global N.V.	10.000	
						Iveco S.p.A.	10.000	
						Comau S.p.A.	5.000	
						Ferrari S.p.A.	5.000	
						Iledi-Italiana Edizioni S.p.A.	5.000	
						Magneti Marelli Holding S.p.A.	5.000	
						Teksid S.p.A.	5.000	
						Business Solutions S.p.A.	4.333	
						Fiat Ge.Va. S.p.A.	1.000	
						IHF-Internazionale Holding Fiat S.A.	Paradiso	Switzerland
Intermap (Nederland) B.V.	Amsterdam	Netherlands	200,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	Turin	Italy	300,000	EUR	95.36	Fiat S.p.A.	26.000	
						Fiat Auto S.p.A.	22.000	
						Iveco S.p.A.	17.000	
						CNH Italia s.p.a.	12.000	
						Magneti Marelli Holding S.p.A.	9.000	
						Comau S.p.A.	8.000	
						Business Solutions S.p.A.	3.000	
Teksid S.p.A.	3.000							
La Stampa Europe SAS	Paris	France	18,600,000	EUR	100.00	Fiat France S.A.	100.000	
Neptunia Assicurazioni Marittime S.A.	Lausanne	Switzerland	10,000,000	CHF	100.00	Rimaco S.A.	100.000	
New Business Quattordici S.p.A.	Turin	Italy	1,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 7 S.p.A.	Turin	Italy	11,899,524	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 8 S.p.A.	Turin	Italy	1,437,210	EUR	100.00	New Business 7 S.p.A.	100.000	
Palazzo Grassi S.p.A.	Venice	Italy	8,500,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Pharos S.r.l.	Turin	Italy	105,000	EUR	95.90	Fiat Servizi per l'Industria S.c.p.a.	95.238	
						Fiat Partecipazioni S.p.A.	4.762	
Rimaco S.A.	Lausanne	Switzerland	350,000	CHF	100.00	IHF-Internazionale Holding Fiat S.A.	100.000	
Sisport Fiat Società per Azioni-SF	Turin	Italy	7,120,800	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights
Subsidiaries valued by the equity method							
Automobiles							
Alfa Romeo Inc.	Orlando	U.S.A.	3,000,000	USD	90.00	Fiat Auto S.p.A.	100.000
Alfa Romeo Motors Ltd.	Bangkok	Thailand	160,000,000	THB	90.00	Fiat Auto S.p.A.	99.999
Andalcar Motor S.L.	Jerez	Spain	2,186,928	EUR	90.00	Inmap 2000 Espana S.L.	100.000
Auto Italia Erfurt GmbH in liquidation	Erfurt	Germany	2,985,000	EUR	90.00	Fiat Automobili Vertriebs GmbH	100.000
F.A. Austria Commerz GmbH	Vienna	Austria	37,000	EUR	90.00	Fiat Auto (Suisse) S.A.	100.000
Fiat Auto Egypt Industrial Company SAE	Giza	Egypt	50,000,000	EGP	72.36	Fiat Auto S.p.A.	80.400
Fiat Auto Egypt S.A.E.	Giza	Egypt	5,000,000	EGP	71.64	Fiat Auto Egypt Industrial Company SAE	99.000
Fiat Auto S.A. de Ahorro para Fines Determinados	Buenos Aires	Argentina	60,000	ARS	90.01	Fiat Auto Argentina S.A.	99.900
						Fiat Argentina S.A.	0.100
Fiat Auto Thailand Pvt. Ltd.	Bangkok	Thailand	300,000,000	THB	90.00	Fiat Auto S.p.A.	100.000
Fiat Automoviles Venezuela C.A.	Caracas	Venezuela	300,000	VEB	90.00	Fiat Automovels S.A. - FIASA	100.000
Italcar SA	Casablanca	Morocco	4,000,000	MAD	90.00	Inmap 2000 Espana S.L.	100.000
Leasys S.p.A.	Fiumicino	Italy	319,200,000	EUR	45.90	Fidis Renting Italia S.p.A.	51.000
Multipoint Sevilla S.A.	Siviglia	Spain	2,336,596	EUR	90.00	Inmap 2000 Espana S.L.	100.000
Sirio Polska Sp. z o.o.	Bielsko-Biala	Poland	1,350,000	PLN	90.00	Fiat Auto Poland S.A.	99.963
						Fiat Polska Sp. z o.o.	0.037
Targa Trafficmaster S.p.A.	Turin	Italy	3,453,000	EUR	89.00	Fidis S.p.A.	98.886
Zao Nizhegorod Motors	Nizhny Novgorod	Russia	24,660,000	RUR	65.83	Fiat Auto S.p.A.	73.139
							73.127
Agricultural and Construction Equipment							
Farmers New Holland Inc.	Wilmington	U.S.A.	650,000	USD	84.54	CNH America LLC	100.000
La Grande New Holland Inc.	Wilmington	U.S.A.	404,800	USD	64.12	CNH America LLC	75.840
Medicine Hat New Holland Ltd.	Ottawa	Canada	977,000	CAD	74.56	New Holland Canada Ltd.	88.188
Memphis New Holland Inc.	Wilmington	U.S.A.	487,600	USD	81.79	CNH America LLC	96.739
Northside New Holland Inc.	Wilmington	U.S.A.	250,000	USD	77.78	CNH America LLC	92.000
Pensacola Tractor & Equipment Inc.	Wilmington	U.S.A.	330,000	USD	84.54	CNH America LLC	100.000
Ridgeview New Holland Inc.	Wilmington	U.S.A.	440,000	USD	67.61	CNH America LLC	79.977
St. Catharines New Holland Ltd.	Ottawa	Canada	327,700	CAD	57.22	New Holland Canada Ltd.	67.684
Sunrise Tractor & Equipment Inc.	Wilmington	U.S.A.	875,000	USD	78.55	CNH America LLC	92.914
Tri-County New Holland Inc.	Wilmington	U.S.A.	400,000	USD	84.54	CNH America LLC	100.000
Commercial Vehicles							
Altra S.p.A.	Genoa	Italy	516,400	EUR	66.67	Irisbus Italia S.p.A.	66.670
F. Pegaso S.A.	Madrid	Spain	993,045	EUR	100.00	Iveco Pegaso S.L.	100.000
Financière Pegaso France S.A.	Trappes	France	260,832	EUR	100.00	Iveco Pegaso S.L.	100.000
Iveco S.P.R.L.	Kinshasa	Dem. Rep. of Congo	340,235,000	CDF	100.00	Iveco S.p.A.	99.992
						Astra Veicoli Industriali S.p.A.	0.008
Components							
Cofap Fabricadora de Pecas Ltda	Santo Andre	Brazil	60,838,291	BRL	68.14	Magneti Marelli do Brasil Industria e Comercio SA	68.350
Seima Italiana Auto Svet	Krasnyy Oktyabr Kirz	Russia	14,574,000	RUR	99.99	Automotive Lighting Rear Lamps Italia S.p.A.	100.000
Production Systems							
Comau AGS S.p.A.	Grugliasco	Italy	1,000,000	EUR	100.00	Comau S.p.A.	100.000
Comau Australia Pty. Ltd	Wingfield	Australia	765,589	AUD	100.00	Comau S.p.A.	100.000
Comau Russia OOO	Moscow	Russia	4,770,225	RUR	100.00	Comau S.p.A.	99.000
						Comau Deutschland GmbH	1.000
Sciaky s.a.s.	Bonneuil Sur Marne	France	795,077	EUR	99.76	Comau Sciaky S.A.	100.000
Metallurgical Products							
Teksid of India Private Limited Company in liquidation	Bardez-Goa	India	403,713,830	INR	80.48	Teksid S.p.A.	100.000
Services							
Cromos Consulenza e Formazione S.r.l. in liquidation	Turin	Italy	13,000	EUR	76.00	Business Solutions S.p.A.	76.000
Matrix S.r.l. in liquidation	Turin	Italy	30,000	EUR	99.95	Business Solutions S.p.A.	99.000
						Isvor Fiat Società consortile di sviluppo e addet:	1.000
Publishing and Communications							
BMI S.p.A.	Genoa	Italy	124,820	EUR	58.00	Itedi-Italiana Edizioni S.p.A.	58.004
Miscellaneous and Holding companies							
Banca Unione di Credito (Cayman) Ltd	Grand Cayman	Cayman Islands	10,000,000	CHF	100.00	BUC - Banca Unione di Credito	100.000
BUC - Banca Unione di Credito	Lugano	Switzerland	100,000,000	CHF	100.00	IHF-Internazionale Holding Fiat S.A.	100.000
Business Solutions FiatGroup USA Inc.	Wilmington	U.S.A.	1,000	USD	100.00	Fiat Partecipazioni S.p.A.	100.000
Centro Studi sui Sistemi di Trasporto-CSST S.p.A.	Turin	Italy	520,000	EUR	84.42	Fiat Auto S.p.A.	49.000
						Iveco S.p.A.	30.000
						C.R.F. Società Consortile per Azioni	11.000
European Engine Alliance EEIG	Basildon	United Kingdom	0	GBP	61.51	CNH U.K. Limited	33.333
						Iveco S.p.A.	33.333
Fiat (China) Business Co., Ltd.	Beijing	People's Rep. of China	500,000	USD	100.00	Fiat Partecipazioni S.p.A.	100.000
Fiat Russia OOO	Moscow	Russia	18,509,050	RUR	100.00	Fiat Partecipazioni S.p.A.	80.000
						Fiat International S.p.A.	20.000
Isvor Dealermet S.r.l. in liquidation	Turin	Italy	10,000	EUR	94.29	Isvor Fiat Società consortile di sviluppo e addet:	80.000
						Fiat Auto S.p.A.	20.000
Luganova S.A.	Lugano	Switzerland	3,000,000	CHF	100.00	BUC - Banca Unione di Credito	100.000
SGR-Sociedad para la Gestion de Riesgos S.A.	Buenos Aires	Argentina	10,000	ARS	99.96	Rimaco S.A.	99.960
Sistemi Ambientali S.p.A. in liquidation	Rivoli	Italy	9,544,080	EUR	99.79	Fiat Partecipazioni S.p.A.	99.785

