FIAT GROUP

Annual Report Consolidated and Statutory Financial Statements

at December 31, 2007

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Stockholders Meeting

Stockholders are invited to attend the Ordinary Stockholders Meeting to be held at the Centro Congressi Lingotto, Via Nizza 280, Turin, at 11 a.m. on March 28, 2008 on the first call and on March 31 on the second call to resolve on the following

Agenda

1. Motion for the approval of the Statutory Financial Statements at December 31, 2007 and motion for the allocation of the net income of the year.
2. Appointment of a Director pursuant to Article 2386 of the Italian Civil Code; related resolutions.
3. Authorisation for the purchase and disposal of own shares; related resolutions.
4. Incentive plan pursuant to Article 114 bis of Legislative Decree 58/98; related resolutions.

Fiat S.p.A.
Registered Office in Turin, Via Nizza 250
Paid-in capital: 6,377,262,975 euros
Entered in the Turin Company Register
Fiscal Code: 00469580013

Contents

This Report has been translated into English from the original version in Italian. In case of doubt the Italian version shall prevail.

Board of Directors and Control Bodies

Board of Directors

Chairman
Luca Cordero di Montezemolo (4)

Vice Chairman
John Elkann (1)(4)

Chief Executive Officer
Sergio Marchionne (4)

Directors
Andrea Agnelli
Roland Berger (3) (4)
Tiberto Brandolini d'Adda
René Carron (*)
Luca Garavoglia (1) (3)
Gian Maria Gros-Pietro (1) (2)
Virgilio Marrone
Vittorio Mincato (2)
Pasquale Pistorio (4)
Carlo Sant'Albano
Ratan Tata
Mario Zibetti (2) (3)

Secretary of the Board
Franzo Grande Stevens

Board of Statutory Auditors

Statutory Auditors
Carlo Pasteris – Chairman
Giuseppe Camosci
Cesare Ferrero

Alternate Auditors
Giorgio Giorgi
Piero Locatelli
Roberto Lonzar

External Auditors

Deloitte & Touche S.p.A.

(*) Co-opted on July 24, 2007 in replacement of Hermann-Josef Lamberti

(1) Member of the Nominating and Corporate Governance Committee

(2) Member of the Internal Control Committee

(3) Member of the Compensation Committee

(4) Member of the Strategic Committee

Letter from the Chairman and the Chief Executive Officer

Dear Shareholders,
The industrial and financial picture of Fiat presented here stands in sharp contrast with the past.
Our Group has changed substantially over the last four years.
Fiat has reshaped its organization, implemented new business strategies, and redefined its relationships with both its partners and the world that surrounds it. Moreover, it accelerated the pace of its activities, which will enable it to become even more competitive and more global.
In short, the company has changed its way of thinking.
After re-establishing its credibility, rebuilding a solid foundation for its activities, and creating a rigorous system of values, Fiat now looks to the future with confidence.

Within this context, 2007 represents a major step in the Group's history.
It marked the completion of the **industrial turnaround** plan that was presented in July 2004.
All sectors achieved the targets set at the time and in many cases even exceeded them.
Based on the results achieved during the first nine months of the year, Fiat had already revised its full-year targets upwards.
Ultimately, Fiat managed to top those new targets as well.
All of these accomplishments reflect the company's positive and determined attitude and a true commitment to keeping its promises.

2007 also marked a turning point for the Group's **industrial debt**.
Just four years ago, Fiat was burdened by almost 10 billion euros in debt; now the Group has shed this burden.
Not only has it extinguished its net industrial debt, it also closed the year with net cash of approximately 350 million euros.
At the same time, the significant industrial cash flow generated during the year allowed Fiat to reinvest major resources in all activities to continue renewing its product line, improving its quality standards, and boosting its profitability.
The results reported in this Annual Report would not have been possible without these investments.
The speed at which the Group managed to achieve its operating turnaround led to the upgrade in its long-term debt rating.
Still, we expect more.
We believe that our company is positioned to return to investment grade status in short order.

At the **organizational** level, our approach has been to harness the strength that comes from being a leading automotive enterprise.
A result of this approach is a cross-disciplinary structure comprising product engineering, manufacturing, purchasing, and marketing. The aim is to ensure the best possible integration between the various Sectors and to leverage all possible synergies at the Group level.
The managerial structure was also reinforced, by implementing leaner, more agile, and more efficient organizations in every sector.

Our engineering and styling efforts to improve the quality and variety of our **products** have been appreciated and recognized.
The 500 received the "Car of the Year 2008" award, the Linea won the "Autobest" accolade, the Grande Punto was elected "Carro do Año" in Brazil, the Scudo was voted "International Van of the Year 2008," the new Daily was designated the "Best Light Truck" in Great Britain and "Light Truck of the Year" in Spain, and the New Holland T7000 tractor was voted "Tractor of the Year."
These prizes mirror a definite commitment aimed at strengthening the market positions of our brands, which has translated into higher sales at all Sectors and increased market shares in the Group's leading national markets.

During the year, Fiat continued to pursue its strategy to reinforce its industrial and commercial position through **targeted alliances**, among other initiatives.

In China, Fiat Group Automobiles signed a memorandum of understanding with Chery Automobiles, a leading carmaker and top exporter, to set up a 50-50 joint venture that will start operations in 2009. To gain more flexibility and concentrate on restructuring its business in China, it also decided to withdraw from the joint-venture with NAC.
Iveco signed a letter of intent with Tata Motors to assess the possibility of collaborating in various markets in the commercial vehicles sector, and finalized an agreement with the Samotlor-NN industrial group to manufacture the Daily in Russia.
FPT reached an agreement with Daimler Truck Group to supply about 80,000 engines a year.
Magneti Marelli signed agreements in Russia, China, and India to provide further impetus to its expansion projects.
All Group companies are growing internationally.

These actions have laid a solid base for **future development**.
Fiat is now ready to enter the next level that will transform it into a major global company.
Its course has already been defined.
The growth plan through 2010 has clear, specific targets.
For 2008, these envision revenues exceeding 60 billion euros, trading profit of between 3.4 and 3.6 billion euros, net income of between 2.4 and 2.6 billion euros, and net cash on hand of at least 1.5 billion euros.
The targets we have set are based on the conviction that the current turbulence in financial markets will have a limited impact on the real economy and, in the worst case, will be confined to the United States.

Fiat's system of values will drive further development.
Operating in 190 countries around the world has taught us to respect social and cultural diversity and foster the integration of our company in the regions where it operates.
It has taught us that a development program has merit only if it is sustainable.
In support of our business model, we confirm our commitment to grow in harmony with the communities Fiat serves, assuming responsibility for our actions in free markets.
We confirm our commitment to developing the company, respecting the environment by managing our plants in an ecologically efficient manner and creating more environmentally friendly products.
Fiat intends to achieve its objectives with a sense of responsibility and determination, transparency and integrity.
We believe that success is judged by how it is achieved.
Our actions recognize the central role played by individuals, the importance of capitalizing on everyone's abilities and skills, and guaranteeing an adequate and stimulating work environment.
We are aware that the performance of any organization depends on the people who work every day with commitment, determination, and passion to transform it into a group that they can be proud of, and we sincerely thank all the men and women who work for Fiat worldwide.
The results presented on these pages are attributable to their intelligence, dedication, and the solid values that they embody.
These people and their abilities are the best guarantee for our company's future.

February 15, 2008

/s/ LUCA CORDERO DI MONTEZEMOLO
Luca Cordero di Montezemolo
Chairman

/s/ SERGIO MARCHIONNE
Sergio Marchionne
Chief Executive Officer

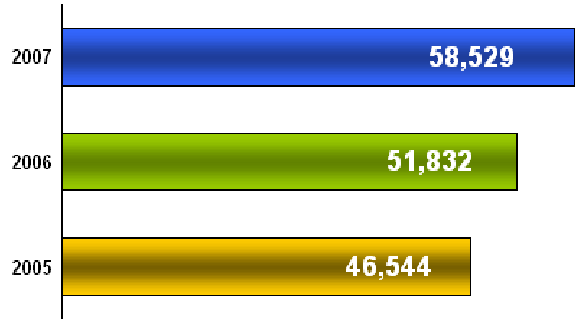
Report on Operations
2007 at a glance

A pivotal year for Fiat Group

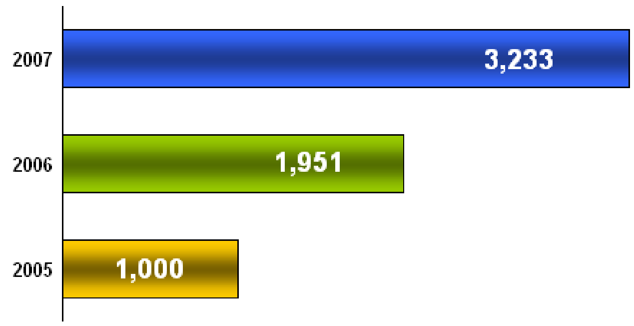
2007 was an important year for the future of Fiat Group mainly for three reasons:

- The industrial turnaround plan, outlined in the Balocco investor's meeting in July 2004, was completed and all of the targets set then for each of the Sectors and for the Group as a whole were achieved, and in many cases exceeded.
- The Fiat Group Industrial Activities are finally debt free, thus marking an additional clean break with the recent past.
- Fiat started the implementation of the 2007-2010 growth and margin expansion plan, presented in November 2006, which will transform the Group into a significant international industrial enterprise.

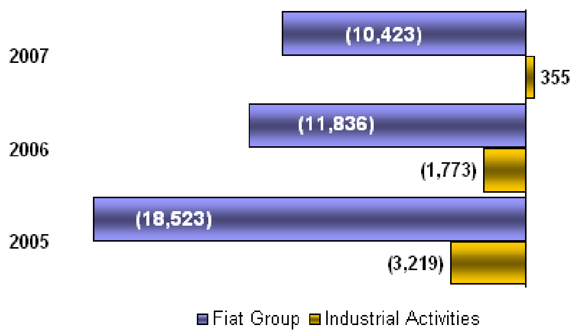
Revenues *(in millions of euros)*



Trading profit *(in millions of euros)*



Net (debt)/cash position *(in millions of euros)*



Results

- On 2007 **revenues** of nearly 59 billion euros (12.9% higher than 2006), Fiat Group posted a **trading profit** of 3.2 billion euros, well ahead of previous guidance and nearly 66% higher than in 2006, with all major Sectors contributing to the improvement. Trading margin rose accordingly to 5.5% from 3.8% in 2006, with the Automobiles business more than doubling trading profit to 1.1 billion euros, CNH at 1 billion euros (+34.3%; +46.7% in dollar terms) and Iveco at 0.8 billion euros (+48.9%).
- **Net income** of 2.1 billion euros was up 78.5% on 2006, and is the basis on which the Board is recommending a 523 million euros aggregate dividend payout across all share classes.
- Fiat Group **extinguished its net industrial debt** in 2007, and closed the year with 0.4 billion euros net cash.
- **All Group 2008 targets are confirmed**, with revenues and net industrial cash position revised upwards.

Highlights

(in millions of euros)		2007	2006	2005
Net revenues		**58,529**	51,832	46,544
Trading profit		**3,233**	1,951	1,000
Operating result		**3,152**	2,061	2,215
Income before taxes		**2,773**	1,641	2,264
Net income for the year		**2,054**	1,151	1,420
Attributable to:				
- Equity holders of the parent		**1,953**	1,065	1,331
- Minority interests		**101**	86	89
Basic earnings per ordinary and preference share (in euros)	(1)	**1.537**	0.789	1.250
Basic earnings per savings share (in euros)	(1)	**1.692**	1.564	1.250
Diluted earnings per ordinary and preference share (in euros)	(1)	**1.526**	0.788	1.250
Diluted earnings per savings share (in euros)	(1)	**1.681**	1.563	1.250
Investments in tangible and intangible assets		**3,985**	3,789	3,052
of which: capitalised R&D costs		**932**	813	656
R&D expenses	(2)	**1,741**	1,591	1,558
Total Assets	(3)	**60,136**	58,404	62,454
Net (Debt)/ Cash position		**(10,423)**	(11,836)	(18,523)
of which: Net industrial (Debt)/ Cash position		**355**	(1,773)	(3,219)
Stockholders' equity before minority interest		**11,279**	10,036	9,413
Group interest in stockholders' equity		**10,606**	9,362	8,681
Employees at year-end (number)		**185,227**	172,012	173,695

(1) For additional information on the calculation of basic and diluted earnings per share see Note 12 of the Notes to the Consolidated Financial Statements.
(2) This amount includes capitalised R&D costs and costs charged directly to operations during the fiscal year.
(3) Total Assets at December 31, 2006 differ from the figure previously published due to the reclassification of 101 million euros described in the Notes to the Consolidated Financial Statements.

Selected data by region

	Number of Companies		Number of Employees		Number of Facilities		Number of R&D Centres		Revenues by destination (in millions of euros)	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Italy	**162**	146	**77,679**	75,751	**56**	52	**49**	50	**15,857**	14,851
Europe excluding Italy	**281**	285	**45,999**	42,904	**54**	56	**32**	32	**23,461**	20,298
North America	**74**	76	**11,364**	11,714	**22**	25	**14**	15	**5,842**	6,315
Mercosur	**32**	31	**39,324**	30,877	**24**	20	**10**	10	**8,318**	5,416
Other regions	**111**	99	**10,861**	10,766	**22**	27	**9**	9	**5,051**	4,952
Total	**660**	637	**185,227**	172,012	**178**	180	**114**	116	**58,529**	51,832

Key events of 2007

January

Fiat reinforced its position in the C segment with the launch of the Bravo, which was particularly well received.

Fitch upgraded Fiat's long-term rating to "BB", maintaining the outlook "positive". Standard & Poor's revised its outlook on Fiat to "positive" reaffirming the "BB" long-term rating.

New Holland Agriculture launched the T6000 Series tractor line. The Brand receives the "Eye on Biodiesel" award for innovation at the National Biodiesel Board Conference in San Antonio (Texas).

Case Construction launched the Tier 3 CX B series hydraulic excavators.

Case IH Agriculture launched the WD 3 Series windrowers.

February

On February 1, 2007 Fiat Auto changed name to Fiat Group Automobiles S.p.A., and four new companies were formed at the same time, 100% owned by Fiat Group Automobiles S.p.A.: Fiat Automobiles S.p.A., Alfa Romeo Automobiles S.p.A., Lancia Automobiles S.p.A. and Fiat Light Commercial Vehicles S.p.A.

Moody's upgraded Fiat's rating from Ba3 to Ba2 maintaining the positive outlook.

Fiat's top management met with the Italian Government and Trade Unions to present progress made from 2004 as well as the 2007-2010 growth plan.

The sale of the diesel version of the Alfa Spider (first diesel model in its segment) began in Italy and Germany.

New Holland Agriculture launched the T7000 Series tractors which won the "Tractor of the Year" and the "Golden Tractor for Design" awards. The FR9000 forage harvester was launched and won the "Machine of the Year" and "Golden Ear" awards.

March

At the 77th Geneva Motor Show Fiat Group Automobiles presented the sporty Grande Punto Abarth, which marked the revival of Abarth, one of the most prestigious brands of the motorsports world.

IVECO Iveco launched the new Stralis heavy vehicle whose range includes compressed natural gas (CNG) versions.

Fiat Group Automobiles and Microsoft introduced the next-generation Blue&Me Nav system.

The Fiat Group became Official Sponsor of Juventus F.C. with the New Holland brand.

Case IH Agriculture began shipping the new Axial-Flow® 7010 Class 7 combine harvester.

April

Fiat Professional enhanced its product range in the personal transport segment with the Panorama version of the Scudo.

IVECO presented the new Trakker at the BAUMA, the principal European show for the quarry and construction sector, held in Munich. In addition, at the International Ecotechnologies Show, Iveco presented the new Daily light commercial vehicle in its compressed natural gas version.

May

Debut of the Fiat Linea, a C segment sedan presented in Istanbul at the end of 2006, and manufactured in the Bursa plant in Turkey. It will be sold on certain European and extra-European markets, including Spain, Germany, Morocco and Finland. Later on, this model will also be produced in Brazil, India, China and Russia.

IVECO IRISBUS Iveco Irisbus presented the Citelis range, designed for personal transport in urban areas and equipped with Euro 4/5 compliant and natural gas engines.

IVECO In Spain, the Daily received the "Light Truck of the Year" award, while in Great Britain it was voted "Best Light Truck 2007".

Standard & Poor's Ratings Services raised its rating on Fiat's and CNH's long-term debt from "BB" to "BB+", maintaining the positive outlook.

New Holland Construction launched the Tier 3 E245 crawler excavator range in Europe.

June

Lancia presented the Ypsilon Sport Momo Design featuring the new logo presented in March.

The offering of 1 billion euros in principal amount of 5.625% Senior Notes due 2017 was closed.

Fitch Ratings raised its rating on Fiat to investment grade, upgrading its long-term debt by two notches from "BB" to "BBB-". The short-term rating was also raised from "B" to "F3". The outlook is stable.

FPT The Daimler Truck Group and FPT Powertrain Technologies announced the signature of a strategic cooperation agreement in the field of powertrains.

IVECO and the industrial group Samotlor-NN, a major Russian vehicle bodybuilder, signed an industrial agreement that envisages the creation of a joint venture, 51% owned by Iveco, for the production of the Daily in Russia.

Magneti Marelli and Avtopribor signed a letter of intent for the creation of a joint venture in Russia, aimed at the design, development, production and marketing of electronic instrument clusters for motor vehicles.

New Holland Agriculture launched in China the T5600 tractors manufactured in joint venture with the Chinese group SAIC.

won seven awards from the "American Society of

Agricultural and Biological Engineers" (ASABE) for the most innovative products.

New Holland Construction expanded the offering of its skid steer loaders in North America and all the range is now equipped with upgraded engines and cabs. It celebrated its 35th anniversary of skid steer loader production and entered in the telehandlers business.

July

On July 4, exactly 50 years after the launch of its historical predecessor, Fiat Group Automobiles presented the new Fiat 500. This car does not only have the same name and style of a city car that marked a milestone in motor industry, but it is also the symbol of Fiat's rebirth. Today's 500 has been designed to receive the maximum Euro NCAP safety rating and, in fact, in August it was awarded the five star safety rating from this prestigious European organisation. This achievement is all the more significant because it was obtained by a car that is only 3.5 metres long.

Case IH Agriculture began shipping the Module Express™ 625 cotton picker/packager.

August

Fiat Group Automobiles and the Chinese Chery Automobiles signed a memorandum of understanding for the establishment of a 50-50 passenger car joint venture. The company will produce and distribute Fiat Group Automobiles (Alfa Romeo and Fiat brands) and Chery cars.

Moody's Investors Service raised its rating on Fiat's long-term debt from "BA2" to "BA1". The outlook remains positive. Short-term rating remained unchanged.

New Holland Agriculture enhances the CR9000 combine harvester series with the Elevation series, based on Twin Rotor™ technology, which won medals at Agritechnica.

September

Magneti Marelli and Chery Automobile Co. Ltd signed a memorandum of understanding for the creation of a joint venture in China aimed at the production of hydraulic components for Magneti Marelli's AMT (Automated Manual Transmission).

Fiat Group Automobiles and Severstal Auto announced the signing of a letter of intent to establish a commercial and industrial joint-venture in Russia.

Fiat sold its 1.83% equity stake in Mediobanca S.p.A. realising a gain of approximately 118 million euros.

New Holland Agriculture launched the T9000 Series 4-wheel-drive tractors.

October

Fiat Professional presented the new Fiorino Cargo, which defines the guidelines for a new category of light commercial vehicles earmarked for the minicargo market, and the Ducato Minibus Elegant destined to personal transport; while the Scudo received for the third time the "Van of the Year" award.

Lancia Automobiles began to sell the New Musa, which previously had its international première at the Venice International Film Festival.

IVECO launched the new Daily 4x4 at the Transpotec Logitec 2007 in Milan.

Iveco Irisbus presented the new Magelys touring bus, which covers the high end of the market.

Magneti Marelli, Suzuki Motor Corporation and Maruti Suzuki India Limited signed an agreement for the establishment of a joint venture in India aimed at the production for the electronic control units for diesel engines.

November

The Fiat 500 was elected "Car of the Year 2008" and it also won the "Auto Europa 2008" award. In addition, only a few months after its introduction on the Latin American market, the Grande Punto was elected "Carro Do Año 2008" and "Auto Interamericana del Año 2008". The New Croma, the station wagon interpreted by Fiat, was also presented that month.

Case IH Agriculture launched the A7700 sugar cane harvester with Tier 3 engines.

