



Press Release

Turin, February 27, 2009 – With regard to the pending dispute between the Italian Financial Administration, which was the subject of a disclosure in the Quarterly Report at September 30, 2008, the Company announces that, on February 26, 2009, the Turin Provincial Tax Commission informed Pininfarina S.p.A. that it had handed down a decision in the abovementioned tax dispute. In its decision, the lower court judge upheld in part the arguments of the Turin Internal Revenue Agency.

The focus of the dispute is the contention that VAT should have been levied on the amounts invoiced in 2002 and 2003 by Industrie Pininfarina S.p.A. (merged into Pininfarina S.p.A. in 2004) to Peugeot Citroen Automobiles, whose tax representative in Italy was Gefco Italia S.p.A. On December 14, 2007, the Turin Internal Revenue Agency served on the Company two notices of assessment for additional VAT owed for 2002 and 2003, amounting to 17.7 million euros and 11.7 million euros, respectively.

The total amount that the Turin Internal Revenue Agency claims is owed by the Company for the two years in question (including taxes and penalties) is about 69.5 million euros.

On February 12, 2008, the Company challenged the notices of assessment in a motion filed with the Turin Provincial Tax Commission. On May 14, 2008, the Company filed explanatory briefs underscoring the injury that could be caused by a provisional recognition of the corresponding liability and asking that all collection activities be held in abeyance. On June 17, 2008, the Turin Provincial Tax Commission granted the abeyance motions and scheduled a merit hearing for September 30, 2008. Upon the merit hearing being held, in view of the complexity of the issues at hand, which warranted a more detailed analysis, the Commission scheduled an additional hearing, which was held on November 11, 2008.

Granting in part the motion filed by Pininfarina S.p.A., the lower court judge, while finding that the transaction in question were subject to VAT, ordered that, "in view of the complexity of the case at bar and the difficulties in interpreting the statute in question," the penalties on the abovementioned disputed VAT be cancelled. As a result, the amount owed by Pininfarina, while the proceedings continue at the next jurisdictional level, was reduced from about 69.5 million euros to about 30 million euros, plus interest.

The Company, comforted by the knowledge that it has acted properly, since the sales transactions involved items that were transferred abroad, is confident that the position taken by the lower court judge will be reversed, once the appeal that it will file shortly is heard, in light of the interpretations and arguments put forth in the decision handed down by the lower court, which, in the opinion of the Company and its counsel, are inaccurate both formally and substantively.

There is also a risk that this issue could negatively and unfairly impact the Company's ability to continue functioning as a going concern because of its impact on the commitments made towards the Lender Banks, with whom Pininfarina signed a rescheduling and recapitalization agreement on December 31, 2008, thereby nullifying the efforts that everyone within the Company is continuing to make, consistent with the recently approved Industrial and Financial Plan.