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights
Subsidiaries valued at cost							
Automobiles							
Fiat Auto de Mexico Sociedad Anonima de Capital Variable (S.A. de C.V.) in liquidation	Mexico City	Mexico	50,000	MXN	90.00	Fiat Auto S.p.A. Fiat Automoveis S.A. - FIASA	99.998 0.002
Fiat Auto Espana Marketing Instituto Agrupacion de Interes Economico	Alcalá De Henares	Spain	30,051	EUR	85.50	Fiat Auto Espana S.A.	95.000
Fiat Auto Marketing Institute (Portugal) ACE	Alges	Portugal	15,000	EUR	72.00	Fiat Auto Portuguesa S.A.	80.000
Nuove Iniziative Finanziarie 2 S.r.l.	Turin	Italy	25,000	EUR	90.00	Fiat Auto S.p.A. Fidis S.p.A.	99.000 1.000
Powertrain India Pvt. Ltd. in liquidation	Mumbai	India	101,000	INR	90.00	Fiat India Automobiles Private Limited	100.000
Pro-Car LLC	Moscow	Russia	1,001,000	RUR	90.00	Nuove Iniziative Finanziarie 2 S.r.l.	100.000
Agricultural and Construction Equipment							
Case Credit Wholesale Pty. Limited	St. Marys	Australia	347,750	AUD	84.54	CNH Australia Pty Limited	100.000
Consorzio Fiat-Kobelco Isvor Dealernet Rete in liquidation	San Mauro Torinese	Italy	20,658	EUR	41.75	Fiat Kobelco Construction Machinery S.p.A. Isvor Dealernet S.r.l. in liquidazione	47.500 12.500
Farmec North America Inc.	Wilmington	U.S.A.	5	USD	84.54	CNH America LLC	100.000
International Harvester Company	Wilmington	U.S.A.	1,000	USD	84.54	CNH America LLC	100.000
J.J. Case Company Limited	Basildon	United Kingdom	2	GBP	84.54	Case United Kingdom Limited	100.000
Commercial Vehicles							
Consorzio per la Formazione Commerciale Iveco-Coforma	Turin	Italy	51,646	EUR	59.54	Iveco S.p.A. Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	50.000 10.000
Gestrans S.A.	Suresnes	France	45,730	EUR	100.00	Irisbus France S.A.	100.000
Iran Magirus-Deutz	Teheran	Iran	180,000,000	IRR	100.00	Iveco Magirus AG	100.000
Irisbus North America Limited Liability Company	Dover	U.S.A.	20,000	USD	100.00	Irisbus France S.A.	100.000
Iveco Defence Vehicles S.p.A.	Bolzano	Italy	100,000	EUR	100.00	Iveco S.p.A.	100.000
M.R. Fire Fighting International S.A.	Brasov	Romenia	35,000,000	ROL	75.88	Iveco Magirus Brandschutztechnik GmbH Brandschutztechnik Gorlitz GmbH Iveco Eurofire (Holding) GmbH	74.000 1.000 1.000
Components							
Automotive Lighting Japan K.K.	KohoKu-Ku-Yokohama	Japan	10,000,000	JPY	99.99	Automotive Lighting Reutlingen GmbH	100.000
Magneti Marelli Automotive Components (India) Limited	Pune	India	125,000,000	INR	99.99	Magneti Marelli Components B.V.	100.000
Magneti Marelli Electronic Systems (Asia) Limited	Hong Kong	People's Rep. of China	10,000	HKD	99.99	Magneti Marelli Sistemi Elettronici S.p.A. Magneti Marelli Systèmes Electroniques France S.A.S.	99.990 0.010
Yorka Northamerica Corp.	Southfield	U.S.A.	10,000	USD	99.99	Yorka de Mexico S.r.l. de CV	100.000
Production Systems							
Comau (Shanghai) International Trading Co. Ltd.	Shanghai	People's Rep. of China	200,000	USD	100.00	Comau S.p.A.	100.000
Comau U.K. Limited	Telford	United Kingdom	2,500	GBP	100.00	Comau S.p.A.	100.000
Synesis	Modugno	Italy	20,000	EUR	75.00	Comau S.p.A.	75.000
Services							
Consorzio Polaris	Turin	Italy	3,099	EUR	86.63	Matrix S.r.l. in liquidazione	86.673
CONSORZIO SERMAGEST - Servizi Manutentivi Gestionali	Turin	Italy	15,000	EUR	60.00	Ingest Facility S.p.A.	60.000
Fast Buyer Middle East A.S.	Bursa	Turkey	95,000,000,000	TRL	98.72	Fast-Buyer S.p.A.	98.800
Gestione Servizi Territoriali S.r.l.	Turin	Italy	90,000	EUR	60.00	Ingest Facility S.p.A.	60.000
Miscellaneous and Holding companies							
Centro.com S.r.l.	Turin	Italy	10,094	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
Consorzio Fiat Media Center	Turin	Italy	222,076	EUR	45.89	Astra Veicoli Industriali S.p.A.	1.852	
						Atlanet S.p.A.	1.852	
						Business Solutions S.p.A.	1.852	
						Clickar Assistance S.r.l.	1.852	
						CNH Italia s.p.a.	1.852	
						Comau S.p.A.	1.852	
						Editrice La Stampa S.p.A.	1.852	
						eSPIN S.p.A.	1.852	
						Fast-Buyer S.p.A.	1.852	
						Fiat Auto S.p.A.	1.852	
						Fiat Center Italia S.p.A.	1.852	
						Fiat Gesco S.p.A.	1.852	
						Fiat Information & Communication Services società consortile per azioni	1.852	
						Fiat S.p.A.	1.852	
						Global Value S.p.A.	1.852	
						Irisbus Italia S.p.A.	1.852	
						Itedi-Italiana Edizioni S.p.A.	1.852	
						Iveco S.p.A.	1.852	
						Leasys S.p.A.	1.852	
						Magneti Marelli After Market S.p.A.	1.852	
						Maserati S.p.A.	1.852	
						Palazzo Grassi S.p.A.	1.852	
						Pharos S.r.l.	1.852	
Savarent Società per Azioni	1.852							
Sestrieres S.p.A.	1.852							
Targa Infomobility S.p.A.	1.852							
WorkNet società di fornitura di lavoro temporaneo-per azioni	1.852							
Fiat Common Investment Fund Limited	London	United Kingdom	2	GBP	100.00	Fiat United Kingdom Limited	100.000	
Fiat Oriente S.A.E. in liquidation	Cairo	Egypt	50,000	EGP	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fides Corretagens de Securos Ltda	Nova Lima	Brazil	365,525	BRL	100.00	Rimaco S.A.	99.998	
ISVOR DILTS Leadership Systems Inc.	Burlingame	U.S.A.	1,000	USD	48.63	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	51.000	
Isvor Fiat India Private Ltd. in liquidation	New Delhi	India	1,750,000	INR	95.36	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	100.000	
Komdix SAS	Paris	France	40,000	EUR	100.00	Fiat France S.A.	100.000	
Luto Servizi S.A. in liquidation	Lugano	Switzerland	100,000	CHF	100.00	BUC - Banca Unione di Credito	100.000	
Norfinance & Associés S.A. in liquidation	Geneva	Switzerland	4,600,000	CHF	100.00	BUC - Banca Unione di Credito	100.000	
Nuova Immobiliare Cinque S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Nuova Immobiliare Quattro S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Nuova Immobiliare Tre S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Nuove Iniziative Finanziarie 3 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Orione-Consorzio Industriale per la Sicurezza e la Vigilanza	Turin	Italy	26,342	EUR	95.61	Fiat S.p.A.	82.010	
						Editrice La Stampa S.p.A.	2.000	
						Fiat Auto S.p.A.	2.000	
						CNH Italia s.p.a.	1.000	
						Comau S.p.A.	1.000	
						Fiat Gesco S.p.A.	1.000	
						Fiat Ge.Va. S.p.A.	1.000	
						Fiat Partecipazioni S.p.A.	1.000	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	1.000	
						Iveco S.p.A.	1.000	
						Magneti Marelli Holding S.p.A.	1.000	
						Palazzo Grassi S.p.A.	1.000	
						Sisport Fiat Società per Azioni-SF	1.000	