December

Fiat Automobiles received the prestigious "AUTOBEST 2008" award for the Fiat Linea, elected by an international jury composed of 15 journalists from 15 European countries representing approximately 300 million persons.

The Fiat Group announced an extraordinary plan for the industrial relaunch of the Pomigliano d'Arco (Naples, Italy) plant through an important plan of technological investments worth a total of 70 million euros. These investments will be flanked by intensive training programmes for employees and they are in addition to the other 40 million euros in extra costs stemming from the suspension of production necessary to realize the plan.

Fiat Group Automobiles and Nanjing Automobile Corporation signed the withdrawal of Fiat from the Nanjing-Fiat joint venture. The unwinding of the joint venture will allow the two groups to concentrate on their plans to restructure the Chinese automotive business.

Case IH Agriculture began shipping the new Puma™ tractors.

Case Construction launched the new high-powered 1650L crawler dozer in North America.

Stockholders

Financial communication

Fiat maintains a constant dialogue with its Stockholders and Institutional Investors, pursuing an active policy of communication with them through its Investor Relations function. Over the course of the year, the Investor Relations function organises presentations, live or through conference calls, after the quarterly publication of Group results or other events requiring direct communication to the market. Moreover the programme includes several seminars that provide a more in-depth understanding of the operating performance and strategies of the principal Group Sectors, as well as meetings and roadshows that permit a direct relationship between the financial community and the Group's top management. During 2007 the principal European (London, Paris, Milan, Scandinavia) and North American (New York, Boston, San Francisco) stock exchanges were involved to provide updates on the results achieved during the year and illustrate objectives of and progress made on the Group's plan for the 2007-2010 period, which was presented to analysts and investors in November 2006.

More information is available on the Group's institutional website www.fiatgroup.com. The Investor Relations section provides historical financial data, institutional presentations, period publications and real time updates on the Fiat stock. The following contacts are also available for Fiat stockholders:

For holders of Fiat shares:

Toll-free number in Italy: 800-804027

E-mail:

serviziotitoli@fiatgroup.com

investor.relations@fiatgroup.com

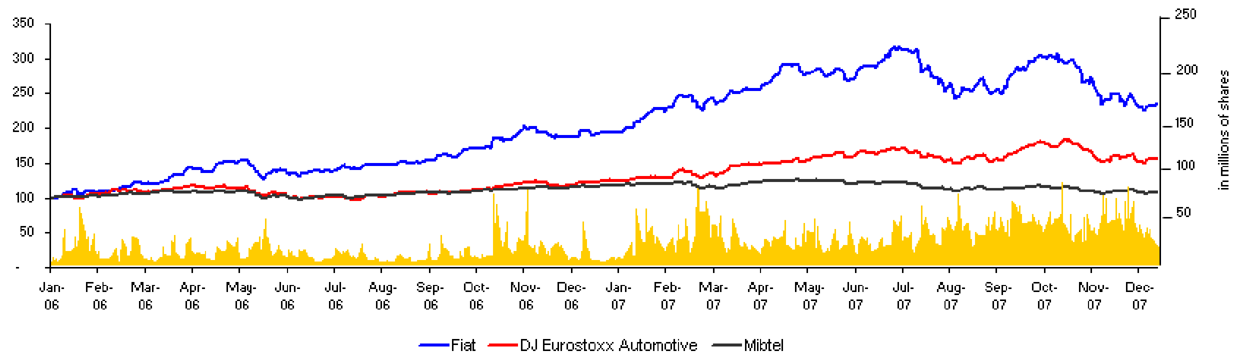
For holders of ADRs:

Toll-free number in the USA and Canada: 800 749 1873

Outside the USA and Canada: +1 (201) 680 6626

Website: www.adr.db.com

Performance of Fiat stock with respect to Mibtel and Eurostoxx indexes since January 1, 2006 (1/1/06=100) and average monthly trading volume (in millions of ordinary shares)



2007 was dominated by two opposing trends: average market performance was positive for the first nine months, while it turned into negative in the last quarter, severely impacted by the sub-prime mortgage crisis in the United States, which generated extreme uncertainty on the global credit and financial system. The final results for international markets showed year-on-year growth of 6.4% for the Dow Jones, while the Nikkei index contracted by 11%. On European markets, the best performance was posted by the Frankfurt stock exchange (+22%), with good year-on-year performances by Madrid (+7%), London (+3.8%), and Paris (+1.3%). The Italian Stock Market closed the year down by 7.8%, and the S&P Mib40 index also closed 7% lower than a year before.

The European automotive market grew by 24.9% confirming the positive trend recorded in 2006. The Fiat stock posted growth of 22.3% from 2006.

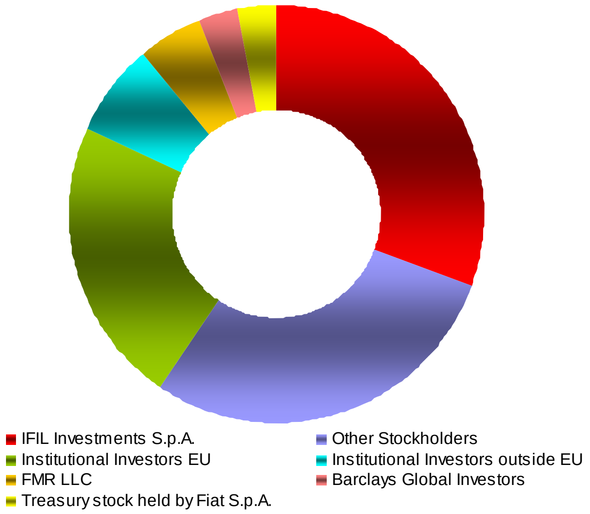
Major Stockholders

A total of 1,092,247,485 ordinary shares are outstanding. As of today, the following individual and institutional investors have holdings exceeding 2% of total outstanding ordinary stock:

Ordinary shares: 1,092,247,485

IFIL Investments S.p.A. (*)	30.45%
FMR LLC (**)	5.05%
Barclays Global Investors	3.18%
Institutional Investors EU	22.37%
Institutional Investors outside EU	7.01%
Other Stockholders	28.93%

(*) in addition to 3.01% of treasury stock held by Fiat S.p.A.
(**) between them 1.75% with the sole power to vote.



Highlights per share

(in euros)	2007	2006	2005
Basic earnings per ordinary and preference share	**1.537**	0.789	1.250
Basic earnings per savings share	**1.692**	1.564	1.250
Diluted earnings per ordinary and preference share	**1.526**	0.788	1.250
Diluted earnings per savings share	**1.681**	1.563	1.250

Reference price (*) per share at:

(in euros)	12/28 2007	12/29 2006	12/30 2005	12/30 2004	12/30 2003
Ordinary shares	**17.695**	14.468	7.360	5.900	6.082
Preference shares	**14.640**	12.119	5.930	3.979	3.710
Savings shares	**14.655**	13.880	6.584	4.277	4.010

(*) Average weighted price of the last 10% of traded volumes (Source Reuter).

Minimum and maximum monthly price in 2007

(in euros)

The Fiat Group

The Fiat Group performs automotive manufacturing and financial service activities through companies located in 50 countries and is engaged in commercial activities with customers in more than 190 countries.
Below is a description of how the Group is currently structured, as a result of its refocusing on the automotive business. Reporting of Group activities is defined by Business as follows:

Automobiles

The Fiat Group develops, produces and sells automobiles (Fiat, Abarth, Alfa Romeo and Lancia brands) and light commercial vehicles (Fiat Professional brand) through the **Fiat Group Automobiles** Sector. The Sector's main financing activities in Europe were grouped into Fiat Group Automobiles Financial Services (FAFS), a 50-50 joint venture established at the end of 2006 with Crédit Agricole.

The Fiat Group also controls **Maserati** and **Ferrari**. They produce luxury sports cars that excel for their exclusive characteristics, technology and performance.

Agricultural and Construction Equipment

CNH – Case New Holland operates in the field of tractors and agricultural equipment through the Case IH and New Holland brands and in the construction equipment business through the Case and New Holland brands. Its financial services provide support to its end customers and dealers.

Trucks and Commercial Vehicles

Iveco designs, produces and sells a complete line of commercial vehicles under the Iveco brand, buses under the Iveco Irisbus brand, and fire-fighting and special purpose vehicles under the Iveco, Astra and Magirus brands. In addition, Iveco provides a wide range of financing services to its customer and dealers mainly through Iveco Finance Holdings Ltd, a company 51% owned by the Barclays Group and 49% by Iveco.

Components and Production Systems

FPT Powertrain Technologies is the Sector which groups passenger car engine and transmission activities, the powertrain operations of Iveco and of the Centro Ricerche Fiat (C.R.F. - Fiat Research Centre). Within the framework of its technological development projects, FPT coordinates Elasis' powertrain activities.

Magneti Marelli develops and produces automotive components for lighting systems, exhaust systems, suspensions and shock absorbers, engine control units, and electronic systems. In addition, as of May 2007 the Sector has been operating in the Aftermarket business.

Teksid supplies engine blocks, cylinder heads and other cast-iron components for engines; cast-iron components for transmissions, gearboxes and suspensions. Since September 2007, Teksid Aluminum S.r.l., a company operating in the aluminium business, is included in the Sector's representation.
Comau produces industrial automation systems for the automotive industry in the areas of product and process engineering, logistics and management, manufacturing, installation, production start-up and maintenance.

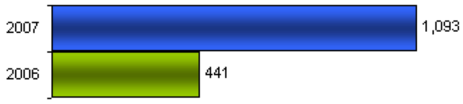
Other Businesses

Other Businesses include the Publishing and Communications Sector (*La Stampa* daily newspaper and *Publikompass*, a company that sells advertising space for multimedia customers), Fiat Services S.p.A., which provides services exclusively within the Fiat Group, in addition to Holding and Other companies.

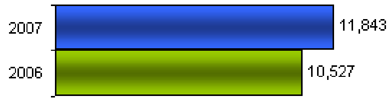
Its brands

Net revenues *(in millions of euros)*

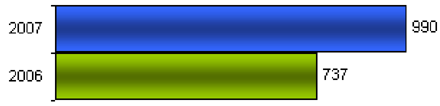
Trading profit *(in millions of euros)*



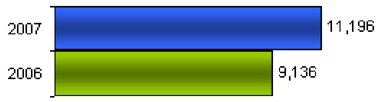
Net revenues *(in millions of euros)*



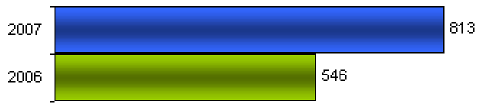
Trading profit *(in millions of euros)*



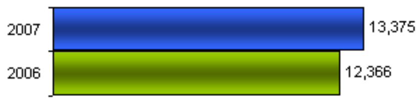
Net revenues *(in millions of euros)*



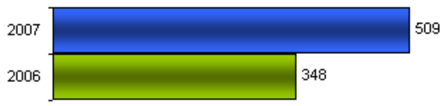
Trading profit *(in millions of euros)*



Net revenues *(in millions of euros)*



Trading profit *(in millions of euros)*



Highlights by Sector

(in millions of euros)	Net revenues 2007	Net revenues 2006	Trading profit 2007	Trading profit 2006	Operating result 2007	Operating result 2006	Total operating assets 2007	Total operating assets 2006
Fiat Group Automobiles	**26,812**	23,702	**803**	291	**635**	727	**13,949**	12,948
Maserati	**694**	519	**24**	(33)	**22**	(33)	**364**	300
Ferrari	**1,668**	1,447	**266**	183	**266**	183	**1,068**	918
Agricultural and Construction Equipment (CNH)	**11,843**	10,527	**990**	737	**953**	592	**18,458**	17,756
Trucks and Commercial Vehicles (Iveco)	**11,196**	9,136	**813**	546	**803**	565	**6,398**	6,131
FPT Powertrain Technologies	**7,075**	6,145	**271**	168	**257**	102	**4,284**	4,103
Components (Magneti Marelli)	**5,000**	4,455	**214**	190	**209**	175	**2,626**	2,294
Metallurgical Products (Teksid)	**783**	979	**47**	56	**47**	26	**544**	616
Production Systems (Comau)	**1,089**	1,280	**(23)**	(66)	**(33)**	(272)	**1,129**	1,034
Publishing and Communications (Itedi)	**391**	401	**12**	11	**11**	12	**228**	243
Holding companies, Other companies and Eliminations	**(8,022)**	(6,759)	**(184)**	(132)	**(18)**	(16)	**(912)**	(354)
Total for the Group	**58,529**	51,832	**3,233**	1,951	**3,152**	2,061	**48,136**	45,989

(in millions of euros)	Total operating liabilities 2007	Total operating liabilities 2006	Investments (*) 2007	Investments (*) 2006	R&D expenses (**) 2007	R&D expenses (**) 2006	Number of employees 2007	Number of employees 2006
Fiat Group Automobiles	**13,522**	12,446	**1,865**	2,163	**751**	675	**50,542**	44,691
Maserati	**435**	367	**97**	82	**54**	46	**695**	649
Ferrari	**752**	634	**246**	142	**147**	83	**2,926**	2,870
Agricultural and Construction Equipment (CNH)	**15,582**	14,653	**648**	394	**308**	289	**28,173**	25,335
Trucks and Commercial Vehicles (Iveco)	**6,456**	5,784	**347**	342	**207**	174	**26,461**	24,533
FPT Powertrain Technologies	**2,787**	2,444	**365**	254	**70**	74	**19,876**	18,924
Components (Magneti Marelli)	**1,822**	1,625	**319**	293	**221**	210	**27,962**	25,195
Metallurgical Products (Teksid)	**344**	365	**32**	32	**1**	5	**7,826**	8,342
Production Systems (Comau)	**941**	813	**33**	56	**12**	20	**11,960**	12,293
Publishing and Communications (Itedi)	**158**	188	**5**	45	**-**	-	**809**	836
Holding companies, Other companies and Eliminations	**(1,305)**	(867)	**28**	(14)	**(30)**	15	**7,997**	8,344
Total for the Group	**41,494**	38,452	**3,985**	3,789	**1,741**	1,591	**185,227**	172,012

(*) Investments in tangible and intangible assets (net of vehicles sold with buy-back commitments).

(**) Including capitalised R&D costs and costs charged directly to operations during the fiscal year.

Corporate Social Responsibility, combining growth and respect

For the Fiat Group, corporate social responsibility is a way of doing business that permeates every company process and every single activity, and goes well beyond the company's confines to touch employees, customers, and all the people who live in the areas where the Group operates. As the new Code of Conduct approved in 2003 points out, "Fiat is an international group which, because of its size, activities and geographical spread, plays a significant role in the economic development and welfare of the communities where it operates".

This awareness, and the sense of responsibility it brings, brought about the need for greater transparency on issues such as the environmental and social impact of our work that did not in the past find space in financial disclosures. This is a whole new culture. By fostering it, we are setting a virtuous circle in motion, because acknowledging and accepting responsibility inspires others to shoulder it too. And this is one of the ways that Fiat interprets its corporate social responsibility.

Since 1993, the Group has published an Environmental Report, expanding it in 2005 to become part of the Sustainability Report. Now in its fourth year, the Sustainability Report illustrates the Group's commitments and achievements around the world, on the environmental and social as well as economic fronts. It provides a detailed view of the Group's attention to ensuring sustainable manufacturing practices at its production plants and to developing environmentally friendly products with low consumption and emissions. In addition, it illustrates research work and its impact on ecological mobility and traffic safety. In the area of social responsibility, the Report scrutinizes the Group's dealings with its worldwide workforce and the public, along with such major issues as workplace health and safety and equal opportunities.

This year, to ensure that the information provided is even more closely attuned to our stakeholders' needs, the Group has decided to bring its reporting practices into line with the new Global Reporting Initiative GRI-G3 Sustainability Reporting Guidelines. The Global Reporting Initiative is a multi-stakeholder network of thousands of experts around the world whose mission is to develop and disseminate sustainability reporting procedures. The GRI-G3 Guidelines provide a globally accepted model for measuring an organization's economic, environmental and social performance.

By contrast with previous years, the content of the 2007 Sustainability Report will reflect the reporting framework called for by the GRI-G3 third-generation guidelines, and will thus be presented in two sections: one dealing with the so-called standard disclosures, and the other with performance indicators.

The section covering **standard disclosures** discusses the strategic choices that set the overall context for the initiatives described in greater detail in other sections of the Report, with an analysis of the principle risks, opportunities, impacts and achievements for the year. This section also illustrates the Group's organizational profile, its methodological approach in preparing the document, corporate governance mechanisms, core values, and stakeholder inclusiveness and engagement processes.

The section devoted to **performance indicators** gauges the Group's economic, environmental and social impacts. The environmental indicators cover performance in such areas as energy, water, emissions, effluents, waste, biodiversity, and the sustainability of the Group's products and services. The social performance indicators cover such key aspects as labour practices, industrial relations, occupational health and safety, employee training and education, diversity and equal opportunities, human rights, society and product responsibility.

The information published in the Sustainability Report complements the material provided in the sustainability section of the Group's website at www.fiatgroup.com, where stakeholders can download the Report in electronic format and use the e-mail csr@fiatgroup.com to provide their feedback regarding the Group's corporate social responsibility.

Research and Innovation

To promote sustainable mobility on multiple fronts, the Fiat Group has organised its research and innovation work through two companies, the Centro Ricerche Fiat (Fiat Research Centre) and Elasis, whose strategies are coordinated by the Technical Committee of the Group Executive Council.
In 2007, the Group's research and development expenses[1] amounted to approximately 1.7 billion euros or 3% of net revenues of industrial activities. Overall, R&D activities involve some 12,900 people at 114 centres.

Centro Ricerche Fiat (Fiat Research Centre)

The Centro Ricerche Fiat provides the Group with effective, innovative solutions at competitive prices, ensuring smooth technology transfer by further increasing the professional qualification of personnel through training. This enables the Centre to play an active role in supporting technological growth for the Fiat Group, its partners and the communities where they work in such fields as motor vehicles and componentry, energy, safe and environmentally-friendly mobility, telematics, innovative materials and relevant technologies, mechatronics and optics.
In particular, the Centre's work in innovative powerplants, alternative propulsion systems and transmissions is conducted through the area Powertrain Research and Technology headed by FPT Powertrain Technologies, the Fiat Group Sector set up in May 2005 which groups together all of the Group's activities in this area.
In addition to its headquarters in Orbassano on the outskirts of Turin, the Centro Ricerche Fiat has four branches in Bari, Trento, Foggia and Catania as well as a controlling interest in the C.R.P. Plastics and Optics Research Centre in Udine, whose work focuses on advanced research in the field of optics and plastics for automotive lighting systems.
With a staff of 865 employees, the Centro Ricerche Fiat reached highly significant results during the year, as witnessed by the 42 new patent applications it filed in 2007, bringing the total number of patents held by the Centre to over 2,200. A further 700 patents are currently pending. In addition, the C.R.F. was awarded over 20 projects in the EU's recently launched Seventh Framework Program, confirming its leadership in European research. The Centro Ricerche Fiat cooperates with over 150 universities and research centres, and more than 750 industrial partners around the world. This network further strengthens the Centre's global innovation strategies, ensures that it can implement specific operations at the local level, and helps it create skills and monitor its competitiveness and growth.
Further information is available on the Centre's website at www.crf.it
The work of the Centro Ricerche Fiat focuses on several key areas of technology.

Powertrain Research and Technology

The major objective in this field is to develop and apply innovative technologies for improving powerplant performance, cutting engine and vehicle emissions, and boosting fuel savings. The Centro Ricerche Fiat's most significant accomplishments for 2007 in this area are reviewed below:

- **Multijet II.** During the year, design optimization for the new solenoid injector was completed, guaranteeing that the high reliability targets set for this unit can be reached. The new Common Rail Multijet II system will be introduced in production in late 2008 on the new 1.3-liter SDE Euro 5 engine, where it will make a significant contribution to cutting NOx emissions without consumption and noise penalties, thanks to its ability to manage multiple injections with greater flexibility than the earlier Multijet system.
- **Two-cylinder spark ignition engine.** In the early months of 2007, bench and on-vehicle testing was completed on the first 700 cubic centimetre two-cylinder engine prototype. In tests that focused on assessing the engine's performance potential, the prototype achieved a peak output of over 80 horsepower, and even more importantly, demonstrated that it can significantly reduce fuel consumption and at the same time achieve low noise, vibration and harshness. On the basis of these test results, plans have been made for a family of both naturally aspirated and supercharged two-cylinder engines whose displacement (900 cc) will be chiefly suitable for A segment vehicles. These new engines will use Multiair electronic valve control technology and will be available both in gasoline-fuelled and dual-fuel natural gas/gasoline versions.
- **Dual Dry Clutch Transmission (DDCT).** Continuing the design work on a new family of transmissions that began in 2006, the Centro Ricerche Fiat concentrated its efforts on the actuation and control system for the new DDCT

[1] Includes capitalised research and development expenses and those charged directly to income for the year.

transmission. This transmission combines the effortless shifting of a conventional automatic transmission with the efficiency of an Automated Manual Transmission, which is typically 10% higher than a conventional automatic transmission.

