



Tax dispute: Pininfarina S.p.A. prevails in its appeal before the regional tax commissions

Turin, February 18, 2010 – With regard to the dispute with the Italian Revenue Administration that has been pending for the past two years, the Company announces that, on February 17, 2010, the Turin Regional Tax Commission informed Pininfarina S.p.A. that it had filed its decision in the abovementioned tax dispute. By this decision, the Regional Tax Commission ruled that the VAT assessment by the Turin Revenue Office was unlawful and concurred with the argument that Pininfarina S.p.A. put forth with the support of its counsel Crowe Horwath – Studio Associato Servizi Professionali Integrati - and Centore & Associati.

The focus of the dispute was 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 claimed the Company owed for the two years in question (including taxes and penalties) was about 69.5 million euros.

Granting in part the motion filed by Pininfarina S.p.A., the lower court judge, following a hearing held on November 11, 2008, found that the transactions in question were subject to VAT, but 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 continued at the next jurisdictional level, was reduced from about 69.5 million euros to about 30 million euros, plus interest.

On February 17, 2010, subsequent to a second-level hearing held on November 17, 2009, the Regional Tax Commission filed a decision by which it "rules that the assessment for the failure to charge VAT on the sale of automobiles by Pininfarina S.p.A. to Peugeot Citroen Automobiles is unlawful."

The Company, comforted by the knowledge that it always acted properly, is gratified by the decision of the Regional Tax Commission, which concurs with the arguments consistently put forth by the Board of Directors and provides support for the choices made with regard to the accounting treatment of these developments.

Moreover, the decision by the Regional Tax Commission strengthened in all stakeholders the belief that management has been pursuing the right course of action, as it strives to comply with all of the commitments it has undertaken toward the Lender Institutions and restore the Company's financial health.