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights
Associated companies valued by the equity method							
Automobiles							
Fiat-GM Powertrain B.V.	Amsterdam	Netherlands	232,000	EUR	45.00	Fiat Auto Holdings B.V.	50.000
Fidis Bank G.m.b.H.	Vienna	Austria	4,740,000	EUR	45.00	Fiat Auto S.p.A.	50.000
Fidis Retail Italia S.p.A.	Turin	Italy	672,076,000	EUR	44.10	Fiat Auto S.p.A.	49.000
GM-Fiat Worldwide Purchasing B.V.	Amsterdam	Netherlands	300,000	EUR	45.00	Fiat Auto Holdings B.V.	50.000
IN ACTION S.r.l.	Arese	Italy	336,000	EUR	44.91	Fidis S.p.A.	49.900
Jiangsu Nanya Auto Co. Ltd.	Nanjing	People's Rep. of China	1,409,469,782	CNY	45.00	Fiat Auto S.p.A.	50.000
Società di Commercializzazione e Distribuzione Ricambi S.p.A.	Turin	Italy	100,000	EUR	17.10	Fiat Auto S.p.A.	19.000
Società Europea Veicoli Leggeri-Sevel S.p.A.	Atessa	Italy	68,640,000	EUR	45.00	Fiat Auto S.p.A.	50.000
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	Paris	France	80,325,000	EUR	45.00	Fiat Auto (France) S.A.	50.000
Somaca-Société Marocaine Construction Automobiles S.A.	Casablanca	Morocco	60,000,000	MAD	18.00	Fiat Auto S.p.A.	20.000
Targasys S.r.l.	Turin	Italy	4,322,040	EUR	36.00	Fidis S.p.A.	40.000
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	Levent	Turkey	450,000,000,000	TRL	34.07	Fiat Auto S.p.A.	37.856
Agricultural and Construction Equipment							
Al-Ghazi Tractors Ltd	Karachi	Pakistan	195,165,660	PKR	36.50	CNH Global N.V.	43.170
Challenger New Holland Ltd.	Ottawa	Canada	589,600	CAD	40.13	New Holland Canada Ltd.	47.473
CNH Capital Europe S.a.S.	Puteaux	France	88,482,297	EUR	42.19	CNH Global N.V.	49.900
CNH de Mexico SA de CV	Sao Pedro	Mexico	165,276,000	MXN	42.27	CNH Global N.V.	50.000
Consolidated Diesel Company	Whitakers	U.S.A.	100	USD	42.27	CNH Engine Corporation	50.000
Employers Health Initiatives LLC	Wilmington	U.S.A.	0	USD	42.27	CNH America LLC	50.000
Kobelco Construction Machinery Co. Ltd.	Hiroshima	Japan	320,000,000,000	JPY	16.91	CNH Italia s.p.a.	20.000
LBX Company LLC	Wilmington	U.S.A.	0	USD	42.27	Case LBX Holdings Inc.	50.000
L&T Case Equipment Limited	Mumbai	India	240,100,000	INR	42.27	CNH America LLC	50.000
Megavolt L.P. L.L.L.P.	Wilmington	U.S.A.	500,000	USD	33.82	CNH America LLC	40.000
New Holland Finance Ltd	Basingstoke	United Kingdom	2,900,001	GBP	41.43	CNH Global N.V.	49.000
New Holland HFT Japan Inc.	Sapporo	Japan	240,000,000	JPY	42.27	CNH Global N.V.	50.000
New Holland Trakmak Traktor A.S.	Izmir	Turkey	800,000,000,000	TRL	31.70	CNH Global N.V.	37.500
Rathell Farm Equipment Company Inc.	Wilmington	U.S.A.	640,000	USD	36.58	CNH America LLC	43.266
Turk Traktor Ve Ziraat Makineleri A.S.	Ankara	Turkey	47,000,000,000,000	TRL	31.70	CNH Global N.V.	37.500
Commercial Vehicles							
Afin Leasing AG	Vienna	Austria	1,500,000	EUR	40.00	Iveco International Trade Finance S.A.	40.000
Closed Joint Stock Company "AUTO-MS"	Zaporozhye	Ukraine	26,568,000	UAK	38.62	Iveco S.p.A.	38.618
Electronica Trasporti Commerciali S.r.l. (Eltrac S.r.l.)	Turin	Italy	109,200	EUR	50.00	Iveco S.p.A.	50.000
GEIE V.IV.RE	Boulogne	France	0	EUR	50.00	Iveco S.p.A.	50.000
Haveco Automotive Transmission Co. Ltd.	Zhajiang	People's Rep. of China	200,010,000	CNY	33.33	Iveco S.p.A.	33.333
Iveco Uralaz Ltd.	Miass	Russia	65,255,056	RUR	33.33	Iveco S.p.A.	33.330
Machen-Iveco Holding S.A.	Luxembourg	Luxembourg	26,000,000	GBP	30.00	Iveco S.p.A.	30.000
Naveco Ltd.	Nanjing	People's Rep. of China	2,527,000,000	CNY	50.00	Iveco S.p.A.	50.000
Otoyol Pazarlama A.S.	Samandira-Kartal/Istanbul	Turkey	1,590,000,000,000	TRL	27.00	Iveco S.p.A.	27.000
Otoyol Sanayi A.S.	Samandira-Kartal/Istanbul	Turkey	36,750,000,000,000	TRL	27.00	Iveco S.p.A.	27.000
Transolver Finance Establecimiento Financiero de Credito S.A.	Madrid	Spain	9,315,500	EUR	50.00	Iveco S.p.A.	50.000
V.IV.RE Gruppo Europeo di Interesse Economico	Turin	Italy	0	EUR	50.00	Iveco S.p.A.	50.000
Ferrari and Maserati							
Ferrari Maserati Cars International Trading (Shanghai) Co. Ltd.	Shanghai	People's Rep. of China	3,000,000	USD	22.40	Ferrari S.p.A.	40.000
Components							
Mako Elektrik Sanay Ve Ticaret A.S.	Osmanгази Bursa	Turkey	16,500,000,000,000	TRL	43.00	Magneti Marelli Holding S.p.A.	43.000
Production Systems							
Gonzalez Production Systems Inc.	Pontiac	U.S.A.	10,000	USD	49.00	Comau Pico Holdings Corporation	49.000
G.P. Properties I L.L.C.	Pontiac	U.S.A.	10,000	USD	49.00	Comau Pico Holdings Corporation	49.000
Metallurgical Products							
Hua Dong Teksid Automotive Foundry Co. Ltd.	Zhenjiang-Jangsu	People's Rep. of China	306,688,237	CNY	40.24	Teksid S.p.A.	50.000
Nanjing Teksid Iron Foundry Co. Ltd.	Nanjing	People's Rep. of China	199,617,600	CNY	40.24	Teksid S.p.A.	50.000
Services							
Global Value Services S.p.A.	Turin	Italy	10,730,000	EUR	50.00	Business Solutions S.p.A.	50.000
Global Value Soluções Ltda	Nova Lima	Brazil	2,000	BRL	50.00	Business Solutions do Brasil Ltda	50.000
Servizio Titoli S.p.A.	Turin	Italy	126,000	EUR	27.24	Business Solutions S.p.A.	27.238
S.I.NO.DO. - Sistema Informativo Normativa Doganale in liquidation	Turin	Italy	77,469	EUR	50.00	Servizi e Attività Doganali per l'Industria S.p.A.	50.000
Publishing and Communications							
Edititalia S.r.l.	Caserta	Italy	2,868,918	EUR	45.00	Editrice La Stampa S.p.A.	45.000
Editoriale Corriere Romagna S.r.l.	Forlì	Italy	2,856,000	EUR	40.00	Editrice La Stampa S.p.A.	40.000
Edizioni Dost S.r.l.	Bologna	Italy	1,042,914	EUR	40.00	Editrice La Stampa S.p.A.	40.000
Società Editrice Mercantile S.r.l.	Genoa	Italy	4,247,000	EUR	40.00	Editrice La Stampa S.p.A.	40.000
Miscellaneous and Holding companies							
IPI S.p.A.	Turin	Italy	40,784,134	EUR	10.00	Fiat Partecipazioni S.p.A.	10.000
Italenergia Bis S.p.A.	Turin	Italy	906,624,000	EUR	24.61	Fiat Energia S.r.l.	24.613
Livingstone Motor Assemblers Ltd.	Livingstone	Zambia	20,000,000	ZMK	20.00	Fiat Partecipazioni S.p.A.	20.000
Lombard Bank Malta PLC	Valletta	Malta	2,056,630	MTL	26.53	BUC - Banca Unione di Credito	26.531
Rizzoli Corriere della Sera MediaGroup S.p.A.	Milan	Italy	762,019,050	EUR	9.80	Fiat Partecipazioni S.p.A.	9.797
Rubattino 87 S.r.l.	Milan	Italy	10,845,400	EUR	30.59	Fiat Partecipazioni S.p.A.	30.589

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights
Associated companies valued at cost							
Automobiles							
Car City Club S.r.l.	Turin	Italy	390,000	EUR	29.70 Savarent Società per Azioni		33.000
Consorzio per la Reindustrializzazione dell'area di Arese S.r.l.	Arese	Italy	1,020,000	EUR	27.00 Fiat Auto S.p.A.		30.000
Fabrication Automobiles de Tiaaret SpA	Wilaya de Tiaaret	Algeria	1,225,000,000	DZD	32.91 Fiat Auto S.p.A.		36.571
Fidis Rent GmbH	Frankfurt	Germany	50,000	EUR	44.10 Fiat Handlertservice GmbH		49.000
G.E.I.E. Gisevel	Paris	France	15,200	EUR	45.00 Fiat Auto (France) S.A.		50.000
G.E.I.E.-Sevelind	Paris	France	15,200	EUR	45.00 Fiat Auto (France) S.A.		50.000
N. Technology S.p.A.	Chivasso	Italy	1,500,000	EUR	18.00 Fiat Auto S.p.A.		20.000
Commercial Vehicles							
Atlas Vehicules Industriels S.A.	Casablanca	Morocco	2,200,000	MAD	48.97 Iveco S.p.A.		48.973
CBC-Iveco Ltd.	Changzhou	People's Rep. of China	664,000,000	CNY	50.00 Iveco S.p.A.		50.000
Consorzio Iveco Fiat-Oto Melara	Rome	Italy	51,646	EUR	50.00 Iveco S.p.A.		50.000
Sotra S.A.	Abidjian	Ivory Coast	3,000,000,000	XAF	39.80 Irisbus France S.A.		39.800
Zastava-Kamioni D.O.O.	Kragujevac	Serbia and Montenegro	1,673,505,893	YUM	33.68 Iveco S.p.A.		33.677
Ferrari and Maserati							
GPWC Holdings B.V.	Amsterdam	Netherlands	2,500,000	EUR	11.20 Ferrari S.p.A.		20.000
Iniziativa Fiorano S.r.l.	Modena	Italy	90,000	EUR	18.67 Ferrari S.p.A.		33.333
Components							
Flexider S.p.A.	Turin	Italy	4,131,655	EUR	25.00 Magneti Marelli Holding S.p.A.		25.000
Gulf Carrosserie India Limited	Worli	India	5,000,000	INR	20.00 Magneti Marelli Holding S.p.A.		20.000
Mars Seal Private Limited	Mumbai	India	400,000	INR	23.97 Magneti Marelli France S.A.		24.000
Matay Otomotiv Yan Sanay Ve Ticaret A.S.	Istanbul	Turkey	2,400,000,000,000	TRL	28.00 Magneti Marelli Holding S.p.A.		28.000
M.I.P.-Master Imprese Politecnico	Milan	Italy	20,658	EUR	50.00 Magneti Marelli Holding S.p.A.		50.000
Production Systems							
Consorzio Fermag	Rome	Italy	144,608	EUR	40.00 Comau S.p.A.		40.000
Consorzio Generazione Forme-CO.GE.F.	San Mauro Torinese	Italy	15,494	EUR	33.33 Comau S.p.A.		33.333
Metallurgical Products							
S.A.S.-Società Assofond Servizi S.r.l.	Trezzano sul Naviglio	Italy	520,000	EUR	16.10 Teksid S.p.A.		20.000
Servicios Industriales Parque Fundidores S.de r.l. de C.V.	Sao Pedro	Mexico	10,000	MXN	26.82 Teksid Hierro de Mexico S.A. de C.V.		33.330
Services							
Multiservizi Reggio Calabria - Società per Azioni	Reggio di Calabria	Italy	120,000	EUR	29.40 Gestione Servizi Territoriali S.r.l.		49.000
Niugarit.Promocao e Desenvolvimento de Actividades Industriais em Cooperacao Ltda	Lisbon	Portugal	49,880	EUR	29.97 Fast-Buyer S.p.A.		30.000
S.I.M.A.GEST2 Società Consortile a Responsabilità Limitata	Zola Predosa	Italy	50,000	EUR	30.00 Ingest Facility S.p.A.		30.000
Società Cooperativa Delta Più r.l. in liquidation	Trieste	Italy	44,865	EUR	34.96 Cromos Consulenza e Formazione S.r.l. in liquidazione		46.000
Miscellaneous and Holding companies							
Agenzia Internazionalizzazione Imprese Torino S.r.l. in l.	Turin	Italy	102,000	EUR	35.00 Fiat Partecipazioni S.p.A.		35.000
Alcmena S.a.r.l.	Luxembourg	Luxembourg	5,000,000	EUR	20.00 BUC - Banca Unione di Credito		20.000
Ciosa S.p.A. in liquidation	Milan	Italy	516	EUR	25.00 Fiat Partecipazioni S.p.A.		25.000
Concordia Finance S.A.	Luxembourg	Luxembourg	12,900,000	EUR	30.00 Fiat Netherlands Holding N.V.		30.000
CONFORM - Consorzio Formazione Manageriale	Avellino	Italy	51,600	EUR	48.17 Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni		35.000
							15.000
Consorzio Oto-BPD in liquidation	Aulla	Italy	103,291	EUR	50.00 Fiat Partecipazioni S.p.A.		50.000
Consorzio Parco Industriale di Chivasso	Chivasso	Italy	51,650	EUR	23.10 Fiat Partecipazioni S.p.A.		23.100
Consorzio per lo Sviluppo delle Aziende Fornitrici	Turin	Italy	241,961	EUR	29.30 CNH Italia s.p.a.		10.672
							10.672
							10.672
Consorzio Prode	Naples	Italy	51,644	EUR	45.56 Elasis-Società Consortile per Azioni		50.000
Consorzio Scire	Pomigliano d'Arco	Italy	51,644	EUR	45.56 Elasis-Società Consortile per Azioni		50.000
Consorzio Scuola Superiore per l'Alta Formazione Universitaria Federico II	Naples	Italy	127,500	EUR	18.22 Elasis-Società Consortile per Azioni		20.000
Expo 2000 - S.p.A.	Turin	Italy	2,828,750	EUR	24.50 Fiat Partecipazioni S.p.A.		24.498
FMA-Consultoria e Negocios Ltda	Sao Paolo	Brazil	1	BRL	50.00 Fiat do Brasil S.A.		50.000
Giraglia Immobiliare S.p.A.	Milan	Italy	3,500,000	EUR	28.24 Fiat Partecipazioni S.p.A.		28.240
Immobiliare Novoli S.p.A.	Florence	Italy	20,640,000	EUR	40.00 Fiat Partecipazioni S.p.A.		40.000
Interfinanziaria S.A.	Paradiso	Switzerland	1,000,000	CHF	33.33 IHF-Internazionale Holding Fiat S.A.		33.330
Italpark-Società per Infrastrutture Ausiliarie di Trasporti S.p.A. in liquidation	Rome	Italy	247,899	EUR	29.00 Fiat Partecipazioni S.p.A.		29.000
Le Monde Europe S.A.	Paris	France	3,658,800	EUR	32.00 La Stampa Europe SAS		32.000
Le Monde Presse S.A.	Paris	France	7,327,930	EUR	27.28 La Stampa Europe SAS		27.277
Maire Engineering S.p.A.	Rome	Italy	7,857,143	EUR	30.00 Fiat Partecipazioni S.p.A.		30.000
MB Venture Capital Fund I N.V.	Amsterdam	Netherlands	50,000	EUR	45.00 Fiat Partecipazioni S.p.A.		45.000
Motorcity Park S.r.l.	Milan	Italy	3,112,463	EUR	40.00 Fiat Partecipazioni S.p.A.		40.000
Nuova Didactica S.c. a r.l.	Modena	Italy	112,200	EUR	19.54 Ferrari S.p.A.		16.364
							12.273
Presse Europe Régions S.A.	Paris	France	62,087,232	EUR	25.28 La Stampa Europe SAS		25.280
QSF Qualità Servizi Formazione GEIE	Turin	Italy	10,329	EUR	23.84 Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni		25.000
Tecnologie per il Calcolo Numerico-Centro Superiore di Formazione S.c. a r.l.	Trento	Italy	100,000	EUR	23.45 C.R.F. Società Consortile per Azioni		25.000
Zetesis S.p.A.	Milan	Italy	494,000	EUR	40.00 Fiat Partecipazioni S.p.A.		40.000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. – Investments held through FIAT S.p.A. (27.62%-owned subsidiary of IFIL Group)