- **HyperPanda (HYdrogen PER Panda) – Using natural gas/hydrogen blends for urban vehicles.** The growing attention to the quality of the air in our cities and towns and to reducing greenhouse gases on the global scale are among the major driving forces in the development of automotive technologies. Since extensive use of pure hydrogen as an energy carrier fuel will probably not be possible for another 15 to 20 years, a technology for using natural gas/hydrogen blends in internal combustion engines has been developed with an eye to ensuring hydrogen's economically sustainable introduction. Adding a percentage of hydrogen (typically 20 to 30 % by volume) to natural gas makes the latter an even "greener" fuel than it already is in terms of pollutant emissions, making it possible to achieve a significant further reduction in the greenhouse gases that combustion produces, and all without any appreciable loss of performance. The Hyper Panda prototype is based on a consolidated experience in natural gas engines and on the use of gas cylinders that neatly stowed away under the floorpan. In this manner, HyperPanda offers the same roomy interior and luggage compartment as the standard gasoline-powered version of the Panda and a significant reduction in CO2 and pollutant emissions.

Advanced Technology for Mobility and Safety

In this area, the main objective is to make available to the Fiat Group technological and systems-related skills in electronics, telematics, ICT and preventive safety needed to make vehicles safer and more versatile. Some of the major achievements in 2007 included:

- **Dynamic Navigation with Floating Car Data**. Dynamic navigation based on an experimental Floating Car Data (FCD) system provides the driver with up-to-date route information that reflects actual traffic conditions. With this prototype system, now being tested in the Turin metropolitan area, each vehicle acts as a mobile traffic sensor: in this way, information about traffic conditions is collected in real time and sent to a Traffic Control Center, which processes it to generate an up-to-the-moment traffic map. This map is transmitted to the vehicles so that the optimum route can be recalculated if necessary. This system provides a more flexible, complete and economical traffic estimate, ensuring that the ETA calculated by the car's navigation device is more reliable and reducing travel times by an average of 20 to 25%.
- **Communication systems for cooperative vehicle-vehicle and vehicle-infrastructure applications**. The Centro Ricerche Fiat has done significant work with new wireless technologies that enable real-time information exchange among vehicles and between vehicles and the road infrastructure, with particular attention to the benefits that they can have for safety and sustainable mobility. Thanks to these technologies, in fact, it will be possible to prevent a significant proportion of traffic accidents in the future. The Centro Ricerche Fiat is the coordinator and major technical partner for the integrated SAFESPOT project co-funded by the European Commission, the most important Community-wide cooperative safety initiative. In this field, activities began on a series of demonstrators that will be tested during 2009 in six different countries.
- **Headlamp with daytime running light function**. As part of a cooperative project between the Centro Ricerche Fiat and Magneti Marelli Automotive Lighting, a DRL Daytime Running Light system based on LED technology was developed that helps increase a vehicle's visibility to other drivers. The DRL headlamp has five high-flux semiconductor light sources featuring dedicated optics that shape the headlamp beam in order to achieve the desired light distribution. This technology offers clear advantages in terms of reducing the energy needed for operation, compact size, and an exponential increase in the device's life expectancy.

Vehicles and advanced manufacturing and materials

The goals in this area are to develop innovative body and interior architectures for vehicle systems that can increase performance and add to the features that ensure product recognition while meeting all cost constraints and the need for effective, technologically advanced solutions.
Major accomplishments in 2007 included:

- **Connecting elements for tractor cabs**. To provide process and product solutions that maximize efficiency and cut costs, the Centro Ricerche Fiat developed a modular system based on "cast nodes", or connecting elements, for the cabs of CNH tractors. Combining multiple functions, these nodes make it possible to eliminate reinforcements and retaining brackets, and make for a more robust assembly process with greater potential for standardization. A number of processing alternatives were assessed and validated, including lost wax steel casting, already used by CNH suppliers for other components, which would make it possible to achieve an immediate improvement – at the same cost and with very limited investments – in the dimensional quality target. The results of the Centro Ricerche Fiat's work were then transferred to the new APL tractor development platform for detailed analysis by both the innovation team and the development team.

- **New vehicle architectures**. In 2007, the Centro Ricerche Fiat developed new architectural concepts that will improve the B segment car's structural competitiveness in terms of efficiency and performance. The body shell front frame was modified to meet the new deformable barrier frontal impact test requirements that will become mandatory before the end of 2011. Improvements were also made in side impact protection, where an innovative approach was developed which makes optimum use of the contributions of all vehicle systems (seat, occupant retention systems, floorpan), thus permitting a significant reduction in body side and closure panel weights. The concept doubles the amount of weight reduction that can be achieved, simply through the use of materials with improved properties.
- **Low environmental impact air conditioning system**. In 2007, the Centro Ricerche Fiat made further improvements in the environmental sustainability of the Group's vehicles by developing innovative ways to reduce the impact that air conditioning systems have on greenhouse gases, both directly through refrigerant emissions, and indirectly as a result of increased fuel consumption. A new air conditioning system management algorithm cuts the amount of fuel consumed by the vehicle by regulating the compressor activation threshold without penalizing occupant comfort. Tests carried out on two demonstrators – the Fiat Panda Kyoto and the IVECO Daily Kyoto – showed appreciably lower fuel consumption for the type of vehicle and mission. As part of the European B-COOL project, moreover, the Centro Ricerche Fiat used a Fiat Panda to test an air conditioning system based on CO2, whose contribution to the greenhouse effect is 1,300 times lower than the R134a refrigerant used today. The demonstrator establishes a new European benchmark for low environmental impact systems designed for small cars.

Elasis

Set up in 1988 by the Fiat Group as a company dedicated to research work in the framework of development programmes for Southern Italy, Elasis has grown into a highly specialised research centre whose work addresses technological innovation, complete vehicle development, mobility and its environmental impact, and traffic safety.
The Centre has two sites in Pomigliano d'Arco and Lecce, both located in Southern Italy, with approximately 800 employees and is provided with sophisticated computer-aided design and calculation tools and advanced physical and virtual testing equipment which are based on an ability to develop and manage information systems that puts Elasis in the front ranks of the world's R&D centres. At Elasis, work on engines and transmissions is carried out as part of FPT Powertrain Technologies' development projects.
In 2007, Elasis continued to pursue its strategic objectives of forging new links in the research/innovation system's value chain and of promoting local development. In pursuing this objective, Elasis worked within consortia including universities and private institutions in basic research and training, continuing to sharpen its focus on the issues related to mobility and its environmental impact.
In addition, Elasis cooperated with the Naples Employers' Association and chambers of commerce in Southern Italy to help the area's small and medium enterprises make the most of their skills.
Further information is available on the Centre's website at www.elasis.it
During the year, significant achievements were made in the following areas:

- **Innovative methods for products and processes**. In 2007, new methods for the Fiat Group companies' products and processes were developed using a synergistic approach whose goal is to reduce time to market and build design and product quality. Research focused on numerical modelling methods for products and manufacturing facilities, simulation of product performance, and automated testing.
In numerical product modelling, parametric models (archetypes) of body shell systems were developed which make it possible to reduce the modelling and revision time required, and are also an effective means of conserving corporate know-how. New virtual reality methods were also developed that enable researchers to assess the appearance, functional aspects and perceived quality of new car interiors and exteriors in a realistic environment.
In virtual simulation of product performance, the methods used to simulate aerodynamic, ergonomics and biomechanical performance were extended and improved.

As part of its work to improve vehicle service, Elasis developed an inter-Sectorial method for analyzing maintainability and generating service documentation that will help determine optimal disassembly sequences and improve the quality of repair manuals and owner's handbooks.
In the area of processing methods, Elasis continued its work with virtual manufacturing, developing methods and tools for ergonomic analysis and for optimizing workstations in a virtual environment.

- **Vehicle research**. Vehicle research work concentrated on the Alfa 8C - Competizione project and development of the new Fiat Fiorino. In developing the Alfa 8C Elasis followed up on the experience it gained in building the prototype for this car in 2004. To streamline the development process, Elasis employed a virtual approach. Elasis also introduced innovative steel/carbon fibre body shell technologies. For the new Fiat Fiorino, Elasis worked together with Tofas to develop body shell systems, closure panels, interior and exterior trim, wiring, body computer, and body packaging.

- **Electronic control systems**. Together with the Centro Ricerche Fiat, Elasis developed a driveability simulation method that allows for an evaluation of a vehicle's handling performance during the manoeuvres called for by Fiat test standards. Hardware-In-the-Loop systems were developed together with automated procedures for testing the self-diagnostics software used in electronic engine management, ABS and ESP system control units. For Magneti Marelli Electronic Systems, Elasis validated the software for a number of body computers. For the Ferrari Manufacturing Division (Gestione Industriale), Elasis updated the Hardware-In-the-Loop vehicle dynamics simulator used to test the electronic control unit for the Delphi Magneride active suspension system based on innovative dampening fluids. Elasis also provided support in developing the control system for the new dual clutch transmission. For CNH, the centre continued in 2007 to provide support in validating the control software for the CVT transmission featured on the Cobra tractor, and began development of a simulator for CNH which will be used to validate the electro-hydraulic drive control system on the equipment maker's Grader vehicle.

- **Fire engines**. Elasis assisted in production startup for the FIRE T-Jet engine and in the launch of the Bravo 150 HP T-Jet, Grande Punto 120 HP T-Jet and 120 HP Linea cars. For the T-Jet powerplant, Fiat Group Automobiles' first application of the downsizing concept, Elasis developed the initial concept and was also responsible for design and testing. This engine served as the basis for developing the high-power 180 HP, 270 Nm version for the Punto Abarth Esseesse. Development and product engineering work was also completed on the Fire 8 and 16 valve versions for the Fiat 500, Fiat Group Automobiles' first application to comply with Euro 5 emissions regulations. Development and product engineering work is now under way on naturally aspirated and turbocharged version of the new 1.4 litre Multiair engine, which uses an innovative intake valve control technology to improve performance and fuel economy. In addition, Elasis is working together with the Centro Ricerche Fiat in developing and validating the two-cylinder spark ignition engine, as well as in product engineering for this unit.

Human Resources

The Group had 185,227 employees at December 31, 2007, compared with 172,012 a year earlier. About 32,300 new hires were made during the year, while approximately 21,400 persons left the Group. Changes in the Group's scope of operations caused a net increase of about 2,300 employees, in consequence of the consolidation of Magneti Marelli After Market Parts and Services, the I.T.C.A. Group, which carries out its business in the automotive supplies sector, and Teksid Aluminum, in part offset by the sale of the Magnesium operations of Teksid and of Ingest Facility.
The Group's new employees include over 1,649 recent university graduates, mainly in the engineering area.
There are approximately 28,000 employees with special professional skills ("professionals"), and 43% of them work outside Italy.

Organizational and managerial changes

The leadership programme continues to be the key driver for management of human resources at Fiat.
The fact that three years have passed since its introduction at the Fiat Group renders the human resources evaluation process more mature and individuals more aware of the values at the basis of this programme.
In addition, its steady extension to most levels of the Group has increased its impact throughout Fiat. In 2007, a total of 27,000 people were evaluated according to the criteria set out in the leadership programme.
At the organizational level, coordinators of the principal corporate processes (Engineering, Purchasing, Manufacturing, Marketing, IT) were introduced at the top level of the organization in 2007 in order to enhance the exchange and synergy of resources within the Group through its different Businesses. These actions will further facilitate the real possibility of pursuing cross-sector and cross-regional career paths within the Group, a fundamental premise for the overall growth of our management.
Internal growth is essential to the business, although Fiat did not give up hiring managers from outside the Group (158 managers were hired in 2007).

Training

Investment in training to support the Group's activity and professional development of individuals totalled about 99 million euros.
Isvor Fiat provided training, consulting and professional support programmes for a total of 18,360 classroom days and on-the-job assistance.
An additional 18,780 users received a total of 223,550 hours of web-based distance learning support.

Grants and Scholarships

The "Fiat Grants and Scholarships programme" reserved for the children of employees working at Group Companies was a popular success once again this year. The countries that have been involved thus far are Italy, France, Spain, Poland, Belgium, Brazil, North America, and China. A total of 685 grants were awarded in 2007, including 194 in Italy and 491 outside Italy, for a total amount of 1.2 million euros.

Industrial relations

In 2007 a **constant dialogue** was maintained with trade unions and representatives of employees at the company level in order to find consensus-based solutions to handle the consequences on workers of measures taken to respond to market needs, improve competitiveness, flexibility, and organisational efficiency. **Collective bargaining** at the various levels was also intense, and major **agreements** were reached with the trade unions to define pay conditions and rules in the various countries where the Group operates.

Social dialogue

At the **European** level, issues concerning the condition of the Fiat Group, especially those that have a transnational impact, were subject of information and consultation with the members of the Fiat Group **European Works Council (EWC)**, as required under EU Directive 45/94/EC. The Fiat Group EWC, which represents the employees of Group companies located in the European Union, was established in 1997 and is comprised by 30 representatives of the various countries in proportion to the current employment distribution of the Fiat Group in Europe.

The meeting with the EWC Selected Committee was held in May. The Group CEO, Sergio Marchionne, spoke at the annual plenary meeting held on November 5 and 6, 2007, where he presented the results achieved, objectives and strategies of the Group for future years.

In **Italy**, dialogue continued with the trade unions at the national and local level. Representatives of employees were provided with constant updates on the evolution of the Fiat Group relaunch and development plan, on initiatives taken to achieve set objectives, on programs to renew the product range and on production allocations.
A key meeting was held on February 19, 2007 at the Italian Prime Minister's Office, with the participation of the Prime Minister, the Ministers of Labour and Transport, and the Vice Minister for Economic Development, as well as labour union leaders at the national and industry level. The Chief Executive Officer Sergio Marchionne illustrated the Group's development plans for 2007-2010, with special attention being devoted to the situation in Italy. The meeting concluded with the signing of a transcript in which the Italian Government affirmed its willingness to support the Company's development plans, with the reserve of a careful assessment of the initiatives taken in support of investments and research. It recognised the existence of the conditions for granting the Fiat Group a quota for "mobilità lunga" (long-term benefit to bridge the period prior to retirement applicable to employees affected by collective redundancies), to the same extent that was envisaged in the December 18, 2006 agreement with Trade Unions, i.e. a maximum of 2,000 units.
At the end of the year, the extraordinary plan for relaunching the Pomigliano d'Arco plant was presented to the Government and national and local labour unions. This plan aims to bring the plant up to best-in-class levels and create the conditions necessary for production of future models at this plant.

Management of production demands

The improved market conditions and higher sales in most Sectors entailed the need to increase production volumes. According to the specificities of the various entities, this need was met through overtime work, use of temporary workers, and scheduling of additional shifts to achieve greater saturation of plant capacity.

In **Italy**, agreements were reached in 2007 with employee representatives on the introduction of shift patterns distributed over six days per week at the Foggia plant (17 shifts) in the FPT Powertrain Technologies Sector and in the Lecce backhoe loaders frame carpentry processing area of the CNH Sector, which consequently join the production units of Melfi (SATA S.p.A.), Pratola Serra (FMA S.r.l.), Termoli (Fiat Powertrain Technologies S.p.A.), and certain processing areas at the Modena (CNH) plant, where rotation over 17-18 shifts was already planned.

The increase in production activity also permitted the transformation of over 1,000 fixed-term employment contracts into unlimited term contracts and to hire about 1,000 youths with a professional apprenticeship contract.
In contrast, recourse to the Cassa Integrazione Guadagni (Temporary Layoff Benefits Fund) was progressively reduced at the production plants. In particular, the possibility of using the "mobilità lunga" (long-term benefit to bridge the period prior to retirement) starting from July made it possible to terminate use of the Cassa Integrazione Guadagni at the central, technical, and commercial entities of Fiat Group Automobiles and FPT.
The 2007 Financial Law permitted recourse to "mobilità lunga" for a maximum of 6,000 workers, to be allocated amongst various Italian firms. Group companies were allocated a total of 2,000 individual entitlements to layoff with long-term benefits to bridge the period prior to retirement, with over half of these being allocated to the employees of Fiat Group Automobiles.
A total of about 2,600 employees were laid off with long-term and ordinary layoff benefits in 2007.
The use of "mobilità lunga" permitted a severe reduction in the number of workers at Arese who were beneficiaries of the Government's Temporary Layoff Benefits Fund. For the remaining redundant workers, who do not meet the requirements necessary to have access to "mobilità" benefits, a waiver to the temporary lay off benefit will not be requested, insofar as the implementation of the plan for hiring of these workers will be solicited by the companies that purchased the area.

Outside Italy, the plants in Brazil and Poland in particular were affected by the need to increase the saturation of production capacity. This involved extensive use of overtime work, which in certain cases exceeded 10% of the normal working time, an increase in the number of work shifts, and the hiring of temporary workers.

Agreements for working time flexibility according to fluctuations in production requirements were applied in Germany (Iveco), as well as in CNH Plants in Belgium and Poland, where this is a standard practice due to the seasonal nature of the business.

Restructuring and reorganization activities were more limited, and principally involved streamlining the Fiat Group Automobiles proprietary sales and dealer network in Europe, reorganization of Comau activities in France (sale of the engineering business and social plan at the Trappes plant), and termination of engine production at the CNH plant in Basildon (UK).

World Class Manufacturing (WCM)

WCM is based on a series of methods that must be correctly applied for optimal use of factors of production, including those regarding factory work conditions.

Covering four areas of methods and management (organization of work/productivity, quality, technical efficiency, and level of service/logistics), WCM is based on the four key factors of involving people, combating loss and waste, and the standardization that facilitates application of problem-solving methods.

In summary, the ten principles of WCM start from safety, which is considered the basis for excellent performance; application of standards, which are essential management tools; and conclude with rigorous application of methods and use of tools and the immediate identification and solution of anomalies. The aim of all these principles is to reduce all kinds of loss to a minimum, while always listening to the customer's comments, through the involvement of people.

Application of the WCM method was extensively discussed at all levels with labour unions, in view of creating a positive climate for acceptance and sharing responsibility for common objectives.

Collective bargaining

With regard to collective bargaining involving compensation issues, the agreements reached with the trade unions call for wage increases that are generally in line with or slightly higher than the rate of inflation in the period. The purpose of these agreements was to help employees preserve their purchasing power and link any further potential wage increases to the achievement of the targets to improve the Company’s performance.

In **Italy**, the National Collective Labour Agreement for Metalworkers (white and blue collar) of metallurgical and mechanical industries for approximately 77,000 Fiat Group employees expired on June 30, 2007. Negotiations for its renewal began in July between Federmeccanica (the national labour organization representing the metallurgical and mechanical industries with which Group companies are affiliated) and the Fim-Cisl, Fiom-Cgil, Uilm-Uil, and Fismic labour unions.
Negotiations appeared, at times, to be difficult as some disagreements arose over both wage issues and certain union demands regarding regulatory provisions (such as the reform of the system for classification and introduction of greater restrictions on the use of temporary workers). On January 20, 2008 an agreement was reached between the parties: the new agreement will be valid for 30 months (until December 31, 2009) for the wage related provisions and until December 31, 2011 for the regulatory provisions. Wage increases were agreed to for a total of 127 euros gross per month (these amounts refer to a worker classified in category 5) granted in three instalments: 60 euros from January 1, 2008, another 37 euros from January 1, 2009, and a further 30 euros from September 1, 2009. Furthermore, a one-off payment of 300 euros gross will be made in March 2008 to cover the period between July and December 2007.
It is estimated that once this agreement is fully applied, in 2010, all of the wage increases envisaged in it will cause labour costs for all Group Companies in Italy to rise by slightly more than 6%.
The changes envisaged in the regulatory provisions include certain measures regarding working time aimed at improving flexibility (an 8-hour increase in the amount of overtime that companies may implement without having to obtain prior consent from worker representatives); the standardisation of regulatory provisions for blue and white collar workers that will come into effect on January 1, 2009; revision and reinforcement of the information and consultation system, particularly in regard to safety at work; the definition of employment stabilisation paths for fixed-term and supply contract workers.

Between October 2007 and January 2008, the labour unions called about 40 hours of strikes in support of their claims, with average participation by Group employees varying between 20% and 30%.