Name	Registered office	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights
Other companies valued at cost							
Agricultural and Construction Equipment							
Polagris S.A.	Pikieliszki	Lithuania	1,133,400	LTT	9.35	CNH Polska Sp. z o.o.	11.054
Commercial Vehicles							
Consorzio Bolzano Energia	Bolzano	Italy	12,000	EUR	16.67	Iveco S.p.A.	16.667
Consorzio Spike	Genoa	Italy	90,380	EUR	15.00	Iveco S.p.A.	15.000
Trucks & Bus Company	Tajoura	Libya	87,000,000	LYD	17.24	Iveco Pegaso S.L.	17.241
Components							
Consorzio U.L.I.S.S.E.	Rome	Italy	227,241	EUR	11.36	Magneti Marelli Holding S.p.A.	11.360
Services							
Byte Software House - S.p.A.	Turin	Italy	4,215,000	EUR	17.79	Business Solutions S.p.A.	17.794
Consorzio Topix	Turin	Italy	932,000	EUR	11.23	Atlanet S.p.A.	11.230
H.R.O. Polska Sp. z o.o.	Bielsko-Biala	Poland	400,000	PLN	18.00	Business Solutions Polska Sp. z o.o.	18.000
We-Cube.Com S.p.A.	Turin	Italy	666,668	EUR	14.79	Business Solutions S.p.A.	14.790
Miscellaneous and Holding companies							
Ascal Servizi S.r.l.	Rome	Italy	73,337	EUR	13.43	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	14.080
Consorzio Sorore	Siena	Italy	9,296	EUR	16.66	Fiat Partecipazioni S.p.A.	16.663
Consorzio Technapoli	Naples	Italy	1,626,855	EUR	10.12	Elasis-Società Consortile per Azioni	11.110
Ercole Marelli & C. S.p.A. in liquidation	Milan	Italy	9,633,000	EUR	13.00	Fiat Partecipazioni S.p.A.	13.000
Euromedia Luxembourg One S.A.	Luxembourg	Luxembourg	52,500,000	USD	14.29	Fiat Netherlands Holding N.V.	14.286
Fin.Priv. S.r.l.	Milan	Italy	20,000	EUR	14.29	Fiat S.p.A.	14.285
IRCC-Istituto per la Ricerca e la Cura del Cancro-Torino S.p.A.	Turin	Italy	15,500,000	EUR	19.36	Fiat Partecipazioni S.p.A.	19.355
Istituto Europeo di Oncologia S.r.l.	Milan	Italy	57,305,382	EUR	10.90	Fiat Partecipazioni S.p.A.	10.903
Lingotto S.p.A.	Turin	Italy	17,264,000	EUR	17.02	Fiat Partecipazioni S.p.A.	17.019
Selvi & Cie S.A.	Geneva	Switzerland	2,400,000	CHF	16.67	BUC - Banca Unione di Credito	16.666
Société Anonyme Technique Immobilière et Financière de la Sadim (S.A.T.I.F.)	Monaco	Princip. of Monaco	750,000	EUR	12.60	Fiat Partecipazioni S.p.A.	12.600

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through WORMS & Cie S.A.
(52.96%-owned subsidiary of IFIL Group)

Name	Country	Capital Stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% interest held	% of voting rights
Companies consolidated on a line-by-line basis						
Paper						
AGENA N.V.	BELGIUM	62,000.00	EUR	100.00 ARJOWIGGINS PAPIERS COUCHES SAS	99.200	99.200
ANTALIS A.B.	SWEDEN	1,000,000.00	SEK	100.00 ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS AG	SWITZERLAND	3,000,000.00	CHF	100.00 ANTALIS (SWITZERLAND) AG	100.000	100.000
ANTALIS A/S	DENMARK	4,000,000.00	DKK	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS AS	LATVIA	533,900.00	LVL	100.00 ANTALIS INTERNATIONAL HOLDINGS BV	99.960	99.960
ANTALIS A.S.	SLOVAK REP.	2,000,000.00	SKK	100.00 ANTALIS S.R.O. ANTALIS INTERNATIONAL HOLDINGS BV	61.000 39.000	61.000 39.000
ANTALIS BOLIVIA SRL	BOLIVIA	2,775,000.00	BOB	100.00 INVERSIONES EXTERIOR SA INVERSIONES LOS PELLINES DOS SA	74.000 26.000	74.000 26.000
ANTALIS BV	NETHERLANDS	5,100,000.00	NLG	100.00 ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS ENVELOPES LIMITED	UNITED KINGDOM	1.00	GBP	100.00 ANTALIS GROUP HOLDINGS LIMITED	100.000	100.000
ANTALIS ENVELOPES NV (in liquidation)	BELGIUM	62,000.00	EUR	100.00 ANTALIS NV/SA ANTALIS INTERNATIONAL HOLDINGS BV	99.900 0.100	99.900 0.100
ANTALIS ENVELOPES MANUFACTURING, S.L.	SPAIN	2,815,988.40	EUR	100.00 ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS EUROPE HOLDINGS	UNITED KINGDOM	39,776,643.00	GBP	100.00 ANTALIS GROUP PROTALIS LIMITED	100.000 0.000	100.000 0.000
ANTALIS GMBH	GERMANY	4,725,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS GROUP HOLDINGS LIMITED	UNITED KINGDOM	200,000,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS GROUP	UNITED KINGDOM	73,987,723.00	GBP	100.00 ANTALIS GROUP HOLDINGS LIMITED PROTALIS LIMITED	100.000 0.000	100.000 0.000
ANTALIS HOLDINGS LIMITED	UNITED KINGDOM	86,244,205.00	GBP	100.00 ANTALIS GROUP	100.000	100.000
ANTALIS (HONG KONG) LIMITED	HONG KONG (CHINA)	150,000.00	HKD	100.00 ANTALIS OVERSEAS HOLDINGS LIMITED WIGGINS TEAPE LIMITED	99.993 0.007	99.993 0.007
ANTALIS IBERIA SA	SPAIN	9,407,866.37	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS INTERNATIONAL HOLDINGS BV	NETHERLANDS	21,500.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS INTERNATIONAL SAS	FRANCE	986,880,573.00	EUR	100.00 WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
ANTALIS INTERSERVICES NV/SA	BELGIUM	99,000,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS ANTALIS INTERNATIONAL HOLDINGS BV	100.000 0.000	100.000 0.000
ANTALIS IRELAND LIMITED	IRELAND	3,491,779.50	EUR	100.00 ANTALIS HOLDINGS LIMITED WIGGINS TEAPE LIMITED	100.000 0.000	100.000 0.000
ANTALIS LIETUVA UAB	LITHUANIA	4,000,000.00	LTL	0.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS LIMITED	UNITED KINGDOM	71,346,866.00	GBP	100.00 ANTALIS HOLDINGS LIMITED	100.000	100.000
ANTALIS NV/SA	BELGIUM	7,437,128.00	EUR	100.00 ANTALIS INTERNATIONAL HOLDINGS BV ARJO WIGGINS BELGIUM S.A.	99.995 0.002	99.995 0.002
ANTALIS OFFICE SUPPLIES, S.L.	SPAIN	11,129,914.16	EUR	100.00 ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS OVERSEAS HOLDINGS LIMITED	UNITED KINGDOM	7,948,114.00	GBP	100.00 ANTALIS GROUP	100.000	100.000
ANTALIS OY	FINLAND	1,918,600.00	FIM	100.00 ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
ANTALIS PERU SA	PERU	5,590,261.61	SOL	100.00 INVERSIONES EXTERIOR SA INVERSIONES LOS PELLINES DOS SA	74.000 26.000	74.000 26.000
ANTALIS POLAND SPOLKA Z.O.O.	POLAND	2,011,600.00	PLN	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS PROMOTIONAL PRODUCTS BV	NETHERLANDS	2,000,000.00	NLG	100.00 MÜHLEBACH B.V.	100.000	100.000
ANTALIS PROMOTIONAL PRODUCTS GMBH	GERMANY	12,525,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS PROMOTIONAL PRODUCTS (HONG-KONG)	HONG KONG (CHINA)	100,000.00	HKD	100.00 ANTALIS INTERNATIONAL SAS ANTALIS (HONG KONG) LIMITED	99.000 1.000	99.000 1.000
ANTALIS PROMOTIONAL PRODUCTS S.L. SU	SPAIN	26,913,010.00	EUR	100.00 ANTALIS IBERIA SA MÜHLEBACH B.V.	81.410 18.590	81.410 18.590
ANTALIS PROMOTIONAL PRODUCTS SNC	FRANCE	305.00	EUR	100.00 ANTALIS INTERNATIONAL HOLDINGS BV ANTALIS PURCHASING SASU	95.000 5.000	95.000 5.000
ANTALIS (PROPRIETARY) LIMITED	SOUTH AFRICA	1,000.00	ZAR	100.00 ANTALIS SA HOLDINGS LIMITED	100.000	100.000
ANTALIS PURCHASING SASU	FRANCE	40,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS SA	ROMENIA	2,400,000,000.00	ROL	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS SA HOLDINGS LIMITED	UNITED KINGDOM	1,000.00	GBP	100.00 ANTALIS GROUP	100.000	100.000
ANTALIS SNC	FRANCE	22,479,066.00	EUR	100.00 ANTALIS INTERNATIONAL SAS ANTALIS PURCHASING SASU	100.000 0.000	100.000 0.000
ANTALIS SPA	ITALY	45,677,664.00	EUR	99.00 ANTALIS INTERNATIONAL SAS ANTALIS EUROPE HOLDINGS	98.995 0.000	98.995 0.000
ANTALIS S.R.O.	CZECH REPUBLIC	62,200,000.00	CZK	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS (SWITZERLAND) AG	SWITZERLAND	10,000,000.00	CHF	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS (THAILAND) LIMITED	THAILAND	30,000,000.00	THB	84.00 ANTALIS OVERSEAS HOLDINGS LIMITED SHRIRO PACIFIC PAPER (SINGAPORE) PTE LTD	80.000 9.999	80.000 9.999
ANTHALO SRL	ITALY	30,000.00	EUR	50.00 CENTRO DISTRIBUZIONE ARTICOLI DA REGALO SRL	50.000	50.000
APPLETON COATED LLC	USA	100.00	USD	100.00 APPLETON COATED PAPER HOLDINGS INC.	100.000	100.000
APPLETON COATED PAPERS HOLDINGS INC.	USA	1,445.00	USD	100.00 ARJO WIGGINS FINE PAPERS HOLDINGS LIMITED	100.000	100.000
APPLETON LEASING L.L.C.	USA	1,000.00	USD	100.00 APPLETON COATED LLC.	100.000	100.000
ARJOWIGGINS CANSON SAS	FRANCE	5,356,213.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
ARJOWIGGINS CHARTHAM LIMITED	UNITED KINGDOM	6,000,000.00	GBP	100.00 THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJOWIGGINS LE BOURRAY SAS	FRANCE	1,351,577.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
ARJOWIGGINS PAPIERS COUCHES SAS	FRANCE	87,916,250.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
ARJOWIGGINS RIVES SAS	FRANCE	30,000,000.00	EUR	100.00 ARJOWIGGINS CANSON SAS	100.000	100.000
ARJOWIGGINS SAS	FRANCE	165,920,000.00	EUR	100.00 WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through WORMS & Cie S.A.
(52.96%-owned subsidiary of IFIL Group)

Name	Country	Capital Stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% interest held	% of voting rights
ARJOWIGGINS SECURITY SAS	FRANCE	70,000,000.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS APPLETON INSURANCE LIMITED	GUERNSEY	2,000,000.00	GBP	100.00 THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
				ARJO WIGGINS UK HOLDINGS LIMITED	0.000	0.000
ARJO WIGGINS AUSTRALIA PTY LIMITED	AUSTRALIA	200,000.00	AUD	99.99 ARJO WIGGINS BELGIUM S.A.	100.000	100.000
ARJO WIGGINS AUSTRALIA PTY LIMITED	AUSTRALIA	400,000.00	AUD	100.00 CANSON INTERNATIONAL SAS	91.500	91.500
				ARJOWIGGINS SAS	8.500	8.500
ARJO WIGGINS BELGIUM HOLDINGS S.A.	BELGIUM	193,852,736.37	EUR	100.00 ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	99.998	99.998
				ARJO WIGGINS LIMITED	0.002	0.002
ARJO WIGGINS BELGIUM S.A.	UNITED KINGDOM	32,500,000.00	EUR	99.99 ARJO WIGGINS BELGIUM HOLDINGS S.A.	99.990	99.990
				ARJO WIGGINS LIMITED	0.000	0.000
ARJO WIGGINS CANSON KK	JAPAN	20,000,000.00	JPY	100.00 CANSON INTERNATIONAL SAS	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS CHINA LIMITED	UNITED KINGDOM	2.00	GBP	100.00 ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	UNITED KINGDOM	170,735,640.00	GBP	100.00 ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS INTERNATIONAL LTD	UNITED KINGDOM	75,000.00	GBP	100.00 ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS LIMITED	UNITED KINGDOM	2.00	GBP	100.00 ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000
ARJO WIGGINS CASTING PAPERS LIMITED	UNITED KINGDOM	2.00	GBP	100.00 THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJO WIGGINS CHINA HOLDINGS LIMITED	UNITED KINGDOM	100.00	GBP	100.00 LODI 12 SAS	100.000	100.000
ARJO WIGGINS DEUTSCHLAND GMBH	GERMANY	12,271,005.15	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS ERMSTAL GMBH & CO. KG	GERMANY	54,836,054.26	EUR	100.00 ARJO WIGGINS GERMANY HOLDINGS LIMITED	48.951	48.951
				ARJOWIGGINS SAS	51.049	51.049
ARJO WIGGINS ERMSTAL VERWALTUNGS GMBH	GERMANY	25,564.59	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS ESPANA S.A.	SPAIN	60,200.00	EUR	99.96 ARJO WIGGINS BELGIUM S.A.	99.970	99.970
				WIGGINS TEAPE LIMITED	0.030	0.030
ARJO WIGGINS FEINPAPIER GMBH	GERMANY	2,556,459.41	EUR	99.99 ARJO WIGGINS BELGIUM SA	100.000	100.000
ARJO WIGGINS FINE PAPERS EXPORT LIMITED	UNITED KINGDOM	25,000.00	GBP	100.00 THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJO WIGGINS FINE PAPERS HOLDINGS LIMITED	UNITED KINGDOM	10,253,565.00	GBP	100.00 ARJO WIGGINS UK HOLDINGS LIMITED	100.000	100.000
ARJO WIGGINS FINE PAPERS LIMITED	UNITED KINGDOM	25,010,000.00	GBP	100.00 THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJO WIGGINS FINE PAPERS PTY LTD	AUSTRALIA	2.00	AUD	100.00 ARJO WIGGINS FINE PAPERS HOLDINGS LTD	100.000	100.000
ARJO WIGGINS GERMANY HOLDINGS LIMITED	UNITED KINGDOM	25,000,000.00	GBP	100.00 THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJO WIGGINS ITALIA HOLDINGS S.R.L.	ITALY	2,275,000.00	EUR	100.00 ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000
				ARJO WIGGINS LIMITED	0.000	0.000
ARJO WIGGINS LIMITED	UNITED KINGDOM	92,280,100.00	GBP	100.00 IDEM LIMITED	100.000	100.000
ARJO WIGGINS LIMITADA	BRAZIL	25,205,145.00	BRL	100.00 ARJO WIGGINS PARTICIPACOES LTDA	98.698	98.698
				CANSON INTERNATIONAL SAS	1.302	1.302
ARJO WIGGINS LYNX LTD	UNITED KINGDOM	3,000,000.00	GBP	100.00 ARJOWIGGINS CANSON SAS	32.800	32.800
				ARJO WIGGINS FINE PAPERS LIMITED	29.800	29.800
				ARJOWIGGINS PAPIERS COUCHES SAS	28.200	28.200
				GUARRO CASAS S.A.	9.200	9.200
				ARJOWIGGINS SAS	0.000	0.000
ARJO WIGGINS MEDICAL, INC	USA	1.00	USD	100.00 ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000
ARJO WIGGINS NC, LLC	USA	1.00	USD	100.00 MURO, INC.	100.000	100.000
ARJO WIGGINS PARTICIPACOES LTDA	BRAZIL	49,705,800.00	BRL	100.00 ARJOWIGGINS SECURITY SAS	100.000	100.000
ARJO WIGGINS S.P. ITALIA S.r.l.	ITALY	46,482.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS SARL	SWITZERLAND	200,000.00	CHF	100.00 ARJOWIGGINS PAPIERS COUCHES SAS	99.500	99.500
				ARJOWIGGINS SAS	0.500	0.500
ARJO WIGGINS SPECIALTY HOLDINGS INC.	USA	5,000.00	USD	100.00 APPLETON COATED PAPERS HOLDINGS INC.	100.000	100.000
ARJO WIGGINS SVENSKA AB	SWEDEN	100,000.00	SEK	99.99 ARJO WIGGINS BELGIUM S.A.	100.000	100.000
ARJO WIGGINS UK HOLDINGS LIMITED	UNITED KINGDOM	206,000,000.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS USA, INC	USA	1.00	USD	100.00 ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000
ARJOBEX AMERICA	USA	21,000,000.00	USD	100.00 MU,RO, INC.	51.000	51.000
				ARJO WIGGINS NC, LLC.	49.000	49.000
ARJOBEX LIMITED	UNITED KINGDOM	2,000,100.00	GBP	100.00 THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJOBEX SAS	FRANCE	1,029,280.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
AS ANTALIS	ESTHONIA	5,700,000.00	EEK	100.00 ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
AWA QINGDAO PAPER LIMITED	PEOPLE'S REP. OF CHINA	6,350,000.00	USD	63.15 ARJO WIGGINS CARBONLESS PAPERS CHINA LIMITED	63.150	63.150
BRANGS AND HEINRICH AG	SWITZERLAND	300,000.00	CHF	100.00 PAPIER-PART GMBH	98.000	98.000
BRANGS AND HEINRICH GMBH	GERMANY	1,600,000.00	EUR	100.00 ANTALIS GMBH	100.000	100.000
BRANGS AND HEINRICH GES.M.B.H.	AUSTRIA	510,000.00	EUR	92.50 PAPIER-PART GMBH	92.500	92.500
BRANOPACK S.R.L.	ITALY	100,000.00	EUR	100.00 PAPIER-PART GMBH	100.000	100.000
BRANOPACK SARL	FRANCE	100,000.00	EUR	100.00 PAPIER-PART GMBH	100.000	100.000
BRANOPACK LIMITED	UNITED KINGDOM	175,000.00	GBP	100.00 PAPIER-PART GMBH	100.000	100.000
B.T.I.	FRANCE	30.00	EUR	90.00 ARJOWIGGINS CANSON SAS	90.000	90.000
BERNARD DUMAS SAS	FRANCE	686,070.00	EUR	99.93 GUARRO CASAS S.A.	100.000	100.000
CANSON & MONTGOLFIER (DEUTSCHLAND) GMBH	GERMANY	512,000.00	EUR	100.00 CANSON INTERNATIONAL SAS	100.000	100.000
CANSON INTERNATIONAL SAS	FRANCE	76,250.00	EUR	100.00 ARJOWIGGINS CANSON SAS	100.000	100.000
CANSON ITALIA S.P.A.	ITALY	312,000.00	EUR	100.00 CANSON INTERNATIONAL SAS	95.000	95.000
				ARJOWIGGINS CANSON SAS	5.000	5.000
CANSON POLSKA SP.Z.O.O.	POLAND	63,300.00	PLN	100.00 CANSON INTERNATIONAL SAS	100.000	100.000
CANSON, INC.	USA	1,560.00	USD	100.00 APPLETON COATED PAPERS HOLDINGS INC.	100.000	100.000
CARBONLESS PAPERS LIMITED	UNITED KINGDOM	2.00	GBP	100.00 ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through WORMS & Cie S.A.
(52.96%-owned subsidiary of IFIL Group)