Pursuant to the applicable Fiat Group Supplemental Agreement (which applies to the Group's metalworking Sector companies operating in Italy), signed on June 28, 2006, a Performance Bonus was paid. This bonus is determined annually according to achievement of profitability and quality targets during the previous year. The total average amount of the bonus paid in 2007 was 2,043 euros gross for workers classified in category 1 to 4, and thus 200 euros more than the total average amount paid in 2006. The increase reflected the greater portion of the bonus linked to profitability, since the "Trading Profit" target of the Fiat Group was met and topped in 2006.

Outside Italy, the main collective bargaining negotiations held at the Company level in 2007 included the Company-level negotiations in **France** which, varying among the various Group companies, resulted in wage increases of between 2 and 3%, and thus slightly above the inflation rate for the year.
The wage increases agreed to upon collective bargaining by the Company in **Poland** were somewhat more substantial. These reflected not only the inflation in this country, which is higher than the average rate in eurozone countries, but also the productive pressures at Group plants located there, and the strong claim by trade unions for recovery of wage earners' purchasing power.
In **Germany**, collective bargaining was conducted at the level of each Land for renewal of the metalworking Sector agreement, which is applied by most of the Group companies operating in that country. The new agreement envisaged average wage increases of approximately 6% over two years (4% in 2007 and 1.7% in 2008).

In **Brazil,** most Group companies have applied collective bargaining agreements made between the local employers associations in the sector (e.g. FIEMG for firms in the area of Belo Horizonte, Betim, and Contagem), while others made Company agreements at similar levels. Overall, the collective pay increases were greater than the inflation rate, reflecting economic growth in the country. Variable annual bonuses were also paid according to Company results.

There was more **labour unrest** in Italy than in 2006, due to the strikes called during negotiations for renewal of the National Collective Labour Agreement for metallurgical and mechanical industry workers. In contrast, labour unrest in other countries was insignificant.

Financial Review of the Group

Introduction

Principal transactions that affected the scope of consolidation in 2007

- On February 28 2007, the procedure for the sale of Ingest Facility S.p.A. to Pirelli RE Facility Management was concluded on receiving the approval from antitrust authorities.
- On March 2 2007, the sale of Meridian Technologies Inc. was finalised on receiving approval from the competent authorities and on the closing of the financing to the purchaser from financial institutions.
- At the end of April 2007, Magneti Marelli reacquired control of the automotive spare parts distribution operations. As a result of this, the After Market Parts and Services business line, which operates at a worldwide level in the distribution of spare parts in the Independent After Market sector, was consolidated as of May 1 2007.
- In May 2007, the Fiat Group acquired the entire ownership of the I.T.C.A. group which carries out its business in the automotive supplies sector.
- In August 2007, Fiat acquired the entire ownership of Teksid Aluminum S.r.l.
- On December 28 2007, the Fiat Group completed operations necessary for the establishment of a 50-50 joint venture with Tata Motors. As of that date, therefore, the assets and liabilities of the Indian business of Fiat Group Automobiles were transferred to the joint venture and therefore deconsolidated.

Effective January 1 2007 the activities which were previously part of the Services Sector were transferred to Fiat Services S.p.A., a company included among Holding companies and Other companies. Fiat Services S.p.A. and its subsidiaries outside of Italy provide administrative and professional services to Fiat Group Companies. In accordance with IAS 14 – *Segment Reporting*, effective January 1 2007, the Services Sector is no longer represented and the relevant figures for 2006 have consequently been reclassified. Fiat Services activities are organised in three service units: Transactional Processes (Finance and Payroll), Information and Communication Technology and Customs Services.

Financial Review of the Group

Operating Performance of the Group

(in millions of euros)	2007	2006
Net revenues	**58,529**	51,832
Cost of sales	**48,924**	43,888
Selling, general and administrative costs	**4,924**	4,697
Research and development costs	**1,536**	1,401
Other income (expenses)	**88**	105
Trading profit	**3,233**	1,951
Gains (losses) on the disposal of investments	**190**	607
Restructuring costs	**105**	450
Other unusual income (expenses)	**(166)**	(47)
Operating result	**3,152**	2,061
Financial income (expenses)	**(564)**	(576)
Result from investments	**185**	156
- Net result of investees accounted for using the equity method	**210**	125
- Other income and expenses from investments	**(25)**	31
Result before taxes	**2,773**	1,641
Income taxes	**719**	490
Result from continuing operations	**2,054**	1,151
Result from discontinued operations	**-**	-
Net result for the year	**2,054**	1,151
Attributable to:		
Equity holders of the Parent	**1,953**	1,065
Minority interests	**101**	86

In the review that follows, net revenues and trading profit are discussed by single Business/Sector; the other data refer to the Group as a whole.

Net revenues

In 2007, the Fiat Group had **net revenues** of 58,529 million euros, up 12.9% from 2006 driven by higher volumes across all major industrial businesses.

Revenues by Business

(in millions of euros)	2007	2006	% change
Automobiles (Fiat Group Automobiles, Maserati, Ferrari)	**29,015**	25,577	13.4
Agricultural and Construction Equipment (CNH - Case New Holland)	**11,843**	10,527	12.5
Trucks and Commercial Vehicles (Iveco)	**11,196**	9,136	22.5
Components and Production Systems (FPT, Magneti Marelli, Teksid, Comau)	**13,375**	12,366	8.2
Other Businesses (Publishing and Communications, Holding companies and Other companies)	**1,378**	1,513	-8.9
Eliminations	**(8,278)**	(7,287)	-
Total for the Group	**58,529**	51,832	12.9

A detailed review of net revenues by Business/Sector is provided below.

Automobiles

In 2007 the **Automobiles** businesses posted revenues of 29,015 million euros, up 13.4% over 2006 driven by higher revenues at Fiat Group Automobiles (+13.1%). Significant contributions also came from Ferrari, whose revenues increased by 15.3%, and Maserati, which recorded revenue growth of 33.7%.

(in millions of euros)	2007	2006	% change
Fiat Group Automobiles	**26,812**	23,702	13.1
Maserati	**694**	519	33.7
Ferrari	**1,668**	1,447	15.3
Eliminations	**(159)**	(91)	-
Total	**29,015**	**25,577**	**13.4**

- In 2007 **Fiat Group Automobiles** had net revenues of 26,812 million euros, an increase of 13.1% with respect to 2006, driven by the success of new models which contributed to the successful sales performance recorded notwithstanding the flattening of the Western European automobile market compared to the previous year.

On a comparable scope of operations, excluding the impact of the financial services operations that were transferred to the Fiat Group Automobiles Financial Services joint venture at the end of 2006, Sector revenues rose by 15%.

2007 saw the launch of models that were key to the expansion of the Fiat Group Automobiles product line: in particular the Fiat Bravo, the Fiat 500, the icon of the new Fiat, the New Croma, the Fiat Linea, the Grande Punto Abarth, the first street model of the revived Scorpion brand, and also the New Musa and the Sport Momo Design version of the Ypsilon for the Lancia brand and the diesel version of the Alfa Spider. New light commercial vehicles launched included the Panorama version of the Scudo, the new Fiorino Cargo and the Ducato Minibus Elegant.

Fiat Group Automobiles delivered a total of 2,233,800 automobiles and light commercial vehicles, up 12.8% (approximately 250,000 units) from 2006. In Western Europe deliveries increased by 5.2% to 1,357,000 units. Volumes rose sharply in all major European countries: +5.7% in Italy, +14.1% in Spain, +7.6% in France, +2.1% in Great Britain. The only exception was Germany where, notwithstanding a particularly sluggish market, the drop in volumes was modest (-2.5%). Fiat Group Automobiles' share of the automobile market improved to reach 31.3% in Italy (+0.6 percentage points) and 8% in Western Europe (+0.5 percentage points).

In Brazil, where automobile market demand continued to be particularly buoyant, Fiat Group Automobiles achieved a 31.9% increase in deliveries and a 25.9% share of the automobile market (+0.6 percentage points), thus confirming its leadership position. In Poland, deliveries increased by 18.6%, with a market share of 10.1% (-0.2 percentage points).

- In 2007 **Maserati** reported revenues of 694 million euros, an increase of 33.7% from the previous year due to the excellent performance of the automatic version of the Quattroporte and of the new Maserati GranTurismo, whose sales started at the end of July 2007.

- **Ferrari** had revenues of 1,668 million euros, up 15.3% from 2006, mainly due to the success of the F430 and 599 GTB Fiorano models. A significant contribution came from sales in the United States, and in the Middle and Far East markets.

Agricultural and Construction Equipment

CNH – Case New Holland had revenues of 11,843 million euros. The 12.5% increase from 2006 was negatively impacted by the euro/dollar exchange rate; in US dollar terms, revenues increased by 22.8%, as a result of higher volumes, improved mix and prices, as well as new products.

In 2007 the global market for agricultural equipment grew by 2% over 2006. In North America demand for tractors and combine harvesters rose by 2%. Increases in both product lines were also recorded in Western Europe and in Latin America, where demand for tractors and combine harvesters rose sharply. In the Rest of the World markets, demand for tractors decreased, against a very positive performance for combines. All CNH brands gained market share, with particularly significant improvements in combines and high horsepower tractors.

In 2007, global deliveries of CNH agricultural equipment to the dealer network and retail unit volumes increased in all markets.

The global construction equipment market grew by 13% over 2006. Demand for both heavy and light equipment grew significantly in all main regions apart from North America, where it declined by 12%.

CNH construction equipment deliveries to the network and retail unit sales increased overall, with strong growth in Western Europe, Latin America and in the Rest of the World, more than offsetting the decline, in line with the unfavourable performance of the market, reported in North America.

Trucks and Commercial Vehicles

In 2007 **Iveco** had revenues of 11,196 million euros, up 22.5% from 2006 as a result of higher sales volumes and improved pricing.

In 2007 Iveco delivered a total of 211,700 vehicles, including 13,300 with buy back commitments, an increase of 16.6% from the previous year. Deliveries benefitted from the success of the Daily light vehicle range, as well as higher sales in the heavy vehicle range due to the new Stralis. In Western Europe deliveries totalled 147,500 (+9.1%) units. Among the principal countries, particularly positive performances were posted in France (+12.9%), Germany (+12.4%) and Italy (+7.9%); deliveries increased by 2.9% in Spain, while they were down in Great Britain. Volumes rose sharply in Eastern Europe (+58%) and Latin America (+45%).

Iveco's share of the Western European market (GVW ≥ 2.8 tons) stood at 10.3% (-0.3 percentage points from 2006). Its share in the light vehicle segment (-0.4 percentage points) was penalised by competition from car-derived vehicles (vans), while Iveco's share rose in the medium segment (+0.7 percentage points) and in the heavy segment (+0.5 percentage points) where it benefitted from the launch of the new Stralis in March 2007.

In 2007 Iveco's share of the Eastern European market (GVW ≥ 2.8 tons) was 13% (11.8% in 2006), with improvements in all three segments.

Components and Production Systems

Revenues of the **Components and Production Systems** business totalled 13,375 million euros, for an increase of 8.2%. Sales increased by 15.1% at FPT Powertrain Technologies and 12.2% at Magneti Marelli. Teksid revenues decreased by 20% in absolute terms, mainly due to changes in the scope of consolidation (revenues were down 3.4% on a comparable basis). Comau reported a decline in revenues of 14.9%, in line with the reshaping of the business initiated in 2006.

(in million of euros)	2007	2006	% change
FPT Powertrain Technologies	**7,075**	6,145	15.1
Components (Magneti Marelli)	**5,000**	4,455	12.2
Metallurgical Products (Teksid)	**783**	979	-20.0
Production Systems (Comau)	**1,089**	1,280	-14.9
Eliminations	**(572)**	(493)	-
Total	**13,375**	**12,366**	**8.2**

- Revenues of **FPT Powertrain Technologies** totalled 7,075 millions euros, an increase of 15.1% from the previous year, as a result of a significant growth in volumes (mainly due to higher demand by Fiat Group Automobiles and Iveco). Sales to third parties and joint ventures represented 24% of revenues (26% of revenues in 2006).

In 2007 revenues of the Passenger & Commercial Vehicles product line totalled 3,891 million euros (+12.9% from 2006), 79% of which earmarked for Group companies and the remainder mainly representing sales of diesel engines to third parties. During the year, 2,597,000 engines (+11.5%) and 2,093,000 transmissions (+23.5%) were sold.

The Industrial & Marine product line had revenues of 3,166 million euros, an increase of 18.2% compared with 2006. Sales to Fiat Group companies accounted for approximately 74% of the total (72% of revenues in 2006). A total of 505,000 engines (an increase of 13.9%) were delivered, mainly to Iveco (45%), CNH (19%) and the Sevel joint venture (26%). In addition, 123,000 transmissions (+8.4%) and 300,000 axles (+14.4%) were sold.

- In 2007 **Magneti Marelli** had revenues of 5,000 million euros, an increase of 12.2% over 2006. The impact of the consolidation, as of May 2007, of the After Market Parts & Services business was largely offset by the effect of the sale to Fiat Group Automobiles of the activities for the final assembly of suspension systems earmarked for Fiat models, which took place in the second quarter of 2006. On a comparable consolidation basis, revenues increased by 11.7%, due to higher volumes sold to both Fiat Group companies and third parties.

All business lines posted positive performances. The Lighting business, with its high-tech products and a high incidence of sales to third parties, posted significant increases in volumes in all its principal markets. Sales of Selespeed systems and Gasoline Direct Injection systems in Europe, as well as higher volumes in Brazil and China, drove growth in the Engine

Control business line. Revenues of the Electronic Systems business line benefited from higher sales of instrument panels to both Fiat and third parties, as well as occupant compartment modules earmarked for Fiat customers. The positive performance of Suspensions Systems in Poland, Italy and Brazil is mainly connected to its main customer Fiat. Exhaust Systems grew on the back of higher sales to Fiat (Italy, Poland and Brazil) and to third parties (Brazil and Spain).

- In 2007, **Teksid** reported revenues of 783 million euros, down 20% from 2006. The decrease is mainly due to the sale of the Magnesium activities at the beginning of March 2007, which was only partially compensated by the consolidation of Teksid Aluminum starting in September 2007. On a comparable scope of operations, revenues were down 3.4%, due to a 3.8% drop in volume at the Cast Iron business. Lower sales in North America were partly offset by positive performance on the Brazilian and European markets.

- **Comau** had revenues of 1,089 million euros. The decrease of 14.9% from 2006 is mainly due to operations in North America, which were impacted by difficult trading conditions and unfavourable exchange rate trends. Lower decreases were reported by the Body-welding and Powertrain operations in Europe and by the Service businesses, consistent with the reshaping of the scope of operations.

Other Businesses

Other Businesses include, in the line item Holding companies and Other companies, the figures reported in 2006 for the Services Sector, now Fiat Services.

(in million euros)	2007	2006	% change
Publishing and Communications (Itedi)	**391**	401	-2.5
Holding companies and Other companies	**987**	1.112	-11.2
Total	**1,378**	1,513	-8.9

- In 2007 **Itedi** had revenues of 391 million euros, down 2.5% from 2006 due to lower advertising revenues at Publikompass.
- **Holding companies and Other companies** had revenues of 987 million euros in 2007, a decrease of 11.2% from the previous year. The decrease is due to the disposal of some activities that belonged to the Services Sector and in particular the sale of Ingest Facility (a company operating in the facility management business) at the end of February 2007.

Trading profit

In 2007, **trading profit** totalled 3,233 million euros (5.5% of revenues), an increase of 65.7% compared to 1,951 million euros in 2006 (3.8% of revenues), with all the major businesses posting significant improvements.

Trading profit by Business

(in millions of euro)	2007	2006	Change
Automobiles (Fiat Group Automobiles, Maserati, Ferrari)	**1,093**	441	652
Agricultural and Construction Equipment (CNH - Case New Holland)	**990**	737	253
Trucks and Commercial Vehicles (Iveco)	**813**	546	267
Components and Production Systems (FPT, Magneti Marelli, Teksid, Comau)	**509**	348	161
Other Businesses (Publishing and Communications, Holding companies and Other companies) and **Eliminations**	**(172)**	(121)	-51
Total for the Group	**3,233**	1,951	1,282
Trading margin (%)	**5.5**	3.8	

The breakdown of trading profit by Business/Sector is illustrated below:

Automobiles

The Automobiles businesses had a trading profit of 1,093 million euros (+652 million euros) more than double compared to 2006. Trading margin grew from 1.7% in 2006 to 3.8% in 2007. Fiat Group Automobiles, with a 512 million euro increase in trading profit, almost tripled its 2006 result. Ferrari's trading profit rose by 45.4%. Maserati posted a turnaround in results, reporting a trading profit of 24 million euros against a trading loss of 33 million euros in 2006.

(in million euros)	2007	2006	Change.
Fiat Group Automobiles	**803**	291	512
Maserati	**24**	(33)	57
Ferrari	**266**	183	83
Total	**1,093**	441	652
Trading margin (%)	**3.8**	1.7	

- **Fiat Group Automobiles** had a trading profit of 803 million euros (3% of revenues) a sharp improvement (+512 million euros) from the 291 million euros (1.2% of revenues) reported in 2006. The increase is mainly attributable to higher volumes, a more favourable product mix following the introduction of new models, increased absorption of fixed production costs, net of higher costs for research and development, advertising and network development supporting intensive product program and commercial strategy in both Western Europe and Latin America. The contribution of a non-recurring gain (net of non-recurring expenses) of approximately 65 million euros, also positively impacted trading profit.

- In 2007 **Maserati** had a trading profit of 24 million euros (3.5% of revenues), a sharp improvement (up 57 million euros) from the loss of 33 million euros reported in 2006. Higher volumes and cost-containment initiatives enabled Maserati to report a positive trading result for the first time since its entry into the Fiat Group in 1993.

- **Ferrari** closed 2007 with a trading profit of 266 million euros, up 45.4% from 183 million euros in 2006. The improvement is mainly attributable to higher sales volumes and efficiency gains, offset in part by increased R&D expenses and unfavorable US dollar exchange rate. Trading margin was 15.9% in 2007 against 12.6% in 2006.

Agricultural and Construction Equipment

In 2007 **CNH - Case New Holland** had a trading profit of 990 million euros, representing a trading margin of 8.4%, up from 7% in 2006. The 253 million euro improvement (+34.3%; +46.7% in US dollar terms) from the 737 million euros of 2006 was mainly due to higher sales volumes, a more favourable mix and pricing (allowing also the recovery of higher raw material costs), as well as benefits deriving from improved product quality.

Trucks and Commercial Vehicles

Iveco had a trading profit of 813 million euros (7.3% of revenues), a sharp improvement (+267 million euros, or +48.9%) over trading profit of 546 million euros in 2006 (6% of revenues). The increase is mainly attributable to strong growth in sales volume and better pricing resulting from the competitive repositioning of its products, especially heavy vehicles, partially offset by higher costs both for R&D and for the international expansion initiatives started by Iveco over the last 2 years.

Components and Production Systems

The **Components and Production Systems** businesses posted trading profit of 509 million euros, for a trading margin of 3.8% (2.8% in 2006). The 161 million euro overall improvement reflects higher trading profit at FPT Powertrain Technologies and Magneti Marelli, and the reduced loss at Comau.

(in millions of euros)	2007	2006	Change
FPT Powertrain Technologies	**271**	168	103
Components (Magneti Marelli)	**214**	190	24
Metallurgical Products (Teksid)	**47**	56	-9
Production Systems (Comau)	**(23)**	(66)	43
Total	**509**	348	161
Trading margin (%)	**3.8**	2.8	

- In 2007, **FPT Powertrain** Technologies had a trading profit of 271 million euros, an increase of 103 million euros (+61.3%) over 2006, resulting in an improvement in trading margin from 2.7% in 2006 to 3.8% in 2007. The improvement is mainly due to efficiencies in the purchasing and manufacturing areas and growth in volume, while higher costs for international business development negatively impacted trading results.
- **Magneti Marelli** had a trading profit of 214 million euros, an increase of 24 million euros compared to 2006. Higher sales volumes and efficiency gains compensated price pressures, increased raw material prices and industrial start-up costs for new products. Trading margin was 4.3%, in line with 2006.
- **Teksid** closed 2007 with a trading profit of 47 million euros, which was impacted by the trading loss of 9 million euros of Teksid Aluminum, against a profit of 56 million euros in 2006, which included the positive result of 16 million euros relating to sold activities. On a comparable scope of operations, trading profit improved by 16 million euros due to efficiency gains, which more than offset higher energy and materials costs.
- **Comau** closed 2007 with a trading loss of 23 million euros (reported in the first quarter of 2007 and followed by substantial breakeven in the rest of the year), a substantial improvement from the loss of 66 million euros reported in 2006. The improvement is the result of the reshaping plan launched in the second half of 2006, the effects of which are starting to be felt. The most important improvements were reported by the Body-welding operations in Europe.

Other Businesses

The trading loss reported by the **Other Businesses** totalled 172 million euros, compared with a trading loss of 121 million euros in 2006.

(in millions of euros)	2007	2006	Change
Publishing and Communications (Itedi)	**12**	11	1
Holding companies, Other companies and Eliminations	**(184)**	(132)	-52
Total	**(172)**	(121)	-51

- In 2007, **Itedi** had a trading profit of 12 million euros (3.1% of revenues), against a profit of 11 million euros in 2006 (2.7% of revenues). The improvement is mainly attributable to general, industrial and distribution cost-containment initiatives at Editrice La Stampa (whose trading margin rose by 2 percentage points), notwithstanding higher amortization connected to the new rotary press project and the termination of government paper cost subsidies.
- The trading loss of **Holding companies, Other companies and Eliminations** rose from 132 million euros in 2006 (which included a profit of 37 million euros of the Services Sector) to 184 million euros in 2007. The change of 52 million euros is attributable to lower volumes of activity for the “Treno Alta Velocità” (T.A.V.) contract (in the first quarter of 2006 there had still been significant income from the Turin-Novara line, which was completed in that period), the change in the scope of consolidation, in particular due to the disposal of B.U.C. - Banca Unione di Credito, as well as higher non-cash costs recognised in connection with stock option plans.

Operating result

In 2007 **Operating income** totalled 3,152 million euros, against 2,061 million euros in 2006. The 1,091 million euro improvement from 2006 reflects higher trading profit for 1,282 million euros, partially reduced by lower unusual income for 191 million euros. The latter is the effect of lower gains on the disposal of investments for 417 million euros, higher other net unusual expenses for 119 million euros, offset in part by lower restructuring costs for 345 million euros.

Net gains on the disposal of investments totalled 190 million euros and mainly include the following gains: 118 million euros for the sale of the interest in Mediobanca S.p.A., and 42 million euros realised on the completion of the sale of Ingest Facility S.p.A.

In 2006 this item amounted to 607 million euros and included the gain of 463 million euros resulting from the establishment of the joint venture Fiat Group Automobiles Financial Services, the gains on the sale of B.U.C. - Banca Unione di Credito (80 million euros), Immobiliare Novoli S.p.A. (39 million euros), Machen Iveco Holding SA that controlled 51% of Ashok Leyland Ltd (23 million euros), Atlanet S.p.A. (22 million euros) and the residual interest in IPI S.p.A. (9 million euros), as well as the 29 million euro loss, at the time an expected loss, in connection with the sale of Meridian Technologies Inc. which was finalized on March 2, 2007.

Restructuring costs totalled 105 million euros and related primarily to Fiat Group Automobiles (40 million euros), CNH (30 million euros) and Comau (21 million euros).

In 2006, restructuring costs totalled 450 million euros and were mainly attributable to Comau (179 million euros) in connection the restructuring and reshaping of the scope of the Sector's operations, CNH (145 million euros), FPT Powertrain Technologies (60 million euros), Magneti Marelli (16 million euros), Business Solutions (12 million euros).

Other unusual income (expenses) consisted of net expenses of 166 million euros, largely in connection with the rationalisation of some strategic suppliers of the Group, some of which were acquired in 2007.

The 47 million euros in net expenses reported in 2006 included 26 million euros attributable to the impairment of the goodwill of certain European companies of Comau, resulting from the restructuring and reshaping of its scope of operations, and 17 million euros due to the reorganisation and rationalisation of relationships with Group suppliers.

The following table illustrates the components of operating result broken down by Sector:

	Trading profit		Gains/(losses) on the disposal of investments		Restructuring costs		Other unusual income (expenses)		Operating result	
(in millions of euros)	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Fiat Group Automobiles	**803**	291	**8**	461	**40**	9	**(136)**	(16)	**635**	727
Maserati	**24**	(33)	**-**	-	**-**	-	**(2)**	-	**22**	(33)
Ferrari	**266**	183	**-**	-	**-**	-	**-**	-	**266**	183
Agricultural and Construction Equipment (CNH)	**990**	737	**-**	-	**30**	145	**(7)**	-	**953**	592
Trucks and Commercial Vehicles (Iveco)	**813**	546	**-**	25	**10**	6		-	**803**	565
FPT Powertrain Technologies	**271**	168		-	**1**	60	**(13)**	(6)	**257**	102
Components (Magneti Marelli)	**214**	190	**-**	-	**-**	16	**(5)**	1	**209**	175
Metallurgical Products (Teksid)	**47**	56	**-**	(29)	**(1)**	4	**(1)**	3	**47**	26
Production Systems (Comau)	**(23)**	(66)	**11**	(1)	**21**	179	**-**	(26)	**(33)**	(272)
Publishing and Communications (Itedi)	**12**	11	**-**	1	**1**	-	**-**	-	**11**	12
Holding companies, Other companies and Eliminations	**(184)**	(132)	**171**	150	**3**	31	**(2)**	(3)	**(18)**	(16)
Total for the Group	**3,233**	1,951	**190**	607	**105**	450	**(166)**	(47)	**3,152**	2,061

Net result

Net financial expenses totalled 564 million euros in 2007, against 576 million euros in 2006, and include the positive impact of 70 million euros (71 million euros in 2006) from two stock option-related equity swaps on Fiat shares. The improvement arising from lower net industrial debt was in part offset by expenses of 43 million euros recognised in relation to the accelerated redemption of CNH senior notes due in 2011. The financial component of costs for pension plans and other employee benefits totalled 155 million euros in 2007, compared with 166 million euros in 2006.

In 2007 **Investment income** totalled 185 million euros, against income of 156 million euros in the previous year. The improvement of 29 million euros is largely due to the contribution of Fiat Group Automobiles Financial Services and higher results at the main industrial joint ventures (Tofas and Sevel).

In 2007 **Income before taxes** totalled 2,773 million euros, against income of 1,641 million euros in 2006. The 1,132 million euro improvement is due to the increase of 1,091 million euros in operating income, lower net financial expenses for 12 million euros and an increase in investment income of 29 million euros.

Income taxes totalled 719 million euros in 2007 (490 million euros in 2006), 188 million euros of which for IRAP (149 million euros in 2006) and 21 million euros for prior years taxes (56 million euros in 2006). In 2007, the increase in the charge for income taxes is the consequence of the significant rise in profits from operations, partially offset by an increase in recognised deferred tax assets and lower taxes relating to previous years.

Excluding IRAP the Group effective tax rate was 19% in 2007 (21% in 2006).

In 2007 **Net income** totalled 2,054 million euros, against income of 1,151 million euros in 2006.

Net income attributable to the equity holders of the Parent amounted to 1,953 million euros in 2007 (1,065 million euros in 2006).

Consolidated Statement of Cash Flows

The consolidated statement of cash flows is presented as a component of the Consolidated Financial Statements. A condensed version thereof as well as comments are provided below.

(in millions of euros)			2007	2006
A)	**Cash and cash equivalents at beginning of the year as reported**		**7,736**	**6,417**
	Cash and cash equivalents included under Assets held for sale		**5**	**-**
B)	**Cash and cash equivalents at beginning of the year**		**7,741**	**6,417**
C)	**Cash flows from (used in) operating activities during the year**		**5,909**	**4,618**
D)	**Cash flows from (used in) investment activities**	(a)	**(4,601)**	**(1,390)**
E)	**Cash flows from (used in) financing activities**		**(2,375)**	**(1,731)**
	Translation exchange differences		**(33)**	(173)
F)	**Total change in cash and cash equivalents**		**(1,100)**	**1,324**
G)	**Cash and cash equivalents at end of the year**		**6,641**	**7,741**
	of which: Cash and cash equivalents included under Assets held for sale		**2**	5
H)	**Cash and cash equivalents at end of the year as reported in the Consolidated Financial Statements**		**6,639**	**7,736**

(a) In 2006, the reimbursement of loans extended by the Group's centralised cash management to the financial services companies transferred to the FAFS joint venture had determined proceeds of approximately 3 billion euros.

In 2007, cash flows from **operating activities** during the year totalled 5,909 million euros.

Income cash flow, that is net income plus amortisation and depreciation, dividends, changes in provisions and items related to sales with buy-back commitments, net of Gains/losses on disposal and other non-cash items, amounted to 4,321 million euros, to which should be added the cash generated by the decrease in working capital which, when calculated on a comparable consolidation and exchange rate basis, amounted to 1,588 million euros.

Cash flows used in **investment activities** totalled 4,601 million euros. Net of the increase in securities held as current assets (63 million euros), which mainly represent a temporary investment of funds, investments activities used a total of 4,538 million euros.

Investments in tangible assets (net of vehicles sold with buy-back commitments) and intangible assets totalled 3,985 million euros (3,789 million euros in 2006) of which 302 million euros (926 million euros in 2006, 750 million euros of which relating to activities performed in 2007 by FAFS) referred to vehicles for long-term renting operations while 932 million euros (813 million euros in 2006) referred to capitalised development costs.

In addition to investments, receivables from financing activities increased (1,032 million euros) mainly due to growth in financing extended by the financial services companies of CNH - Case New Holland, partly offset by the decrease in financing activities performed by the financial services companies of Fiat Group Automobiles that were not conveyed to Fiat Group Automobiles Financial Services at the end of 2006.

In 2007, the sale of non-current assets determined net proceeds of 735 million euros, which relate mainly to the sale of the interest held in Mediobanca (225 million euros), the sale of Meridian Technologies Inc. (Metallurgical Products Sector – 55 million euros) and Ingest Facility (included in the Services Sector until the end of 2006 – 49 million euros), the final payment received on the sale of 51% of FAFS which took place at the end of 2006 (85 million euros) and the payment received within the framework of the creation of the 50-50 joint venture with Tata Motors in India (28 million euros), as well as the proceeds from the sales of vehicles as part of the long-term renting operations (54 million euros) and of other tangible and intangible assets.

Cash flows used in **financing activities** totalled 2,375 million euros mainly due to the reduction of debt for approximately 1.7 billion euros (1 billion euros of which relate to asset-backed financing), the payment of dividends (310 million euros, 36 million euros of which to minority stockholders of Group companies) as well as the purchase of treasury stock as part of the buy-back programme approved by the Stockholders Meeting in April 2007 (426 million euros), net of sales resulting from the exercise of stock options (31 million euros).

Balance Sheet of the Group at December 31, 2007

At December 31 2007, **Total Assets** amounted to 60,136 million euros, an increase of 1,732 million euros from 58,404 million euros at December 31, 2006*.

At the end of the period, Total Assets included assets reclassified under Assets held for sale for 83 million euros, mainly relating to the Production Systems Sector.

In 2007 **Non-current assets** increased by 934 million euros due to the increase in:

- Property, plant and equipment (amounting to 706 million euros), largely attributable to the positive balance of investments, depreciation and disposals (mainly vehicles sold by Iveco with buy-back commitments), to which should be added the impact of changes in the scope of consolidation (totalling approximately 170 million euros) mainly relating to the line-by-line consolidation of the I.T.C.A. Group and Teksid Aluminum;
- Leased assets (amounting to 149 million euros) due to higher levels of activities at CNH financial services companies; and
- Intangible assets totalling 102 million euros. The increase of 228 million euros in Other intangible assets (mainly capitalised development costs), largely attributable to the positive balance of investments and depreciation, was in part offset by a decrease in goodwill (-126 million euros), especially CNH goodwill, whose value in euros decreased by 170 million euros due to currency translation.

At December 31, 2007 receivables from financing activities totalled 12,268 million euros, an increase of 525 million euros from December 31, 2006. Net of currency translation and of writedowns, the increase amounted to 1,032 million euros.

Working capital, net of items connected with the sales of vehicles with buy-back commitments, is negative by 2,628 million euros. At December 31 2006, working capital was negative by 838 million euros.

(in millions of euros)		At 12/31 2007	At 12/31 2006	Change
Net inventories *	(1)	**8,958**	7,654	1,304
Trade receivables		**4,384**	4,944	(560)
Trade payables		**(14,725)**	(12,603)	(2,122)
Other receivables/(payables), accruals and deferrals *	(2)	**(1,245)**	(833)	(412)
Working capital		**(2,628)**	**(838)**	**(1,790)**

(1) Inventories are shown net of the value of vehicles sold with buy-back commitments by Fiat Group Automobiles.

(2) Other payables included in the balance of Other receivables/(payables), accruals and deferrals exclude amounts due to customers corresponding to the buy-back price due upon expiration of the related contracts and the amount of the fees paid in advance by customers for vehicles sold with buy-back commitments, which is equal to the difference, at the date of signing the contract, between the sales price and the buy-back price and which is recognised over the term of the entire agreement.

At December 31, 2007 trade receivables, other receivables and receivables from financing activities falling due after that date and sold without recourse and therefore eliminated from the balance sheet in compliance with IAS 39 derecognition requirements, totalled 7,044 million euros (5,697 million euros at December 31, 2006). This amount includes receivables, mainly from the sales network, sold to jointly-controlled financial services companies (FAFS) for 3,817 million euros (3,400 million euros at December 31, 2006) and associated financial services companies (Iveco Financial Services, controlled by Barclays) for 869 million euros (661 million euros at December 31, 2006). The increases recorded during the fiscal year are mainly due to higher levels of activity.

The increase in **Net inventories** (1,304 million euros), attributable to higher levels of activity at all the main industrial Sectors of the Group, was more than offset by the decrease in **Trade receivables** (560 million euros) attributable to more efficient management, by the increase in **Trade payables**, which rose by 2,122 million euros in 2007 mainly as a result of high activity levels and the rise in the liability balance of Other receivables/(payables), accruals and deferrals (412 million euros).

* The balance at December 31, 2006 differs from that previously published as the result of the reclassification of 101 million euros described in the Notes to the Consolidated Financial Statements (in the paragraph Other information).

At December 31, 2007 consolidated **net debt** (including net debt reclassified among Assets/liabilities held for sale) amounted to 10,423 million euros, 1,413 million euros lower than the 11,836 million euros reported at December 31, 2006 due to the net cash flows generated by Industrial Activities in part offset by growth in the investment portfolio of Financial Services companies as previously mentioned in the cash flow analysis.

(in millions of euros)		At 12/31 2007	At 12/31 2006
Debt:		**(17,951)**	(20,188)
- Asset-backed financing		**(6,820)**	(8,344)
- Other debt		**(11,131)**	(11,844)
Debt included among Liabilities held for sale		**-**	(33)
Current financial receivables from jointly controlled financial services entities	(a)	**81**	143
Financial payables net of intersegment balances and current financial receivables from jointly controlled financial services entities		**(17,870)**	**(20,078)**
Other financial assets	(b)	**703**	382
Other financial liabilities	(b)	**(188)**	(105)
Current securities		**291**	224
Cash and cash equivalents		**6,639**	7,736
Cash and cash equivalents included among Assets held for sale		**2**	5
Net (debt)/cash position		**(10,423)**	**(11,836)**
- Industrial Activities		355	(1,773)
- Financial Services		(10,778)	(10,063)

(a) This item includes current financial receivables from the joint venture Fiat Group Automobiles Financial Services (FAFS).

(b) This item includes the fair values of derivative financial instruments.

At December 31, 2007 **Debt** decreased by 2,237 million euros. Net of change due to foreign currency translations, which led to a decrease in debt of approximately 600 million euros, and the change in the scope of consolidation, the decrease of approximately 1.7 billion euros is attributable to lower asset-backed financing (approximately 1 billion euros net of exchange rate impacts) and partly to lower bank loans and other debt (0.7 billion euros).

In 2007, bonds repayments totalled approximately 1.1 billion euros, 767 million euros of which related to the early redemption in August 2007 of a 9.25% Case New Holland Inc. bond (due in 2011). In June, Fiat Finance North America Inc. issued a 1 billion euro bond with a fixed coupon of 5.625% and due in June 2017 as part of the 15 billion euro Global Medium Term Note Programme.

The **cash position** (cash, cash equivalents and current securities including those reclassified under Assets held for sale, for 2 million euros) totalled 6,932 million euros at December 31, 2007, a decrease of 1,033 million euros with respect to 7,965 million euros at December 31, 2006.

At December 31, 2007 cash and cash equivalents included 530 million euros (627 million euros at December 31, 2006), specifically allocated to service the debt for securitisation structures, mainly recognised under Asset-backed financing.

Industrial Activities and Financial Services Activities: performance in 2007

The following analyses of the consolidated income statement, balance sheet and statement of cash flows present separately the consolidated data of the Group's Industrial Activities and Financial Services activities. The latter include the retail financing, leasing and rental companies of CNH - Case New Holland, Iveco and Fiat Group Automobiles. Starting from the end of 2006, Fiat Group Automobiles no longer consolidates on a line by line basis the activities that were transferred to the joint venture Fiat Group Automobiles Financial Services (FAFS), established at the end of December 2006 with Crédit Agricole, which is accounted for using the equity method. Starting from the end of 2006, financial services activities are performed by Ferrari as well.

Certain of the Iveco financial services companies also carry out their business through trading activities: in order to better identify the contribution made by Financial Services activities to the Group's performance, trading activity has been excluded from their revenues and cost of sales starting January 1, 2007. As a result, figures for 2006 have been reclassified accordingly, leading to a reduction in revenues and cost of sales of the Financial Services activities by the same amount, with no impact on the trading profit of these activities, on the income statement of Industrial Activities and on that of the Group as a whole.

Principles of analysis

The separation between Industrial Activities and Financial Services is made by preparing specific subconsolidated financial statements on the basis of the normal business performed by each Group company.

The investments held by companies belonging to one activity segment in companies included in another segment are accounted for using the equity method.

To avoid a misleading presentation of net result, the effect of this accounting is classified in the income statement item Result from intersegment investments.

The Holding companies (Fiat S.p.A., FGI – Fiat Group International SA – the new name of IHF-Internazionale Holding Fiat S.A., Fiat Partecipazioni S.p.A., Fiat Netherlands Holding N.V.) are classified under Industrial Activities.

The subconsolidated financial statements of Industrial Activities also include companies that operate centralised cash management activities, i.e. those which raise financial resources on the market and provide funding to Group companies, without providing financial services support to third parties.

Operating Performance by Activity Segment

(in millions of euros)	2007 Consolidated	2007 Industrial Activities	2007 Financial Services	2006 Consolidated	2006 Industrial Activities	2006 Financial Services
Net revenues	**58,529**	**57,533**	**1,410**	51,832	50,297	2,218
Cost of sales	**48,924**	**48,428**	**910**	43,888	42,934	1,637
Selling, general and administrative costs	**4,924**	**4,747**	**177**	4,697	4,416	281
Research and development	**1,536**	**1,536**	**-**	1,401	1,401	-
Other income (expenses)	**88**	**72**	**16**	105	109	(4)
Trading profit	**3,233**	**2,894**	**339**	**1,951**	**1,655**	**296**
Gains (losses) on the disposal of investments	**190**	**188**	**2**	607	575	32
Restructuring costs	**105**	**104**	**1**	450	448	2
Other unusual income (expenses)	**(166)**	**(104)**	**(62)**	(47)	(45)	(2)
Operating result	**3,152**	**2,874**	**278**	**2,061**	**1,737**	**324**
Financial income (expenses)	**(564)**	**(564)**	**-**	(576)	(576)	-
Result from investments (*)	**185**	**110**	**75**	156	95	61
- Net result of investees accounted for using the equity method	**210**	**135**	**75**	125	64	61
- Other income (expenses) from investments	**(25)**	**(25)**	**-**	31	31	-
Result before taxes	**2,773**	**2,420**	**353**	**1,641**	**1,256**	**385**
Income taxes	**719**	**635**	**84**	490	392	98
Net result for the year	**2,054**	**1,785**	**269**	**1,151**	**864**	**287**
Result from intersegment investments	**-**	**269**	**-**	-	287	-
Net result for the year	**2,054**	**2,054**	**269**	**1,151**	**1,151**	**287**

(*) This item includes investment income as well as writedowns and upward adjustments in non-intersegment investments accounted for by using the equity method.

Industrial Activities

In 2007, **Net revenues** of Industrial Activities totalled 57,533 million euros, an increase of 14.4% from the previous year. This improvement was driven by particularly positive performance at the main industrial businesses. Revenues of the Automobiles businesses grew by 15.4%, CNH - Case New Holland revenues increased by 23.6% when stated in dollars; Iveco recorded revenue growth of 24.1%. As for the Components and Production Systems businesses, revenues increased at FPT Powertrain Technologies and Magneti Marelli, while they decreased at Teksid, mainly due to the sale of the Magnesium operations which was partially compensated by the consolidation of Teksid Aluminum. At Comau, revenues decreased.