Name	Country	Capital Stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% interest held	% of voting rights
CENTRO DISTRIBUZIONE ARTICOLI DA REGALO SRL (EXPO EUROPA)	ITALY	1,000,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
CLASS PAPIER B.V.	NETHERLANDS	40,000.00	NLG	100.00 ARJOWIGGINS PAPIERS COUCHES SAS	100.000	100.000
COMERCIAL MANANTIALES LIMITADA	CHILE	5,608,000,000.00	CLP	100.00 INVERSIONES GMS SA GMS PRODUCTOS GRAFICOS LIMITADA	99.999 0.001	99.999 0.001
COPIGRAPH GMBH (in liquidation)	GERMANY	511,803.00	EUR	100.00 COPIGRAPH S.A.	97.692	97.692
COPIGRAPH S.A.	FRANCE	6,300,000.00	EUR	100.00 GUERIMAND SAS	99.999	99.999
COPIGRAPH S.A.	FRANCE	6,300,000.00	EUR	100.00 GUERIMAND SAS	99.999	99.999
CREA PAPIER GMBH	GERMANY	26,000.00	EUR	100.00 ARJOWIGGINS PAPIERS COUCHES SAS	100.000	100.000
DISTRIBUIDORA OFIMARKET SA	CHILE	1,216,260,179.00	CLP	100.00 INVERSIONES GMS SA COMERCIAL MANANTIALES LIMITADA	99.993 0.007	99.993 0.007
ESPECIALIDADES DEL PAPEL DE COLOMBIA LTDA (ESPACOL LTDA)	COLOMBIA	608,003,000.00	COP	99.93 TORDERA S.A.	100.000	100.000
EUROPEAN PRINTED PRODUCTS S.A.S. (E2P)	FRANCE	6,100,000.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
FAIRPRINT BV	NETHERLANDS	40,000.00	NLG	100.00 ANTALIS PROMOTIONAL PRODUCTS BV	100.000	100.000
FIRMO - PAPEIS E PAPELARIA, S.A.	PORTUGAL	4,990,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
FIRST PAPER HOUSE BOTSWANA (PTY) LIMITED	BOTSWANA	80,000.00	BWP	100.00 ANTALIS SA HOLDINGS LIMITED	99.999	99.999
FRESER S.L.	SPAIN	3,006.00	EUR	99.93 GUARRO CASAS S.A.	100.000	100.000
FYNE PAPERS LIMITED	UNITED KINGDOM	5,000,000.00	GBP	100.00 ANTALIS LIMITED	100.000	100.000
GEP S.P.A.	ITALY	1,571,152.00	EUR	90.71 W PARTICIPATIONS SAS ARJOWIGGINS SECURITY SAS	30.640 60.070	30.640 60.070
GMS DISTRIBUIDORA GRAFICA SA	CHILE	455,343,028.00	CLP	100.00 INVERSIONES GMS SA COMERCIAL MANANTIALES LIMITADA	99.000 1.000	99.000 1.000
GMS PRODUCTOS GRAFICOS LIMITADA	CHILE	4,230,894,946.00	CLP	100.00 COMERCIAL MANANTIALES LIMITADA INVERSIONES GMS SA	86.000 14.000	86.000 14.000
GUARRO CASAS FRANCE SARL	FRANCE	8,000.00	EUR	99.93 GUARRO CASAS S.A.	100.000	100.000
GUARRO CASAS S.A.	FRANCE	8,000.00	EUR	99.93 GUARRO CASAS S.A. ARJOWIGGINS CANSON SAS	97.958 1.972	97.958 1.972
GUERIMAND SAS	FRANCE	11,900,000.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
HARDWARE SOFTWARE ENGINEERING SRL	ITALY	20,000,000.00	EUR	100.00 ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
I-PAPERS LIMITED	UNITED KINGDOM	5,000.00	GBP	100.00 ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000
IDEM LIMITED	UNITED KINGDOM	92,250,002.00	GBP	100.00 ARJO WIGGINS BELGIUM HOLDINGS S.A. ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	81.301 18.699	81.301 18.699
INTERPAPEL S.A.	MEXICO	50,000.00	MXP	99.93 TORDERA S.A.	100.000	100.000
INVERSIONES ANTALIS HOLDINGS LIMITADA	CHILE	13,986,735,100.00	CLP	100.00 ANTALIS OVERSEAS HOLDINGS LIMITED ANTALIS INTERNATIONAL SAS ANTALIS INTERNATIONAL HOLDINGS BV	17.230 45.380 37.390	17.230 45.380 37.390
INVERSIONES ANTALIS LIMITADA	CHILE	30,515,570,540.00	CLP	100.00 INVERSIONES ANTALIS HOLDINGS LIMITADA ANTALIS INTERNATIONAL HOLDINGS BV	99.990 0.010	99.990 0.010
INVERSIONES EXTERIOR SA	CHILE	3,094,646,599.00	CLP	100.00 INVERSIONES ANTALIS LIMITADA INVERSIONES ANTALIS HOLDINGS LIMITADA	99.990 0.010	99.990 0.010
INVERSIONES GMS SA	CHILE	10,202,346,068.00	CLP	100.00 INVERSIONES ANTALIS LIMITADA INVERSIONES ANTALIS HOLDINGS LIMITADA	99.990 0.010	99.990 0.010
INVERSIONES LOS PELLINES DOS SA	CHILE	1,088,894,160.00	CLP	100.00 INVERSIONES ANTALIS LIMITADA INVERSIONES ANTALIS HOLDINGS LIMITADA	99.990 0.010	99.990 0.010
ISOPAC PACKMITTEL GMBH	GERMANY	52,000.00	EUR	100.00 ANTALIS GMBH	100.000	100.000
ISSY 5 EURL	FRANCE	8,000.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
JAMICE SAS	FRANCE	38,125.00	EUR	100.00 ARJOWIGGINS CANSON SAS	100.000	100.000
LODI 12 SAS	FRANCE	38,112.00	EUR	100.00 CANSON INTERNATIONAL SAS	100.000	100.000
LODI 11 SAS	FRANCE	40,000.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
MU.RO. INC.	USA	5,000.00	USD	100.00 ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000
MUHLEBACH B.V.	NETHERLANDS	45,378.02	EUR	100.00 ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
NEWTON FALLS LLC	USA	1.00	USD	100.00 APPLETON COATED LLC	100.000	100.000
PAPER PEOPLE LIMITED	UNITED KINGDOM	5,000,000.00	GBP	100.00 ANTALIS LIMITED	100.000	100.000
PAPIER-PART GMBH	SWITZERLAND	400,000.00	CHF	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
PERFORMANCE PAPERS LIMITED	UNITED KINGDOM	550,000.00	GBP	100.00 THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
PRIPLAK SAS	FRANCE	323,554.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
PROTALIS LIMITED	UNITED KINGDOM	4,100.00	GBP	100.00 ANTALIS GROUP HOLDINGS LIMITED	100.000	100.000
QINGDAO ARJO WIGGINS PAPER CO., LTD.	PEOPLE'S REP. OF CHINA	1,176,000.00	USD	100.00 LODI 12 SAS ARJO WIGGINS CHINA HOLDINGS LIMITED	40.000 60.000	40.000 60.000
QUAIFE PAPER LIMITED	UNITED KINGDOM	2,026,000.00	GBP	100.00 ANTALIS LIMITED	100.000	100.000
SARNIA (PTY) LIMITED	BOTSWANA	1,345,625.00	BWP	100.00 FIRST PAPER HOUSE BOTSWANA (PTY) LIMITED	92.569	100.000
SIMGE ANTALIS KAGIT SANAYI VE TICARET AS	TURKEY	15,350,375,000.00	TLR	80.00 ANTALIS INTERNATIONAL HOLDINGS BV	80.000	80.000
SITTER S.N.C.	FRANCE	160,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS ANTALIS SNC	99.700 0.300	99.700 0.300
SOCIEDAD COMERCIALIZADORA DE PAPELES ESPACHILE LTDA	CHILE	16,995,300.00	CLP	99.92 TORDERA S.A.	100.000	100.000
SOCIETE CIVILE IMMOBILIERE DU MARAIS	FRANCE	152.45	EUR	100.00 ARJOWIGGINS SAS ARJOWIGGINS LE BOURRAY SAS	95.000 5.000	95.000 5.000
THE WIGGINS TEAPE GROUP LIMITED	UNITED KINGDOM	282,500,000.00	GBP	100.00 ARJO WIGGINS UK HOLDINGS LIMITED	100.000	100.000
TORDERA S.A.	PANAMA	97,000.00	USD	99.93 GUARRO CASAS S.A.	100.000	100.000

(*) VOTING SUSPENDED

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through WORMS & Cie S.A.
(52.96%-owned subsidiary of IFIL Group)