In 2007, **Trading profit** of Industrial Activities totalled 2,894 million euros, an increase of 1,239 million euros from the 1,655 million euros reported last year: all industrial businesses contributed to this improvement, with the Automobiles businesses, Iveco and CNH - Case New Holland delivering particularly positive results.

In 2007 Industrial Activities had **Operating income** of 2,874 million euros, compared with 1,737 million euros in 2006. The 1,137 million euro increase mainly reflects higher trading profit.

Financial Services

In 2007, Financial Services had **Net revenues** of 1,410 million euros, down 36.4% from 2006 mainly due to changes in the scope of operations (sale of B.U.C. – Banca Unione di Credito in August 2006 and establishment of FAFS at the end of December 2006). On a comparable scope of operations, revenues increased 6.1%.

(in millions of euros)	2007	2006	% change
Fiat Group Automobiles	**127**	991	-87.2
Ferrari	**8**	-	n.s.
Agricultural and Construction Equipment (CNH - Case New Holland)	**1,158**	1,061	9.1
Trucks and Commercial Vehicles (Iveco)	**117**	119	-1.7
Holding companies and Other companies (1)	**-**	47	n.s
Total	**1,410**	**2,218**	**-36.4**

(1) These amounts refer to the banking activities performed by B.U.C. – Banca Unione di Credito sold in August 2006.

In 2007, Financial Services of Fiat Group Automobiles had revenues of 127 million euros, against revenues of 991 million euros in 2006, which included 850 million euros related to the companies conveyed to FAFS. On a comparable scope of operations, revenues decreased by 10% mainly due to lower activity levels in the supplier financing business.

Financial Services of the Agricultural and Construction Equipment Sector had revenues of 1,158 million euros, for an increase of 9.1%, due to growth in the managed portfolio.

Iveco's financial services had revenues of 117 million euros, virtually in line with respect to 2006.

Trading profit totalled 339 million euros in 2007, an improvement of 43 million euros from 2006.

(in millions of euros)	2007	2006	Change
Fiat Group Automobiles	**49**	56	-7
Ferrari	**-**	(1)	1
Agricultural and Construction Equipment (CNH - Case New Holland)	**277**	249	28
Trucks and Commercial Vehicles (Iveco)	**13**	(18)	31
Holding companies and Other companies (1)	**-**	10	-10
Total	**339**	**296**	**43**

(1) These amounts refer to the banking activities performed by B.U.C. – Banca Unione di Credito sold in August 2006.

The Financial Services of Fiat Group Automobiles had a trading profit of 49 million euros in 2007, down 7 million euros from the previous year. The decrease arising from the change in the scope of consolidation was partly offset by financial income from cash generated by the FAFS transaction, in addition to the positive effect of efficiencies on governance costs and the improved result of the financial services company in Argentina.

Trading profit of the Financial Services of CNH - Case New Holland grew to 277 million euros from 249 million euros in 2006, mainly as a result of higher activity levels.

In 2007 Iveco's Financial Services had a trading profit of 13 million euros against a trading loss of 18 million euros in 2006. The improvement is due to the positive performance of activities in Eastern Europe and the effects of the reorganisation of renting activities.

Balance Sheet by Activity Segment

(in millions of euros)		At 12/31 2007 Consolidated	Industrial Activities	Financial Activities	At 12/31 2006 Consolidated	Industrial Activities	Financial Activities
Intangible assets		**6,523**	**6,420**	**103**	6,421	6,325	96
- Goodwill		**2,724**	**2,635**	**89**	2,850	2,756	94
- Other intangible assets		**3,799**	**3,785**	**14**	3,571	3,569	2
Property, plant and equipment		**11,246**	**11,239**	**7**	10,540	10,528	12
Investment property		**10**	**10**	**-**	19	19	-
Investments and other financial assets		**2,214**	**4,339**	**918**	2,280	3,886	867
Leased assets		**396**	**8**	**388**	247	7	240
Defined benefit plan assets		**31**	**29**	**2**	11	11	-
Deferred tax assets		**1,892**	**1,708**	**184**	1,860	1,710	150
Total Non-current assets		**22,312**	**23,753**	**1,602**	21,378	22,486	1,365
Inventories	(*)	**9,990**	**9,929**	**61**	8,548	8,491	57
Trade receivables		**4,384**	**4,444**	**324**	4,944	5,068	178
Receivables from financing activities		**12,268**	**4,606**	**12,211**	11,743	2,891	11,977
Other receivables:		**3,203**	**3,052**	**177**	2,839	2,806	58
- Current tax receivables		**1,153**	**1,141**	**14**	808	798	11
- Others		**2,050**	**1,911**	**163**	2,031	2,008	47
Accrued income and prepaid expenses		**241**	**224**	**17**	247	226	21
Current financial assets:		**1,016**	**845**	**171**	637	531	106
- Current investments		**22**	**22**	**-**	31	31	-
- Current securities		**291**	**136**	**155**	224	134	90
- Other financial assets		**703**	**687**	**16**	382	366	16
Cash and cash equivalents		**6,639**	**5,546**	**1,093**	7,736	6,706	1,030
Total Current assets		**37,741**	**28,646**	**14,054**	36,694	26,719	13,427
Assets held for sale		**83**	**83**	**-**	332	332	-
TOTAL ASSETS		**60,136**	**52,482**	**15,656**	58,404	49,537	14,792
Total Assets adjusted for asset-backed financing transactions		**53,316**	**51,799**	**9,507**	50,060	48,605	7,313
Stockholders' equity		**11,279**	**11,279**	**2,486**	10,036	10,036	2,395
Provisions:		**8,562**	**8,369**	**193**	8,611	8,471	140
- Employee benefits		**3,597**	**3,581**	**16**	3,761	3,750	11
- Other provisions		**4,965**	**4,788**	**177**	4,850	4,721	129
Debt		**17,951**	**10,706**	**12,351**	20,188	11,555	11,836
- Asset-backed financing		**6,820**	**683**	**6,149**	8,344	932	7,479
- Other debt		**11,131**	**10,023**	**6,202**	11,844	10,623	4,357
Other financial liabilities		**188**	**153**	**35**	105	98	7
Trade payables		**14,725**	**14,751**	**361**	12,603	12,637	260
Other payables:	(*)	**6,120**	**5,990**	**153**	5,120	5,064	89
- Current tax payables		**631**	**571**	**62**	311	266	56
- Others		**5,489**	**5,419**	**91**	4,809	4,798	33
Deferred tax liabilities		**193**	**193**	**-**	263	262	1
Accrued expenses and deferred income		**1,083**	**1,006**	**77**	1,169	1,105	64
Liabilities held for sale		**35**	**35**	**-**	309	309	-
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**60,136**	**52,482**	**15,656**	58,404	49,537	14,792
Total Liabilities adjusted for asset-backed financing transactions		**53,316**	**51,799**	**9,507**	50,060	48,605	7,313

(*) The balances for Total assets, Inventories and Other payables at December 31, 2006 differ from those previously published as the result of the reclassification of 101 million euros described in the Notes to the Consolidated Financial Statements (in the paragraph Other information).

Net Debt by Activity Segment

(in millions of euros)		At 12/31 2007 Consolidated	Industrial Activities	Financial Services	At 12/31 2006 Consolidated	Industrial Activities	Financial Services
Debt		**(17,951)**	**(10,706)**	**(12,351)**	(20,188)	(11,555)	(11,836)
- Asset-backed financing		**(6,820)**	**(683)**	**(6,149)**	(8,344)	(932)	(7,479)
- Other debt		**(11,131)**	**(10,023)**	**(6,202)**	(11,844)	(10,623)	(4,357)
Debt included among Liabilities held for sale		**-**	**-**	**-**	(33)	(33)	-
Current financial receivables from jointly controlled financial services entities	(a)	**81**	**81**	**-**	143	143	-
Intersegment financial receivables		**-**	**4,762**	**344**	-	2,559	644
Financial payables net of intersegment balances and current financial receivables from jointly controlled financial services entities		**(17,870)**	**(5,863)**	**(12,007)**	**(20,078)**	**(8,886)**	**(11,192)**
Other financial assets	(b)	**703**	**687**	**16**	382	366	16
Other financial liabilities	(b)	**(188)**	**(153)**	**(35)**	(105)	(98)	(7)
Current securities		**291**	**136**	**155**	224	134	90
Cash and cash equivalents		**6,639**	**5,546**	**1,093**	7,736	6,706	1,030
Cash and cash equivalents included among Assets held for sale		**2**	**2**	**-**	5	5	-
Net (debt)/cash position		**(10,423)**	**355**	**(10,778)**	**(11,836)**	**(1,773)**	**(10,063)**

(a) This item includes current financial receivables due to Fiat Group companies by the FAFS Group.

(b) This item includes the fair values of derivative financial instruments.

Debt under Industrial Activities partly includes funds raised by the central cash management and transferred to financial services companies in support of their activity (represented under the item Intersegment financial receivables).

Intersegment financial receivables under Financial Services represent loans or advances to industrial companies, relating to the sale of receivables by industrial to financial services companies in transactions that do not comply with the requirements set out in IAS 39 for the recognition of those sales, as well as any temporary cash deposited with the central cash management.

At December 31, 2007, Cash and cash equivalents include 530 million euros (627 million euros at December 31, 2006) mainly relating to Financial Services companies, allocated to service the debt for securitisation structures and classified as Asset-backed financing.

At December 31, 2007 **net debt** of the **Financial Services** companies showed an increase of 715 million euros compared to net debt at December 31, 2006, mainly due to growth in the portfolio of CNH - Case New Holland totalling approximately 1.1 billion euros and investments for the period (mainly in vehicles leased out under operating leases), totalling 319 million euros, offset only in part by the positive effects of operating performance (approximately 290 million euros) and the foreign currency translation effects (approximately 470 million euros).

Statement of Changes in Net Industrial Debt

(in millions of euros)	2007	2006
Net industrial debt at beginning of the year	**(1,773)**	**(3,219)**
- Net result for the year	**2,054**	1,151
- Amortisation and depreciation (net of vehicles sold under buy-back commitments)	**2,667**	2,639
- Change in provisions for risks and charges and other changes	**(640)**	(474)
Cash flows from (used in) operating activities during the year, net of change in working capital	**4,081**	**3,316**
- Change in working capital	**1,675**	679
Cash flows from (used in) operating activities during the year	**5,756**	**3,995**
- Investments in tangible and intangible assets (net of vehicles sold under buy-back commitments)	**(3,666)**	(2,854)
Cash flows from (used in) operating activities during the year, net of capital expenditures	**2,090**	**1,141**
- Change in the scope of consolidation and other changes	**647**	255
Net cash flows from (used in) industrial activities excluding capital contributions and dividends paid	**2,737**	**1,396**
- Capital increases, (purchase) disposal of treasury stock and dividends	**(700)**	(1)
- Translation exchange differences	**91**	51
Change in net industrial debt	**2,128**	**1,446**
Net industrial (debt)/cash position at end of the year	**355**	**(1,773)**

In 2007 **net industrial debt** turned to a net cash position mainly as a result of positive operating performance and at December 31, 2007, net cash amounted to 355 million euros; the overall change was equal to 2,128 million euros.

Cash flows generated by operating activities during the period was positive by 5,756 million euros (of which 1,675 million euros attributable to the decrease in working capital) and more than offset industrial capital expenditures for the period totalling 3,666 million euros.

The item Change in the scope of consolidation and other changes includes in particular the proceeds from the sale of the interest held in Mediobanca, the sale of Ingest Facility and Meridian Technologies, the final payment received on the sale of 51% of FAFS, which took place at the end of 2006, and that realized within the framework of the creation of the 50-50 joint venture with Tata Motors in India previously described.

In 2007 the Group distributed dividends for 310 million euros to its stockholders and to minorities of its subsidiaries, and repurchased shares for a total amount of 395 million euros (net of treasury shares sold).

Statement of Cash Flows by Activity Segment

(in millions of euros)			2007 Consolidated	Industrial Activities	Financial Services	2006 Consolidated	Industrial Activities	Financial Services
A)	Cash and cash equivalents at beginning of the year as reported		7,736	6,706	1,030	6,417	5,517	900
	Cash and cash equivalents included as Assets held for sale		5	5	-	-	-	-
B)	Cash and cash equivalents at beginning of the year		7,741	6,711	1,030	6,417	5,517	900
C)	Cash flows from (used in) operating activities during the year:							
	Net result for the year		2,054	2,054	269	1,151	1,151	287
	Amortisation and depreciation (net of vehicles sold under buy-back commitments)		2,738	2,667	71	2,969	2,639	330
	(Gains)/losses on disposal and other non-cash items	(a)	(435)	(704)	-	(568)	(921)	66
	Dividends received		81	203	13	69	180	1
	Change in provisions		6	(40)	46	229	251	(22)
	Change in deferred income taxes		(157)	(126)	(31)	(26)	12	(38)
	Change in items due to buy-back commitments	(b)	34	27	7	(18)	4	(26)
	Change in working capital		1,588	1,675	(87)	812	679	136
	Total		5,909	5,756	288	4,618	3,995	734
D)	Cash flows from (used in) investment activities:							
	Investments in:							
	- Tangible and intangible assets (net of vehicles sold under buy-back commitments)		(3,985)	(3,666)	(319)	(3,789)	(2,854)	(935)
	- Investments	(c)	(122)	(136)	-	(1,617)	(1,633)	(7)
	Proceeds from the sale of non-current assets	(d)	735	680	55	1,591	1,574	19
	Net change in receivables from financing activities		(1,032)	41	(1,073)	(876)	149	(1,025)
	Change in current securities		(63)	(5)	(58)	223	65	158
	Other changes	(e)	(134)	(2,719)	2,578	3,078	2,257	822
	Total		(4,601)	(5,805)	1,183	(1,390)	(442)	(968)
E)	Cash flows from (used in) financing activities:							
	Net change in financial payables and other financial assets/liabilities		(1,675)	(425)	(1,250)	(1,730)	(2,256)	526
	Proceeds from the increase in capital stock		5	5	14	16	16	21
	(Buy-back)/Disposal of treasury stock		(395)	(395)	-	6	6	-
	Dividends paid		(310)	(310)	(135)	(23)	(23)	(112)
	Total		(2,375)	(1,125)	(1,371)	(1,731)	(2,257)	435
	Translation exchange differences		(33)	11	(37)	(173)	(102)	(71)
F)	Net change in cash and cash equivalents		(1,100)	(1,163)	63	1,324	1,194	130
G)	Cash and cash equivalents at end of the year		6,641	5,548	1,093	7,741	6,711	1,030
	of which: Cash and cash equivalents included as Assets held for sale		2	2	-	5	5	-
H)	Cash and cash equivalents at end of the year as reported in the Consolidated Financial Statements		6,639	5,546	1,093	7,736	6,706	1,030

The notes to the Statement of Cash Flows by Activity Segment are shown on the following page.

(a) In 2007 this item included among other things the net gains and losses on the disposal of non-current assets for 297 million euros and the net positive fair value adjustment arising from the equity swaps on Fiat shares for 67 million euros (71 million euros in 2006). In 2006, this item also included the gain of 463 million euros realised on the establishment of FAFS and a gain of 80 million euros on the disposal of B.U.C. - Banca Unione di Credito.

(b) The cash flows for the two periods generated by the sale of vehicles under buy-back commitments, net of the amount already included in the result, are included in operating activities for the year in a single item which includes the change in working capital, capital expenditures, depreciation, gains and losses and proceeds from sales at the end of the contract term, relating to assets included in Property, plant and equipment.

(c) In 2006, investments mainly referred to the repurchase of a 28.6% stake in Ferrari for 893 million euros, for 479 million euros to the repurchase of a 51% stake in Fidis Retail Italia and for 180 million euros to its recapitalization in relation to the establishment of FAFS.

(d) In 2006, Proceeds from the sale of non-current assets included, among others, the proceed of 940 million euros following the disposal of investments transferred to FAFS, of 254 million euros on the sale of B.U.C. - Banca Unione di Credito and of 290 million euros for vehicles under long-term renting operations. This activity was performed in 2007 by FAFS.

(e) In 2006 the item Other changes included, for approximately 3 billion euros, reimbursement of loans extended by the Group's centralised cash management to the Financial Services companies of Fiat Group Automobiles transferred to the FAFS joint venture.

Industrial Activities

In 2007, Industrial Activities absorbed cash and cash equivalents totalling 1,163 million euros and in particular:

- **operating activities** generated 5,756 million euros: income cash flow (net income plus amortisation and depreciation), net of Gains/losses on disposal and other non-cash items and including changes in provisions, deferred taxes and items relating to the management of sales with buy-back commitments, was positive by 3,878 million euros, to which should be added dividends for 203 million euros and the cash generated by the decrease in working capital which, on a comparable scope of consolidation and at the same exchange rates, amounted to 1,675 million euros.
- **Investment activities** absorbed a total of 5,805 million euros. The cash generated by the sale of non-current assets for 680 million euros (mainly the sale of the interest held in Mediobanca, the sale of Meridian Technologies and Ingest Facility, the receipt of extended term payments as part of the sale of 51% of FAFS which took place at the end of 2006 and the receipt of payments within the framework of the creation of the joint venture with Tata) only partly offset funding requirements for period investments (3,666 million euros) and those deriving from the increase in financing extended to the Group's Financial Services companies by central cash management companies (included among Other changes).
- **Financing activities** absorbed 1,125 million euros in cash. Funding requirements for the repayment of bonds and bank loans, the payment of dividends, the purchase of treasury stock and lower asset-backed financing were only partly compensated by the new 1 billion euro bond whose issuance was finalised in June 2007.

Financial Services

The cash and cash equivalents of Financial Services at December 31, 2007 totalled 1,093 million euros, up 63 million euros from December 31, 2006.

Changes in cash during 2007 derive from:

- **operations during the year** which generated 288 million euros in cash, principally in consequence of income cash flow (net income plus amortisation and depreciation).
- **Investment activities** (including changes in financial receivables from/payables to Group industrial companies) which generated 1,183 million euros in cash. In particular, the item Other changes includes the mentioned financing extended by central cash management companies (included among industrial companies), in support of their activity which more than offset requirements connected with an increase in loans extended (1,073 million euros) and investments (319 million euros) mainly for vehicles leased out under operating leases.
- **Financing activities** which absorbed a total of 1,371 million euros, 1,250 million euros of which mainly due to lower asset-backed financing. The latter decreased since the central cash management companies directly provided financing to Financial Services companies.

Corporate Governance

Introduction

The Fiat Group adopted and abides by the Corporate Governance Code of Italian Listed Companies issued in March 2006, supplemented and amended as necessary to align its corporate governance system to the regulatory requirements arising from the listing on the New York Stock Exchange (NYSE), withdrawn on August 23, 2007, and the characteristics of the Group.

Given the extremely limited trading volumes of Fiat stock on the NYSE, lower than 0.2% of worldwide average daily trading volume, on August 3, 2007 Fiat requested withdrawal of the listing of the American Depositary Shares from the United States market and the consequent termination of registration from the Securities Exchange Commission and the relevant reporting obligations. Delisting and deregistration became effective on August 23 and November 22, 2007, respectively. The delisting of Fiat stock from the United States market does not impact the operating strategy of Fiat in the United States or its commitment to maintain high corporate governance and financial disclosure standards. In order to assist those investors holding Fiat ADRs, Fiat has nonetheless maintained a Level 1 American Depositary Receipt facility.

In compliance with the obligations imposed by law and regulations, every year the Company prepares the **"Annual Report on Corporate Governance"** which provides a general description of the corporate governance system adopted by the Group and contains information on its ownership structure, adherence to the Corporate Governance Code, and compliance with consequent commitments. This Report, which is available in the Corporate Governance section of the website www.fiatgroup.com, is divided into four sections: the first contains a description of the governance structure, the second gives information on our ownership structure, the third provides an analysis on the implementation of the provisions of the Code, and the fourth comprises summary tables and Corporate Governance documents of the Fiat Group as well as a comparison in which information on the modalities of implementation of the Code is organised and supplemented according to each principle and criterion of the Code. Highlights relevant to this Report on Operations are illustrated below.