Name	Country	Capital Stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% interest held	% of voting rights
VEILIGHEIDSPAPIERFABRIEK UGCHELEN	NETHERLANDS	6,806,703.24	EUR	100.00 ARJOWIGGINS SECURITY SAS	100.000	100.000
WIGGINS TEAPE LIMITED	UNITED KINGDOM	21,300,000.00	GBP	100.00 ANTALIS LIMITED	100.000	100.000
WILLOW PAPER COMPANY LIMITED	UNITED KINGDOM	16,000.00	GBP	100.00 ANTALIS LIMITED	100.000	100.000
WITCEL S.A.	ARGENTINA	1,901,200.00	USD	100.00 ARJOWIGGINS SECURITY SAS	100.000	100.000
Financing services						
FINANCIERE WORMS & CIE S.A.	SWITZERLAND	10,000,000.00	CHF	100.00 PERMAL GROUP SCA	100.000	100.000
HAUSSMANN HOLDINGS SA	LUXEMBOURG	100,000.00	USD	40.00 W & P FUND SERVICES LTD IFABANQUE SA	40.000 7.000	40.000 7.000
H.H. REPURCHASE & TRADING COMPANY NV	DUTCH ANTILLES	30,000.00	USD	40.00 W & P FUND SERVICES LTD	40.000	40.000
PERMAL ASSET MANAGEMENT INC	USA	10.00	USD	100.00 WORMS & CO INC.	100.000	100.000
PERMAL CAPITAL HOLDINGS INC	USA	100.00	USD	100.00 PERMAL GROUP SCA	100.000	100.000
PERMAL CAPITAL MANAGEMENT LLC	USA	3,424,498.00	USD	100.00 PERMAL CAPITAL HOLDINGS INC	99.000	99.000
PERMAL FRANCE SAS	FRANCE	40,000.00	EUR	100.00 PERMAL GROUP SCA	100.000	100.000
PERMAL GROUP LIMITED	UNITED KINGDOM	1.00	GBP	100.00 PERMAL GROUP SCA	100.000	100.000
PERMAL GROUP SCA	FRANCE	286,219,820.00	EUR	100.00 WORMS & CIE S.A. A DIRECTOIRE ET CS W MANAGEMENT SAS	100.000 0.000	100.000 0.000
PERMAL INVESTMENT MANAGEMENT SERVICES LIMITED	UNITED KINGDOM	7,000,000.00	GBP	100.00 WORMS & CO LTD	80.000	80.000
PERMAL ISLAND OF MAN	ISLE OF MAN	1.00	GBP	100.00 PERMAL INVESTMENT MANAGEMENT SERVICES LIMITED	100.000	100.000
THE ST JAMES BANK & TRUST COMPANY LIMITED	BAHAMAS	20,000,000.00	USD	100.00 FINANCIERE WORMS & CIE SA	100.000	100.000
VELOCITY SPV LLC	USA	400,000.00	USD	100.00 WORMS & CO INC	100.000	100.000
W & P FUND SERVICES LIMITED	BAHAMAS	500,000.00	USD	100.00 THE ST JAMES BANK & TRUST COMPANY LIMITED	100.000	100.000
WORMS & CO INC	USA	535,081.00	USD	100.00 PERMAL GROUP SCA	100.000	100.000
WORMS & CO LIMITED	UNITED KINGDOM	6,750,000.00	GBP	100.00 PERMAL GROUP SCA	100.000	100.000
Miscellaneous and Holding companies						
ANTONIN RODET SAS	FRANCE	11,100,000.00	EUR	100.00 W PARTICIPATIONS SAS	100.000	100.000
ARJO WIGGINS APPLETON (BERMUDA) LIMITED	BERMUDAS	61,020.00	USD	100.00 ARJO WIGGINS (BERMUDA) HOLDINGS LIMITED	89.910	89.910
ARJO WIGGINS APPLETON GROUP SERVICES SAS	FRANCE	500,000.00	EUR	100.00 WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
ARJO WIGGINS APPLETON HOLDINGS	UNITED KINGDOM	1,000.00	GBP	100.00 ARJO WIGGINS APPLETON LIMITED AWA FINANCE	99.999 0.001	99.999 0.001
ARJO WIGGINS APPLETON LIMITED	UNITED KINGDOM	213,937,989.25	GBP	100.00 WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
ARJO WIGGINS (BERMUDA) HOLDINGS LIMITED	BERMUDAS	15,000.00	USD	100.00 ARJO WIGGINS APPLETON LIMITED	20.000	100.000
ARJO WIGGINS EUROPE HOLDINGS	UNITED KINGDOM	1,000.00	GBP	100.00 ARJO WIGGINS APPLETON LIMITED ARJO WIGGINS APPLETON HOLDINGS	99.999 0.001	99.999 0.001
ARJO WIGGINS NORTH AMERICA INVESTMENTS	UNITED KINGDOM	1,000.00	GBP	100.00 ARJO WIGGINS APPLETON LIMITED AWA FINANCE	99.999 0.001	99.999 0.001
ARJO WIGGINS US HOLDINGS	UNITED KINGDOM	36,187,415.00	GBP	100.00 ARJO WIGGINS APPLETON LIMITED AWA FINANCE	100.000 0.000	100.000 0.000
AP CROISSANCE SAS	FRANCE	40,000.00	EUR	100.00 WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
AP GESTION ET FINANCEMENT SAS	FRANCE	40,000.00	EUR	100.00 WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
AWA FINANCE	UNITED KINGDOM	1,000.00	GBP	100.00 ARJO WIGGINS APPLETON LIMITED ARJO WIGGINS APPLETON HOLDINGS	99.999 0.001	99.999 0.001
SOCIETE FERMIERE ET DE PARTICIPATIONS S.A. (in liquidation)	FRANCE	2,287,500.00	EUR	100.00 W PARTICIPATIONS SAS	99.986	99.986
SOCIETE MOBILIERE DE PLACEMENTS SAS	FRANCE	915,000.00	EUR	100.00 W MANAGEMENT SAS	100.000	100.000
WORMS UK LIMITED	UNITED KINGDOM	120,714.00	GBP	100.00 WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
W MANAGEMENT SAS	FRANCE	76,916,655.00	EUR	100.00 WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
W PARTICIPATIONS SAS	FRANCE	42,323,123.70	EUR	100.00 WORMS & CIE S.A. A DIRECTOIRE ET CS SOCIETE MOBILIERE DE PLACEMENTS SAS	92.786 7.214	92.786 7.214
W SYSTEMES ET INFORMATION	FRANCE	N.D.	EUR	100.00 ANTALIS INTERNATIONAL SAS ARJOWIGGINS SAS PERMAL France SAS WORMS & CIE S.A. A DIRECTOIRE ET CS	40.000 37.000 8.000 15.000	40.000 38.000 8.000 15.000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through WORMS & Cie S.A.
(52.96%-owned subsidiary of IFIL Group)

Name	Country	Capital Stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% interest held	% of voting rights
Companies valued by the equity method						
Paper						
DIMAGRAF SA	ARGENTINA	125,000.00	ARS	30.00 INVERSIONES EXTERIOR SA INVERSIONES LOS PELLINES DOS SA	22.200 7.800	22.200 7.800
ESPECIALIDADES PAPELERAS ESPAVE C.A.	VENEZUELA	6,000,000.00	VEB	33.48 TORDERA S.A.	33.500	33.500
MWT PAPER PROCESSING LIMITED	MAURITIUS	20,000,000.00	MUR	50.00 ANTALIS SA HOLDINGS LIMITED	50.000	50.000
QUIMIGRAF SA	ARGENTINA	100,000.00	ARS	30.00 INVERSIONES EXTERIOR SA INVERSIONES LOS PELLINES DOS SA	22.200 7.800	22.200 7.800
SHIRO PACIFIC PAPER (SINGAPORE) PTE LTD	SINGAPORE	10,000,000.00	SGD	40.00 ANTALIS OVERSEAS HOLDINGS LIMITED	40.000	40.000
SHIRO PAPER (MALAYSIA) SDN. BHD.	MALAYSIA	4,700,000.00	MYR	40.00 ANTALIS OVERSEAS HOLDINGS LIMITED	40.000	40.000
Financial services						
IFABANQUE S.A.	FRANCE	15,785,200.00	EUR	25.00 PERMAL GROUP SCA	25.002	25.002
TWO COAST, LLC	USA	800,000.00	USD	50.00 VELOCITY SPV LLC	50.000	50.000
Miscellaneous and Holding companies						
PECHEL INDUSTRIES SAS	FRANCE	36,915,000.00	EUR	39.03 W PARTICIPATIONS SAS	39.032	39.032
SGS S.A. / SGS LTD	SWITZERLAND	156,443,320.00	CHF	24.33 WORMS & CIE S.A. A DIRECTOIRE ET CS	23.773	24.326
Companies valued at cost						
Paper						
ANTALIS (MALAYSIA) SDN BHD	MALAYSIA	2,500,000.00	MYR	- ANTALIS OVERSEAS HOLDINGS LIMITED	100.000	100.000
ARJOWIGGINS IVYBRIDGE LIMITED	UNITED KINGDOM	1	GBP	- THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJO WIGGINS ARGENTINA S.A.	ARGENTINA	12,000.00	ARS	- ARJO WIGGINS FINE PAPERS HOLDINGS LTD	99.992	99.992
ARJO WIGGINS CHINA LIMITED	PEOPLE'S REP. OF CHINA	1,000.00	HKD	- ANTALIS (HONG KONG) LIMITED	90.000	90.000
ARJO WIGGINS ERMSTAL VERWALTUNGS GMBH	GERMANY	25,564.59	EUR	- ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS PAPER PRODUCTS (BEIJING) CO. LTD.	PEOPLE'S REP. OF CHINA	300,000.00	USD	- ARJO WIGGINS CHINA LIMITED	100.000	100.000
ARJO WIGGINS PAPER PRODUCTS (SHANGHAI) CO.LTD.	PEOPLE'S REP. OF CHINA	470,000.00	USD	- ARJO WIGGINS CHINA LIMITED	100.000	100.000
PAPELCO SAI CIF	ARGENTINA	N.D.	USD	- WITCEL S.A.	99.776	99.776
Miscellaneous and Holding companies						
AP FRANKLIN SAS	FRANCE	40,000.00	EUR	- WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
AP PLACEMENTS SAS	FRANCE	40,000.00	EUR	- WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
AP STRATEGIE SAS	FRANCE	40,000.00	EUR	- AP FRANKLIN SAS	100.000	100.000
AP VALORISATION SAS	FRANCE	40,000.00	EUR	- WORMS & CIE S.A. A DIRECTOIRE ET CS	100.000	100.000
CHATEAU DE MERCEY DOMAINE RODET SAS	FRANCE	542,500.00	EUR	- ANTONIN RODET SAS	100.000	100.000
DUCS DE SAVOIE	FRANCE	3,200.00	EUR	- SOCIETE MOBILIERE DE PLACEMENTS SAS	23.810	23.810
DUVERGEY S.A.R.L.	FRANCE	7,622.45	EUR	- ANTONIN RODET SAS	95.000	95.000
SAS	FRANCE	4,575,000.00	EUR	- ANTONIN RODET SAS	35.625	35.625
FRANKLIN INTERNATIONAL SAS	FRANCE	40,000.00	EUR	- W PARTICIPATIONS SAS	100.000	100.000
S.C.I. ELISEE RECLUS PARIS 17E	FRANCE	1,524.00	EUR	- WORMS & CIE S.A. A DIRECTOIRE ET CS	50.000	50.000
SCE DU DOMAINE DE LA BRESSANDE	FRANCE	15,244.90	EUR	- ANTONIN RODET SAS	99.800	99.800
SOCIETE D'EXPLOITATION DU DOMAINE DE L'AIGLE (SCEA)	FRANCE	642,430.00	EUR	- ANTONIN RODET SAS CHATEAU DE MERCEY DOMAINE RODET SAS	99.998 0.002	99.998 0.002
WIGGINS TEAPE PENSIONS LIMITED	UNITED KINGDOM	3.00	GBP	- ARJO WIGGINS APPLETON LIMITED	100.000	100.000
Other companies pursuant to Consob resolution No. 11971 (art. 126. of the Regulations)						
Paper						
EXPRESSO PAPER PLATFORM BV	NETHERLANDS	3,346,410.20	EUR	- ANTALIS INTERNATIONAL HOLDINGS BV	12.895	12.895
Miscellaneous and Holding companies						
JUSTRADEIT S.A. (in liquidation)	FRANCE	192,593.00	EUR	- W PARTICIPATIONS SAS	13.890	13.890

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through Alpitour S.p.A. (100%-owned subsidiary of IFIL Group)

Name	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Companies consolidated on a line-by-line basis							
Hotel management							
ALPITOUR ESPANA S.L. UNIPERSONAL	SPAIN	22,751,000.00	EUR	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoal, LDA	100.000	100.000
ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoal, LDA	PORTUGAL	2,494,000.00	EUR	100.000	ALPITOUR S.p.A.	100.000	100.000
ALTAMAREA INTERNATIONAL S.p.A.	ITALY	120,000.00	EUR	100.000	ALPITOUR S.p.A.	100.000	100.000
ALTAMAREA V & H COMPAGNIA ALBERGHIERA S.p.A.	ITALY	140,385.00	EUR	60.003	ALPITOUR S.p.A.	60.003	60.003
BLUE MARIN TUNISIE S.A.	TUNISIA	3,000,000.00	TND	99.998	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoal, LDA	99.998	99.998
BLUEMARIN HOTEL S.A. DE C.V.	MEXICO	65,956,258.00	MXP	99.998	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.998	99.998
BLUEMARIN SERVICES S.A. DE C.V.	MEXICO	50,000.00	MXP	99.998	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.998	99.998
BLUMARIN DE IMPORTAÇÃO, SOCIEDAD UNIPessoal, S.A.	CAPE VERDE	5,000,000	CVE	100.000	BLUMARIN HOTELS, SOCIEDADE UNIPessoal, S.A.	100.000	100.000
BLUMARIN HOTELS, SOCIEDADE UNIPessoal, S.A.	CAPE VERDE	2,500,000	CVE	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoal, LDA	100.000	100.000
BLUMARIN HOTELS SARDEGNA S.r.l.	ITALY	52,000.00	EUR	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	100.000	100.000
BLUMARIN HOTELS SICILIA S.p.A.	ITALY	38,000,000.00	EUR	90.000	ALPITOUR S.p.A.	90.000	90.000
D.I. RESORTS PRIVATE LTD	MALDIVES	100,000	MVR	100.000	ALPITOUR S.p.A.	99.000	99.000
					HORIZON HOLIDAYS S.A. UNIPERSONAL	1.000	1.000
EL-MASRIEN FOR HOTELS AND SHIPPING CONSTRUCTION	EGYPT	4,000,000	EGP	59.625	ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	99.375	99.375
ELSHAH FOR FLOATING HOTELS	EGYPT	6,000,000	EGP	59.802	ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	99.670	99.670
HARROW TRADING E INVESTIMENTOS SOCIEDADE UNIPessoal LDA	PORTUGAL	5,000	EUR	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoal, LDA	100.000	100.000
HORIZON HOLIDAYS S.A. UNIPERSONAL	SPAIN	20,133,500.00	EUR	100.000	ALPITOUR ESPANA S.L. UNIPERSONAL	100.000	100.000
INVERSIONES LOS UVEROS S.A. DE C.V.	DOMINICAN REP.	200,000	DOP	99.700	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.700	99.700
ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	EGYPT	4,536,000	EGP	60.000	BLUMARIN HOTELS SARDEGNA S.r.l.	60.000	60.000
KELIBIA BEACH S.A.	TUNISIA	6,000,000	TND	99.990	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.990	99.990
KIWENGWA LIMITED	TANZANIA	745,559,000	TZS	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	98.964	98.964
					ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoal, LDA	1.036	1.036
KIWENGWA STRAND HOTEL LTD.	TANZANIA	1,480,000,000	TZS	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.000	99.000
					ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoal, LDA	1.000	1.000
MEDITERRANEAN TOURIST COMPANY S.A.	GREECE	3,603,900.00	EUR	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	100.000	100.000
ORIENT SHIPPING FOR FLOATING HOTELS	EGYPT	1,450,000	EGP	58.966	ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	98.276	98.276
RENTHOTEL MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	98.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	98.000	98.000
RENTHOTEL TRAVEL SERVICE S.A. UNIPERSONAL	SPAIN	1,562,860	EUR	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	100.000	100.000
RENTHOTEL TUNISIE S.A.	TUNISIA	200,000	TND	99.970	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.970	99.970
RIVIERA AZUL S.A. DE C.V.	MEXICO	50,000	MXP	96.000	HARROW TRADING E INVESTIMENTOS SOCIEDADE UNIPessoal LDA	96.000	96.000
S.T. RESORTS PRIVATE LTD.	MALDIVES	100,000	MVR	50.000	ALPITOUR S.p.A.	50.000	50.000
STAR RESORT & HOTELS COMPANY PVT LTD.	MALDIVES	1,000,000	MVR	100.000	ALPITOUR S.p.A.	99.000	99.000
					HORIZON HOLIDAYS S.A. UNIPERSONAL	1.000	1.000
Insurance company							
ALPITOUR REINSURANCE COMPANY LIMITED	IRELAND	750,000	EUR	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoal, LDA	100.000	100.000
Distribution (Travel agency)							
WELCOME TRAVEL GROUP S.P.A.	ITALY	6,380,000	EUR	100.000	ALPITOUR S.P.A.	100.000	100.000
BLUE VIAGGI S.A.	SWITZERLAND	100,000	CHF	97.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoal, LDA	97.000	97.000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through Alpitour S.p.A. (100%-owned subsidiary of IFIL Group)

Name	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
Incoming services							
CONSORCIO TURISTICO PANMEX S.A. DE C.V.	MEXICO	50,000	MXP	70.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoAL, LDA	70.000	70.000
JUMBO CANARIAS S.A. UNIPERSONAL	SPAIN	180,300.00	EUR	100.000	JUMBOTURISMO S.A. UNIPERSONAL	100.000	100.000
JUMBO TOURS DOMINICANA S.A.	DOMINICAN REP.	100,000	DOP	99.500	JUMBOTURISMO S.A. UNIPERSONAL	99.300	99.300
					JUMBO CANARIAS S.A. UNIPERSONAL	0.100	0.100
					JUMBO TOURS ESPANA S.L. UNIPERSONAL	0.100	0.100
JUMBO TOURS ESPANA S.L. UNIPERSONAL	SPAIN	904,505.00	EUR	100.000	JUMBOTURISMO S.A. UNIPERSONAL	100.000	100.000
JUMBO TOURS FRANCE S.A.	FRANCE	152,400.00	EUR	64.980	JUMBOTURISMO S.A. UNIPERSONAL	64.980	64.980
JUMBO TOURS ITALIA S.r.l.	ITALY	78,000.00	EUR	100.000	ALPITOUR S.p.A.	50.000	50.000
					JUMBOTURISMO S.A. UNIPERSONAL	50.000	50.000
JUMBO TOURS MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	98.000	JUMBOTURISMO S.A. UNIPERSONAL	98.000	98.000
JUMBO TOURS SICILIA S.r.l.	ITALY	99,999.00	EUR	70.000	JUMBO TOURS ITALIA S.r.l.	70.000	70.000
JUMBO TOURS TUNISIE S.A.	TUNISIA	300,000	TUD	49.983	JUMBOTURISMO S.A. UNIPERSONAL	49.983	49.983
JUMBOTURISMO S.A. UNIPERSONAL	SPAIN	364,927.20	EUR	100.000	ALPITOUR ESPANA S.L. UNIPERSONAL	100.000	100.000
JUMBOTURISMO CABO VERDE, Agencia de Viagens e Turismo, SOCIEDADE UNIPessoAL, S.A.	CAPE VERDE	5,000,000	CVE	100.000	JUMBOTURISMO S.A. UNIPERSONAL	100.000	100.000
PANAfrican TOURS S.A.	MOROCCO	400,000	MAD	99.700	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoAL, LDA	99.700	99.700
PANCARIBE S.A.	DOMINICAN REP.	200,000	DOP	69.900	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoAL, LDA	69.900	69.900
PROMOTORA DE SERVICIOS TURISTICOS DE ESPANA EN MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	98.000	JUMBOTURISMO S.A. UNIPERSONAL	98.000	98.000
Tour Operating							
COMPAGNIA DELLA NATURA S.p.A.	ITALY	155,000.00	EUR	100.000	ALPITOUR S.p.A.	100.000	100.000
FRANCOROSSO INCENTIVE S.r.l.	ITALY	10,400.00	EUR	100.000	ALPITOUR S.p.A.	100.000	100.000
JUMBO GRANDI EVENTI S.r.l.	ITALY	78,000.00	EUR	70.000	JUMBO TOURS ITALIA S.r.l.	70.000	70.000
Airline							
NEOS S.p.A.	ITALY	4,425,800.00	EUR	100.000	ALPITOUR S.p.A.	100.000	100.000
					WELCOME TRAVEL GROUP S.p.A.	0.000	0.000

CONTINUES INVESTMENTS HELD THROUGH IFIL S.p.A. - Investments held through Alpitour S.p.A. (100%-owned subsidiary of IFIL Group)

Name	Country	Capital stock at 12/31/2004	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights
Companies valued by the equity method						
Hotel management						
BLUE DIVING MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	49.000 HORIZON HOLIDAYS S.A. UNIPERSONAL	49.000	49.000
Incoming services						
HOY VIAJAMOS S.A.	SPAIN	732,032.74	EUR	28.629 JUMBOTURISMO S.A. UNIPERSONAL	28.629	28.629
ITALO HISPANA DE INVERSIONES S.L.	SPAIN	3,005.06	EUR	30.000 ALPITOUR S.p.A.	30.000	30.000
JUMBO TOURS CARIBE S.A.	MEXICO	50,000	MXP	50.000 JUMBOTURISMO S.A. UNIPERSONAL	50.000	50.000
PANAFRICAN SERVICE S.A.R.L.	TUNISIA	10,500	TND	50.000 ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	50.000	50.000
PEMBA S.A.	SPAIN	510,809.20	EUR	25.000 JUMBOTURISMO S.A. UNIPERSONAL	25.000	25.000
VIAJES MEDYMAR S.L.	SPAIN	60,101.21	EUR	30.000 ALPITOUR S.p.A.	30.000	30.000
Tour Operating						
VIAGGI DELL'ELEFANTE S.p.A.	ITALY	260,000.00	EUR	35.000 ALPITOUR S.p.A.	35.000	35.000
Companies valued at cost						
Hotel management						
FLASH NILE CRUISES	EGYPT	480,000.00	EGP	- ALPITOUR S.p.A. FRANCOROSSO INCENTIVE S.r.l.	25.000 15.000	25.000 15.000
FLASH TOUR P.L.C.	EGYPT	7,000.000	EGP	- ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	20.000	20.000
Distribution (Travel agency)						
MINERVA VIAGGI S.r.l.	ITALY	156,000.00	EUR	- ALPITOUR S.p.A.	100.000	100.000
AIRPORTS & TRAVEL S.r.l.	ITALY	50,000.00	EUR	- WELCOME TRAVEL GROUP S.p.A.	49.000	49.000
SAUGO VIAGGI S.r.l.	ITALY	20,938.00	EUR	- WELCOME TRAVEL GROUP S.p.A.	95.000	95.000
WIAGGI GALLERIA 57 S.r.l.	ITALY	50,000.00	EUR	- WELCOME TRAVEL GROUP S.p.A.	100.000	100.000
TEAM TRAVEL SERVICE S.r.l.	ITALY	102,000.00	EUR	- WELCOME TRAVEL GROUP S.p.A.	50.000	50.000
TREND S.r.l.	ITALY	47,000.00	EUR	- WELCOME TRAVEL GROUP S.p.A.	100.000	100.000
WELCOME TRAVEL SUD S.R.L.	ITALY	100,000.00	EUR	- WELCOME TRAVEL GROUP S.p.A.	50.000	50.000
WELCOME WE TRAVEL S.R.L.	ITALY	100,000.00	EUR	- WELCOME TRAVEL GROUP S.p.A.	100.000	100.000
Incoming services						
CALOBANDE S.L. UNIPERSONAL	SPAIN	453,755.00	EUR	- JUMBOTURISMO S.A. UNIPERSONAL	100.000	100.000
INFRATOURS DOMINICANA S.A.	DOMINICAN REP.	400,000.00	DOP	- JUMBOTURISMO S.A. UNIPERSONAL	49.500	49.500