Direction and Coordination Activities

Fiat S.p.A. is not subject to direction and coordination activities by companies or entities and defines in full autonomy its general and operational strategic lines. The Italian companies that Fiat S.p.A. directly and indirectly controls, with the exception of particular cases, have identified Fiat S.p.A. itself as the entity that performs direction and coordination activities, pursuant to Article 2497 bis of the Italian Civil Code. This activity consists in indicating the general strategic and operating guidelines of the Group and takes concrete form in the definition and updating of the internal control system, the corporate governance model and the corporate structure, the issuance of a Code of Conduct applied throughout the Group, and setting forth the general policies for the management of human and financial resources, purchasing of factors of production and marketing, and communication. Furthermore, coordination of the Group includes centralised management, through specialised in-house companies, of treasury, corporate and accounting, internal audit, and training services.
This allows the subsidiaries, which retain full management and operating autonomy, to realise economies of scale by availing themselves of professional and specialised services with improving levels of quality and to concentrate their resources on the management of their core business.

Board of Directors

As envisaged in the By-laws, the number of members of the Board of Directors ranges from nine to fifteen. The Stockholders Meeting held on May 3, 2006 set the number of members of the Board of Directors at fifteen and they shall remain in office until the date of the Stockholders Meeting that will be called to approve the 2008 financial statements.

Pursuant to amendments to the Company's By-laws (Article 11) effected in 2007, the Board of Directors must be appointed through the vote list system so that minority stockholders can elect a director. The minimum equity interest required for submission of a list of candidates is currently 0.5% of ordinary shares, in accordance with the communication published by Consob applicable to the 2007 fiscal year. Each list must indicate at least one candidate that satisfies the independence requirements imposed by law.

As envisaged in Article 16 of the Company's By-laws, the representation of the Company is vested, severally, in all executive directors, and as envisaged in Article 12, the Vice Chairman, if appointed, shall act as Chairman if the latter is absent or prevented from acting. As in the past, the Board of Directors adopted a model for delegation of broad operating powers to the Chairman and the Chief Executive Officer, authorising them to severally perform all ordinary and extraordinary acts that are consistent with the Company's purpose and not reserved by law or otherwise delegated or reserved to the Board of Directors itself. In practice, the Chairman exercises coordination and strategic guidance within the activities of the Board of Directors, while the Chief Executive Officer is in charge of the operating management of the Group.

The Board defined the "**Guidelines for Significant Transactions and Transactions with Related Parties**," by which it reserved the right to examine and approve in advance any transaction of significance in the balance sheet, economic and financial figures, including the most significant transactions with related parties, and subject all transactions with related parties to special criteria of substantial and procedural fairness. Therefore, decisions regarding significant transactions are excluded from the mandate granted to executive directors. The term "significant transactions" refers to those transactions that in and of themselves require the company to file a prospectus regarding such transaction, in accordance with the specific rules established by market supervisory authorities. When the Company needs to execute significant transactions, the executive directors shall provide the Board of Directors reasonably in advance with a summary analysis of the strategic consistency, economic feasibility, and expected return for the Company. Decisions regarding the most significant transactions with related parties are also excluded from the mandate granted to executive directors, with all such transactions being subject to special rules of substantial and procedural fairness and disclosure to the Board.

Pursuant to Article 12 of the By-laws, after receiving the opinion of the Board of Statutory Auditors, the Board of Directors shall appoint the **manager responsible for preparing the Company's financial reports**. The Board of Directors may vest with the relevant functions more than one individual provided that these individuals perform such functions together and have joint responsibility. Only a person who has acquired several years of experience in the accounting and financial affairs at large companies may be appointed. In execution of this provision of the By-laws, at its meeting of April 23, 2007, the Board of Directors appointed the heads of the Group Control and Group Treasury functions as jointly responsible for preparing the Company's financial reporting, vesting them with the relevant powers.

At December 31, 2007, the Board is comprised by three executive directors and twelve non-executive directors – that is, who do not hold delegated authority or perform executive functions in the Company or the Group –, eight of whom qualified as independent.

The **executive directors** are the Chairman, the Vice Chairman, who substitutes for the Chairman if the latter is absent or prevented from acting, and the Chief Executive Officer. They also hold management positions in subsidiaries: Luca Cordero di Montezemolo is Chairman of Ferrari S.p.A., John Elkann is Chairman of Itedi S.p.A., and Sergio Marchionne, in addition to being Chairman of the principal subsidiaries, including CNH Global N.V. – a company listed on the NYSE –, is also Chief Executive Officer of Fiat Group Automobiles S.p.A.

An adequate number of **independent directors** is essential to protect the interests of stockholders, particularly minority stockholders, and third parties. In order to achieve this objective and in the conviction that enhancing protections against potential conflicts of interest is a priority for the Company, particularly in those areas less prone to control by the Stockholders Meeting, the Board of Directors submitted a motion to the Stockholders Meeting, on the occasion of the appointments of May 3, 2006, to confirm the principle of a board with a majority of independent directors as well as the selective criteria for determining independence, already adopted in 2005. This principle was accepted by the Stockholders Meeting and reaffirmed on the occasion of the co-optation of René Carron, in replacement of resigning Director Hermann-Josef Lamberti, which took place on July 24, 2007. During 2007, the Board of Directors was made up of a majority of independent directors.

The **qualifications of independent directors** are assessed annually and based on the absence or non relevance during the previous three years of investment, economic, or other relationships maintained directly, indirectly, or on behalf of third parties with the Company, its executive directors and managers with strategic responsibilities, its controlling companies or subsidiaries, or with parties otherwise related to the Company. The results of these assessments are disclosed in the Annual Report on Corporate Governance.

At its meeting held on July 24, 2007, the Board of Directors confirmed that the directors Roland Berger, René Carron, Luca Garavoglia, Gian Maria Gros-Pietro, Vittorio Mincato, Pasquale Pistorio, Ratan Tata and Mario Zibetti satisfied these requirements of independence.

Some of the current directors also hold positions at other listed companies or companies of a significant interest. Excluding the previously mentioned positions held by executive directors at the Fiat Group, the most significant are as follows:

- Andrea Agnelli: Director of IFI S.p.A.;
- Roland Berger: Member of the Supervisory Board Wilhelm von Finck AG, WMP EuroCom AG, Helios Kliniken GmbH, Prime Office, Schuler AG and Senator Entertainment AG;
- Tiberto Brandolini D'Adda: Vice Chairman of IFIL Investments S.p.A., Chairman of Sequana Capital, General Partner of Giovanni Agnelli e C. S.a.p.A., Director of IFI S.p.A., Espirito Santo Financial Group, SGS S.A. and Vittoria Assicurazioni S.p.A.;
- René Carron: Chairman of Crédit Agricole S.A., Caisse Regional des Crédit Agricole des Savoie, Confederation Nationale de la Mutualité de la Cooperation et du Crédit Agricoles, Director of Suez S.A. and Member of the Supervisory Board of Lagardere SCA;
- Luca Cordero di Montezemolo: Director of Poltrona Frau S.p.A., Tod's S.p.A., Pinault Printemps Redoute S.A. and Le Monde S.A., Member of the International Advisory Board of Citigroup Inc.;
- John Elkann: Vice Chairman and General Partner of Giovanni Agnelli e C. S.a.p.A., Chairman of IFI S.p.A., Vice Chairman of IFIL Investments S.p.A., Director of RCS Mediagroup S.p.A. and Banca Leonardo Group S.p.A.;
- Luca Garavoglia: Chairman of Davide Campari Milano S.p.A., Director of Indesit Company S.p.A.;
- Gian Maria Gros-Pietro: Chairman of Autostrade per l'Italia S.p.A., Atlantia S.p.A. and Perseo S.p.A., Director of Edison S.p.A. and Seat Pagine Gialle S.p.A.;
- Sergio Marchionne: Chairman of SGS S.A., Director of UBS AG;
- Virgilio Marrone: Chief Executive Officer and General Manager of IFI S.p.A., Director of Exor Group S.A. and Member of the Management Board of Intesa Sanpaolo S.p.A.;
- Vittorio Mincato: Chairman of Poste Italiane S.p.A., Director of Parmalat S.p.A.;
- Pasquale Pistorio: Honorary Chairman of S.T. Microelectronics N.V., Director of Chartered Semiconductor Manufacturing Ltd.;
- Carlo Barel di Sant'Albano: Chief Executive Officer and General Manager of IFIL Investments S.p.A., Director of Juventus FC S.p.A., Sequana Capital and Cushman & Wakefield, Member of the Supervisory Board of Intesa Sanpaolo S.p.A.;
- Ratan Tata: Chairman of Tata Sons Ltd, Tata Industries Ltd, Tata Steel Ltd, Tata Motors Ltd, Tata Chemicals Ltd, The Indian Hotels Company Ltd, The Tata Power Company Ltd, Tata Tea Ltd, Tata Autocomp Systems Ltd, Tata Consultancy Services Ltd, Tata Teleservices Ltd, Tata Teleservices (Maharashtra) Ltd, Tata Technologies (Pte) Ltd (Singapore), Tata International AG (Switzerland), Tata AG (Switzerland), Tata Limited (UK), Tata Incorporated (USA), Tata America International Corporation Ltd and Tata Motors European Technical Centre Plc. and Director of The Bombay Dyeing & Manufacturing Company Ltd, Hindustan Aeronautics Ltd, Antrix Corporation Ltd and Alcoa Inc. (USA);
- Mario Zibetti: Director of Ersel Sim S.p.A.

Committees established by the Board of Directors

The Board of Directors established the Internal Control Committee and the Nominating and Corporate Governance Committee with the task, among others, of selecting and proposing nominees for the post of director, the Compensation Committee, with the duty of submitting proposals with respect to compensation plans, and the

Strategic Committee, on which it relies for the preparation of Company and Group strategies. The Nominating and Corporate Governance Committee and the Compensation Committee were created as a result of the splitting up, in the month of July 2007, of the pre-existing Nominating and Compensation Committee.

Internal Control System

Amending what was defined in 1999, partly in order to receive the changes made to the Corporate Governance Code, the Board adopted the "Guidelines for the Internal Control System," which came into effect on January 1, 2003. Essential parts of the Internal Control System are the **Code of Conduct** that replaced the Code of Ethics in 2002, and the Compliance Program adopted by the Board of Directors pursuant to the "Norms governing the Administrative Liability of Legal Entities" pursuant to Legislative Decree no. 231/2001, as amended.

The Code of Conduct expresses the professional principles of corporate conduct that Fiat has adopted and with which directors, statutory auditors, employees, consultants, and partners are requested to conform.

During the year, as a result of changes in the law and case law, the Board of Directors updated the **Compliance Program** pursuant to Legislative Decree no. 231/2001 and the Guidelines for adoption of the Program by Italian companies of the Fiat Group on two occasions during 2007, on July 24 and December 12.

Pursuant to these amendments new criminal offenses were included and the relevant sensitive processes were identified. In particular, such amendments included transnational offenses and, pursuant to Law no. 123 of August 3, 2007, criminal offenses occurred in connection with violations of health and safety laws. The relevant sensitive processes were identified in connection with each amendment to the Compliance Program.

The collegial Compliance Program Supervisory Body is comprised of the Compliance Officer, the Senior Counsel, and an external counsel. It has its own Internal Regulation, it performs its activities on the basis of a specific Supervisory Program and reports to the Board of Directors, also through the Internal Control Committee, and to the Board of Statutory Auditors.

In application of the Compliance Program, the Code of Conduct, and the provisions of the Sarbanes Oxley Act, to which the Company was subject insofar as it was listed on the NYSE, on whistleblowings, the **Procedure for Whistleblowings Management** was adopted in order to regulate the management of reports and claims filed by individuals inside and outside the Company regarding suspected or presumed violations of the code of conduct, financial and/or accounting fraud against the company, oppressive behaviour towards employees or third parties, and complaints regarding bookkeeping, internal audits, and independent audits.

The **Procedure for the Engagement of Auditing Firms** regulates the engagement of Group external auditors by Fiat S.p.A. and its subsidiaries, as well as the commissioning of the companies and professional firms that maintain an ongoing relationship with those external auditors (so-called network) in order to ensure the mandatory independence of the auditing firm.

Documents and financial information regarding the Company, including those posted on the Group website, continue to be disclosed in accordance with the provisions of the "**Disclosure Controls & Procedures**" adopted in the past in conformity with the Securities Exchange Act of 1934 and the Sarbanes Oxley Act of 2002.

Board of Statutory Auditors

The Board of Statutory Auditors is comprised of three regular auditors and three alternates, all of whom, as required by Article 17 of the By-laws, must be entered in the Auditors' Register and have at least three years' experience as chartered accountants. Furthermore, they may hold other positions of director and regular auditor within the limits prescribed by law and regulations.
Following the resolutions of the Stockholders Meeting of May 3, 2006, the Board of Statutory Auditors is made up of the Chairman Carlo Pasteris and regular auditors Giuseppe Camosci and Cesare Ferrero. Their term expires on the date of the Stockholders Meeting that approves the 2008 financial statements. Below is a list of the most significant positions held by the members of the Board of Statutory Auditors. In compliance with applicable laws and regulations, more exhaustive information in this regard will be provided in the Report of the Board of Statutory Auditors on the 2008 Financial Statements of Fiat S.p.A. Carlo Pasteris holds the position of Chairman of the Board of Statutory

Auditors of Toro Assicurazioni S.p.A., Augusta Assicurazioni S.p.A., Augusta Vita S.p.A., De Agostini S.p.A., B&D Holding S.a.p.A. and of director at Ferrero S.p.A.; Cesare Ferrero holds the position of Chairman of the Board of Statutory Auditors of IFIL Investments S.p.A. and of Giovanni Agnelli & C. S.a.p.A., Fiat Group Automobiles S.p.A., Ferrero S.p.A., Emilio Lavazza e C. S.a.p.A., Alberto Lavazza e C. S.a.p.A., Ersel Finanziaria S.p.A. and Ersel Sim S.p.A., of regular auditor at Ferrero e C. S.p.A. and at Banca Passadore S.p.A. and of director at Autostrada Torino Milano S.p.A. and at Davide Campari Milano S.p.A. Giuseppe Camosci holds the position of Chairman of the Board of Statutory Auditors of Samsung Electronics Italia S.p.A., and of regular auditor at BNP Paribas Leasegroup Italia S.p.A. and Trussardi S.p.A.

As prescribed in the Consolidated Financial Act and in accordance with Article 17 of the Company's By-laws, properly organised **minority groups** have the right to appoint one regular auditor, to whom the chairmanship is assigned, and one alternate auditor. In accordance with the By-laws, the minimum equity interest required for submission of a list of candidates is set at a percentage no lower than that required by applicable laws for the submission of lists of candidates for the appointment of the Board of Directors of the Company. In accordance with the communication published by Consob with regard to fiscal 2007, this percentage is currently equal to 0.5% of the ordinary shares. The lists presented, together with the documentation required by law and the Company's By-laws, must be deposited at the Company's offices at least fifteen days prior to the date set for the Meeting on first call, or, in specific cases, up to five days after that date. The appointment of the current Board of Statutory Auditors, resolved by the Stockholders Meeting of May 3, 2006, took place through the vote list system. In particular, regular auditors Giuseppe Camosci and Cesare Ferrero, as well as alternate auditors Giorgio Giorgi and Piero Locatelli, were drawn from the list presented by the majority stockholder Ifil Investments S.p.A. while Carlo Pasteris, who was appointed Chairman of the Board of Statutory Auditors, and alternate auditor Roberto Lonzar were drawn from the minority list that obtained the highest number of votes at the Stockholders Meeting. Said minority list was jointly presented by the Generali Group and Mediobanca, which at the time were holders of 2.7% and 1.8% of the ordinary Fiat shares, respectively. Upon accepting his candidacy Carlo Pasteris resigned from his position as common representative of holders of savings shares. Additional information provided to the Stockholders Meeting on candidates and lists presented are still available in the Investor Relations section of the website www.fiatgroup.com.

Stock Option Plans

Fiat S.p.A. has approved stock option plans offered to over 900 employees at Group companies inside and outside Italy whose roles have a significant impact on activities and leadership.

There are currently nine stock option plans resolved by Fiat S.p.A. between 2000 and 2007 whereby the beneficiaries are entitled to the purchase of ordinary Fiat shares. One of these plans is made available exclusively to the Chief Executive Officer of Fiat S.p.A., one is made available jointly to the Chief Executive Officer and managers of the Group, three are made available exclusively to the former Chairman of Fiat S.p.A., Mr. Paolo Fresco, in office until February 28 2003, and another four plans are made available to Group managers.

Furthermore, certain subsidiaries approved stock option plans that grant the right to purchase ordinary shares of those subsidiaries. These include Ferrari S.p.A., which had granted its Chairman, Mr. Luca Cordero di Montezemolo, options for the purchase of 184,000 Ferrari shares. Of these, 80,000 options linked to an equal number of newly-issued shares remain unexercised and may be subscribed, at a price of 175 euros per share and until December 31, 2010, upon placement of Ferrari shares on the stock market. Certain subsidiaries approved, when they were not under control of the Fiat Group, cash-settled share-based payment plans defined Stock Appreciation Rights (SAR).

Below is a description of the main features of the Plans issued by Fiat S.p.A.

The stock option plans were adopted in view of further strengthening the involvement of the persons who hold key positions in pursuing objectives relating to the Company's and Group's operating performance. In the long term, these plans give these individuals an economic incentive linked to improvements in the value of the Company for stockholders. Their involvement is further increased when, as in the case of the 2004 plan and, partially, the 2006 plan, vesting of the options is subject to the achievement of specific profitability targets in the reference period.

At the same time, the motivation of management through the granting of financial instruments reflecting the Company's market value contributes to develop confidence in the Company's growth, by aligning the interests of management with those of stockholders and promoting management's identification with the Group, with significant effects in terms of retention.

The recipients were identified, on the basis of objective criteria, by considering the impact of each role on business objectives, while the number of options to be granted was determined according to individual leadership qualities.

The stock option plans approved by Fiat S.p.A. provide its recipients with the right to purchase one Fiat ordinary share for each exercised option at a fixed price (strike price). The transaction is settled through physical delivery of the shares. These rights are exercisable over a limited period of time from the vesting date to the expiry date of the plan.

With regard to all plans, the exercise price of the options was determined on the basis of the average stock market price for the month preceding the option grant and it can vary as a result of transactions affecting the Company's capital stock through the use of the adjustment factor determined by the Aiaf. The price must be paid in cash upon the purchase of the underlying shares.

Regulations of plans granted in the 2000-2002 period to Group managers share the following common features:

- if employment is terminated or an employee's relationship with the Group is severed as a result of the disposal of the employing company, options that have not yet vested become null and void. Conversely, vested options may be exercised within 30 days from the date of termination;
- consistently with Italian tax laws and regulations on the issue, the options are exercisable starting three years after they have been granted and for the following five years; each plan envisages that the granted options can be exercised on a staggered basis;
- exercise of the options is not subject to specific conditions.

On July 26, 2004, the Board of Directors granted to Mr. Sergio Marchionne, as a part of his compensation as Chief Executive Officer, options for the purchase of 10,670,000 Fiat S.p.A. ordinary shares at the price of 6.583 euros, exercisable from June 1, 2008 to January 1, 2011. In each of the first three years following the grant date, Mr. Marchionne accrues the right to purchase, from June 1, 2008, an annual maximum of 2,370,000 shares. From June 1, 2008, he will have the right to exercise, effective at that date, the residual portion of the options on 3,560,000 shares. Vesting of the last portion of stock options is subject to the achievement of certain pre-determined profitability targets in the reference period.

On November 3, 2006 the Fiat S.p.A. Board of Directors resolved an eight-year stock option plan with twenty million underlying shares, approved by the Stockholders Meeting on April 5, 2007, which provides certain managers of the Group and the Fiat S.p.A. Chief Executive Officer with the right to purchase a determined number of Fiat S.p.A. ordinary shares at the fixed price of 13.37 euros per share. In particular, the 10,000,000 options granted to employees and the 5,000,000 options granted to Mr. Marchionne have a vesting period of four years, with a quarter of the number vesting each year, are subject to achieving certain pre-determined profitability targets in the reference period and may be exercised from the date on which the 2010 financial statements are approved. The remaining 5,000,000 options granted to the Chief Executive Officer of Fiat S.p.A. also have a vesting period of four years with a quarter of the number vesting each year, and may be exercised from November 2010. Furthermore the exercise of the options is conditioned upon specific obligations regarding the duration of the employment relationship or the continuation of the mandate.

The Board therefore exercised the powers granted to it pursuant to Article 2443 of the Italian Civil Code for the capital increase to service the incentive plan. The capital increase is reserved to employees of the Company and/or its subsidiaries, within a limit of 1% of the capital stock, i.e. for a maximum of 50,000,000 (fifty million) euros through the issue of a maximum of 10,000,000 (ten million) ordinary shares with a par value of 5 (five) euros each, corresponding to 0.78% of the capital stock and 0.92% of the ordinary capital, at the above mentioned price of 13.37 euros. The subscription of such capital increase is conditioned upon the satisfaction of the terms and conditions of the plan.

In-depth disclosure on all Plans is also available in the Notes to the Consolidated Financial Statements and the Notes to the Statutory Financial Statements.

Interests held by Members of the Board of Directors and Control Bodies, General Managers and Executives with strategic responsibilities (Art. 79 of Consob Regulation, Resolution No. 11971 of May 14, 1999)

(number of shares)

First name and last name	Description of investment	Number of shares held at 12/31 2006	Number of shares bought in 2007	Number of shares sold in 2007	Change in the number of shares for incoming/ (outgoing) Executives	Number of shares held at 12/31 2007
Luca Cordero di Montezemolo	Fiat ordinary	127,172	-	-		127,172
Sergio Marchionne	Fiat ordinary	240,000	-	-		240,000
Gian Maria Gros-Pietro	Fiat ordinary	3,300	-	-		3,300
Cesare Ferrero	Fiat ordinary	1	-	-		1
Executives with strategic responsibilities	Fiat ordinary	69,512	*290,750	*279,198	14,079	95,143
	Fiat preference	-				-
	Fiat savings	618				618
	CNH ordinary	4,212	**1,075	-	-	5,287

* Including 274,000 shares in relation to the exercise of stock options.
**Shares partially granted pursuant to CNH Long Term Incentive Plan. Pursuant specific CNH incentive plan, CNH executives have the right to be assignee of further 104,535 CNH shares.

Transaction among Group Companies and with Related Parties

With reference to transactions carried out with related parties, including infra-Group transactions, there were no transactions that could be defined as atypical or unusual, insofar as they are part of the normal business of Group companies. These transactions are regulated at market conditions taking into account the characteristics of the goods sold and the services provided.

Information on transactions with related parties, including that required by Consob communication of July 28, 2006, is presented in Note 35 of the Consolidated Financial Statements and Note 28 of the Financial Statements of Fiat S.p.A., respectively.

Significant Events Occurring since the End of the Fiscal Year and Business Outlook

Significant Events Occurring since the End of the Fiscal Year

The most significant transactions completed by the Fiat Group during early 2008 are set out below:

- The share buy-back programme continued in the first 11 days of January, following the decision to extend the Programme from December 31, 2007 to April 30, 2008. As of February 15, the total number of ordinary shares purchased from the beginning of the programme amounted to 31.54 million, for a total invested amount of 603.4 million euros. The Group intends to continue its share buy-back programme throughout 2008 and the Board of Directors intends to submit to the next Annual Stockholders Meeting the renewal of the related authority.

- On January 11 Magneti Marelli and Sumi Motherson Group signed an agreement for the creation of a joint venture in India aimed at the production of automotive components in the area of lighting and engine control systems. The joint venture's products will target the Indian market and local and international carmakers operating in the territory.

- On January 20, 2008 an agreement was reached between Federmeccanica (the national labour organisation representing the metallurgical and mechanical industries with which Group Companies are affiliated) and the Fim-Cisl, Fiom-Cgil, Uilm-Uil and Fismic labour unions for the renewal of the National Collective Labour Agreement for Metalworkers (white and blue collar) of metallurgical and mechanical industries for approximately 77,000 Fiat Group employees in Italy. The agreement will be valid for 30 months (until December 31, 2009) for the wage related provisions and until December 31, 2011 for the regulatory provisions. Wage increases were agreed to for a total of 127 euros gross per month (these amounts refer to a worker classified in category 5) granted in three instalments: 60 euros from January 1, 2008, another 37 euros from January 1, 2009 and a further 30 euros from September 1, 2009. Furthermore, a one-off payment of 300 euros gross will be made in March 2008 to cover the period between July and December 2007. The changes envisaged in the regulatory provisions include certain measures regarding working time aimed at improving flexibility (an 8-hour increase in the amount of overtime that companies may implement without having to obtain prior consent from worker representatives); the standardisation of regulatory provisions for blue and white collar workers that will come into effect on January 1, 2009; revision and reinforcement of the information and consultation system, particularly in regard to safety at work; the definition of employment stabilisation paths for fixed-term and supply contract workers.

- On January 28 FPT Powertrain Technologies, the Region of Piedmont, the Province of Biella and the Municipality of Verrone (Biella) signed a Protocol of Understanding aimed at boosting and developing the Verrone plant, where a new transmission named C635 will be produced for mid-sized cars. It will be offered in three versions: manual, Dual Dry Clutch (DDCT, robotised transmission with dual dry clutch) and robotised. It is estimated that FPT Powertrain Technologies will invest approximately 500 million euros between fixed assets and research and development costs, which will permit achieving a production capacity of approximately 800,000 transmissions in 2012. Once it is in full operation, it could employ 1,100 workers, or about 600 more than current levels.

Furthermore, the obligations imposed by the "Personal Data Protection Code" (Legislative Decree No.196/2003) were satisfied in compliance with the provisions of the "Technical Regulation of Minimum Security Measures" (Appendix B of the Code). Consequently, the Fiat S.p.A. Security Planning Document was updated by the addition of the Plan for additional measures reinforcing security levels in order to combat the evolution of emerging risk factors.

Business Outlook

The Western European **automobile** market is expected to remain stable in 2008.

In this context, Fiat Group Automobiles expects to gain market share in Italy and Western Europe, continuing to leverage on the recently introduced Fiat 500, Fiat Bravo, Fiat Linea, on the 2008 new model launches (Alfa Romeo Junior, Lancia Delta HPE and 500 Abarth), as well as on new engines.

The Brazilian market should continue to grow, posting in 2008 an increase of more than 10% compared to 2007, and Fiat operations are expected to maintain their leadership of the Brazilian market.

Higher spending in advertising and network investments will support Fiat Group Automobiles targeted volume growth of approximately 200,000 units in 2008.

The **agricultural equipment** market is expected to grow in North America, Europe and in Latin America and to remain flat in the Rest of the World. High global commodity prices and low levels of agricultural stocks will lead to strong net farm incomes. Increasing demand for corn and sugar cane to produce fuel ethanol continues to support equipment sales.

The **construction equipment** market is expected to grow in Europe and in the Rest of the World, to be flat in Latin America and to decrease in North America. In the United States, further declines in residential construction should be partly offset by higher non-residential and heavy construction activity. In North America, housing starts are expected to continue declining but will potentially stabilize later in the year; housing starts are expected to be flat in Europe, Latin America and in the Rest of the World.

In this context, CNH expects to achieve a strong improvement in unit volume along with continuing market share gains. Momentum of positive net pricing offsetting increases in certain raw materials and components will continue.

In Western Europe, the market for light, medium and heavy **commercial vehicles** is expected to keep on growing, notably in the first half of the year. Central and Eastern European markets are expected to grow about 15% compared to 2007.

In this environment Iveco aims at gaining market share thanks to new products (Daily 4x4, Massif, New Eurocargo, and the New Stralis and New Trakker launched in 2007) and is targeting revenue growth due to price repositioning and higher volumes.

To achieve its targets, the **Fiat Group** will continue to push group-wide purchasing synergies, intensifying and accelerating development of best-cost-country sourcing, strengthening strategic partnerships with suppliers through long-term contracts, and focusing on the implementation of World Class Manufacturing initiatives.

The Group confirms its targets for 2008: trading profit between 3.4 and 3.6 billion euros, net income between 2.4 and 2.6 billion euros (earnings per share between 1.9 and 2.0 euros).

Consolidated net revenues are expected to amount to more than 60 billion euros.

The Group expects to close the year again without industrial debt, with a minimum of 1.5 billion euros of net cash on hand (excluding the impact of share buy-backs).

While working on the achievement of these objectives, the Fiat Group will continue to implement its strategy of targeted alliances, in order to reduce capital commitments, and reduce the related risks.

The Group's expectations for 2008 are based on the assumption that the current turbulence in financial markets will have limited contagion impact on the real economy, and at worst will be limited to the US market. There is a concern that the current crisis of confidence being experienced in the capital markets will spill over and begin to severely restrict consumption on a global scale. The Group believes that such a scenario is unlikely: nonetheless, if such conditions were to effectively materialize, the Group believes that it would be able to fully sustain the financial impact of a downward pressure on demand, albeit with reduced operating performance and margins.

Operating Performance by Sector of Activity

Fiat Group Automobiles
Fiat, Abarth, Alfa Romeo, Lancia and Fiat Professional

Highlights

(in millions of euros)	2007	2006
Net revenues	**26,812**	23,702
Trading profit	**803**	291
Operating result (*)	**635**	727
Investments in tangible and intangible assets (**)	**1,865**	2,163
- of which capitalised R&D costs	**493**	434
Total R&D expenses (***)	**751**	675
Automobiles and light commercial vehicles delivered (number)	**2,233,800**	1,980,300
Employees at year-end (number)	**50,542**	44,691

(*)Including restructuring costs and unusual income (expenses).

(**) The 2006 figure included 750 million euros in leased assets. Starting from 2007 said activity was conveyed to FAFS.

(***) Including R&D capitalised and charged to operations.

Operating Performance

In 2007, the Western European **automobile market** remained stable overall at its 2006 levels.

The top-performing countries were Italy (+7.1%), where the market was sustained in part by government incentives for car park renewal, France (+3.2%), and Great Britain (+2.5%), while demand fell in Spain (-1.2%). Demand fell even more sharply in Germany (-9.2%), as it remained impacted by accelerated purchasing of automobiles in the closing months of 2006, in anticipation of the increase in German VAT rates from the beginning of 2007.

Outside Western Europe, the markets served by this Sector expanded at extremely fast rates: demand for cars in Poland rose by 22.9%, while car registrations in Brazil accelerated significantly, and increased by 26.4% compared with the previous year.

The **light commercial vehicle market** in Western Europe expanded by 6.6% from 2006: demand rose by 8.1% in Italy and Germany, by 6.8% in Great Britain, and by 5.5% in France, while it remained virtually flat in Spain (-0.2%).

The Sector performed very well in 2007 in terms of market share. In Italy, its share of the automobile market rose to 31.3%, up 0.6 percentage points from 2006. In Western Europe, its 8% market share was up 0.5 percentage points from the previous year.

Fiat Group Automobiles had a 42.1% share of the Italian light commercial vehicle market, down by 3.1 percentage points from 2006, due to the finalisation of significant quadrennial fleet contracts in 2006. In Western Europe, its 11.7% share was up by 0.7 percentage points.

In Brazil, the Sector's share of the automobile and light commercial vehicle markets was 25.9% (up 0.6 percentage points) and 26.2% (+ 0.1 percentage points), respectively, in 2007. In Poland, its share of the automobile and light commercial

Automobile Market

(in thousands of units)	2007	2006	% change
France	**2,064.5**	2,000.5	3.2
Germany	**3,148.2**	3,468.0	-9.2
Great Britain	**2,404.0**	2,344.9	2.5
Italy	**2,490.6**	2,326.0	7.1
Spain	**1,614.8**	1,634.6	-1.2
Western Europe	**14,794.2**	14,765.7	0.2
Poland	**293.3**	238.7	22.9
Brazil	**2,022.3**	1,599.9	26.4

Sales Performance
- Automobiles and Light Commercial Vehicles

(in thousands of units)	2007	2006	% change
France	**94.7**	88.0	7.6
Germany	**107.3**	110.1	-2.5
Great Britain	**77.7**	76.1	2.1
Italy	**854.6**	808.2	5.7
Spain	**79.4**	69.6	14.1
Rest of Western Europe	**143.3**	137.6	4.2
Western Europe	**1,357.0**	1,289.6	5.2
Poland	**39.1**	33.0	18.6
Brazil	**613.1**	464.8	31.9
Rest of the World	**224.6**	192.9	16.4
Total sales	**2,233.8**	1,980.3	12.8
Associated companies	**79.1**	89.9	-12.1
Grand total	**2,312.9**	2,070.2	11.7

vehicle markets was 10.1% (-0.2 percentage points) and 19.6% (-0.8 percentage points from 2006), respectively, in 2007.

In 2007 Fiat Group Automobiles delivered a total of 2,233,800 units, an increase of 12.8% from 2006 and its highest level since 2000.

A total of 1,357,000 units were delivered in Western Europe, for an increase of 5.2% notwithstanding a Western European market that remained substantially flat with respect to 2006 levels. The Sector’s positive sales performance was due to both the growing success of the models introduced during the year, particularly the Fiat Bravo and the Fiat 500, and the continued success of the models that had been previously introduced, including the Panda, which retained its leadership position in the A segment, and the Punto, which was one of the best-selling models in Europe.

Volumes were up sharply in all principal European countries: +5.7% in Italy, +14.1% in Spain, +7,6% in France, and +2.1% in Great Britain, with the exception of Germany where, notwithstanding a particularly sluggish market, the drop in volumes was modest (-2.5%).

In Poland volumes rose by 18.6% from 2006.

Outside the European Union, in 2007 Fiat Group Automobiles intensified its activities on the markets where it has a consolidated presence, such as Brazil, Argentina, and Turkey, while simultaneously pursuing growth opportunities on other emerging markets together with strong local partners.

In Brazil, the Sector delivered 613,100 cars and light commercial vehicles, thereby increasing its sales by 31.9% from 2006 and confirming its market leadership. This excellent result stems primarily from the success of the flex versions (bi-fuel gasoline/alcohol) of the Palio and the Mille as well as the Grande Punto, which was introduced on the Latin American market in 2007 and elected “Carro Do Aňo 2008” in Brazil and “Auto Interamericana del Aňo 2008” by the Interamerican Federation of Automobile Journalists.

Economic recovery proceeded apace in Argentina: the automobile market grew by 27.7% from 2006, and Fiat Group Automobiles achieved a market share of 11.1%, up from 2006 (+0.3 percentage points). Deliveries of automobiles and light commercial vehicles rose by 29.4% to 56,600 units.

The automobile industry slowed down in Turkey during 2007, together with the rest of the economy. The automobile and light commercial vehicle market totalled 594,700 units, down 4.3% from 2006. However, Tofas (the local joint venture in which Fiat Group Automobiles has a 37.9% stake) reported a 9.4% sales increase and a total market share of 13.1%, up 1.3 percentage points from the previous year, supported by introduction of the new Fiat Linea model.

The light commercial vehicle range also scored many successes in 2007, mainly due to the New Ducato, the New Doblò, and the New Scudo, which went on sale in January 2007. A total of 387,900 vehicles were delivered, up 19.9% from 2006. In Western Europe, deliveries totalled 238,400 units (+12.5%). With the exception of Italy, which reported lower deliveries (-0.8%), the other European countries chalked up an increase in delivered units: France +32.2%, Spain +30.8%, Germany +25.7%, and Great Britain +18.2%.

In 2007 the Sector continued pursuing its strategy of targeted alliances in order to reinforce its position on international markets.

In August, Fiat Group Automobiles signed a Memorandum of Understanding with Chery Automobiles, one of the major car makers in China, to set up a 50-50 passenger car joint-venture. The company, which will manufacture and distribute Alfa Romeo, Fiat, and Chery cars, will be operational from 2009.

Fiat Group Automobiles signed a Letter of Intent with the Russian company Severstal Auto for the creation of a commercial and industrial joint-venture in Russia. The new company will be responsible for the sale and marketing of all Fiat branded vehicles (cars and light commercial vehicles) in the Russian Federation, as well as for the manufacturing facility where the Fiat Linea will be assembled starting from 2008.

Fiat withdrew from of the Nanjing-Fiat joint venture in December, selling its stake to NAC. This decision will enable Fiat Group Automobiles to operate with full freedom and concentrate on the restructuring of its automotive business in China.

On December 28, 2007 the Fiat Group finalised operations necessary for the establishment of a 50-50 joint venture with Tata Motors. As of that date, assets and liabilities related to Fiat Group Automobiles business in India were conveyed to said joint venture and therefore deconsolidated. Manufacturing activity, which includes Fiat and Tata branded cars, will be carried out at the Ranjangaon plant, where the FPT Powertrain Technologies Sector will also be operational.

Innovation and Products

2007 was marked by the launch of models that were key to the expansion of the Fiat Group Automobiles product line and the bestowal of major international awards upon this company's models.

The **Fiat** brand began 2007 with the presentation of the Bravo at the end of January. With this model, whose performance exceeded original sales targets, it reinforced its position in the C segment, the most important in Europe. "Blue&Me Nav", a next generation navigation system developed in collaboration with Microsoft, made its world premiere with the Bravo. The Fiat Bravo equipped with the new 120 and 150 HP 1.4 T-Jet turbo engine went on sale in July. Fiat Bravo was named "The World's Most Beautiful Automobile" in the two-volume mid-size sedan category.

On July 4, the Group launched its icon car, the Fiat 500, which is also destined to be a cornerstone for the Fiat of the future. The Fiat 500 has been a sensational success, as testified by the 140,000 orders received from its introduction through the end of January 2008 and its winning major international awards. Fiat 500 was elected "Car of the Year 2008", making Fiat the only carmaker to win this title twice with an A segment car (the Panda was the first to win this prize in 2004), and it also won the "Auto Europa 2008" and "EuroCarBody 2007" awards. The Fiat 500 was also the first car in the world shorter than 3.6 metres to garner five stars for safety from Euro NCAP.

The Fiat Linea was introduced in May. This three-volume sedan is produced in Turkey and sold outside Europe and on certain European markets. Starting from 2008, it will also be launched in Brazil, China, Russia, and India. In December 2007, the Fiat Linea was elected "AUTOBEST 2008".

In November it was the turn of the New Croma, the big Fiat brand station wagon whose styling has been updated to become more dynamic and consistent with the new stylistic traits of the brand.

The Grande Punto line expanded to include a version equipped with an innovative 120 HP gasoline 1.4 T-Jet engine. Its CO_2 emissions are about 10% less than other engines in its category. In 2007 the Fiat Grande Punto was introduced on the Latin American market, where it won the important prizes previously mentioned.

The Panda Aria concept car, the Panda Panda Van, and the Panda Panda Climbing, with dual gasoline/CNG propulsion and 4x4 traction (on sale since October), are among the most innovative cars in terms of environmental friendliness.

In March 2007, the Geneva Motor Show hosted the revival of **Abarth**, the historic Scorpion brand. The Grande Punto Abarth is the first street model to be offered with this brand.

In the early months of 2007, **Alfa Romeo** began sale of the diesel version of the Alfa Spider. The Alfa 147 Murphy&Nye version of the Alfa 147 was introduced, while the sporty and aggressive looking Alfa 147 Ducati Corse was presented at the Bologna Motor Show in December.

Between September and November 2007, the trade press participated in the track tests of the Alfa 8C Competizione: this sporty and exclusive car with a limited production of 500 units was marketed starting from the end of September.

In mid-June, **Lancia** rolled out the Ypsilon Sport Momo Design, featuring the new logo of the brand. This is a new version of a car that continues to be particularly successful. After its première at the Venice International Film Festival, the New Musa went on sale in October. This is the new version of a model that was the top selling compact minivan in Italy in 2007.

Fiat Professional, the new brand for the Group's light commercial vehicles that was introduced in 2007, received prestigious recognition with the New Scudo, which was named "Van of the Year." In the personal transport segment, the product line was expanded with the Panorama version of the Scudo, a highly modular vehicle that debuted in mid-April. Other personal transport vehicles are the Ducato Minibus Elegant and the Ducato Metropolis.

The new Fiorino Cargo was presented on October 1. Jointly developed by Fiat and PSA Peugeot Citroën and manufactured in collaboration with Tofas, the compact external dimensions, functional performance, and modern and distinctive style of this vehicle make it a totally original product on the minicargo market. It first went on sale at the end of 2007 in Italy and Turkey.

As far as product development is concerned, activities in 2007 mainly related to the completion of the Fiat 500, Linea, Fiorino, Grande Punto Abarth, New Croma, New Lancia Musa models. Work continued on the development of the new Alfa 149, which will replace the Alfa 147, the Alfa Junior and the Lancia Delta HPE. Work also began on the development of the New Panda, City Car, New Lancia Ypsilon and New Doblò.

The decision taken by Fiat in December to launch an extraordinary plan for the industrial relaunch of the Pomigliano d'Arco plant was particularly significant. This challenging project, which is intended to complete integration of the plant into the Fiat Group Automobiles manufacturing system, will be carried out through an important plan of technological investments totalling 70 million euros. These investments will be flanked by intensive training programs for employees, to which must be added another 40 million euros in extra costs stemming from the suspension of production (from January 7 to March 2, 2008) necessary to realise the plan. The objective is to bring the plant to best-in-class performance levels and ensure that it will be able to meet the conditions necessary for the allocation of production of new future models.

Services

In 2007, Customer Services implemented organizational improvements in view of continually increasing its focus on customers.

Actions were taken to improve its ability to respond to customers and promote the success of the dealer and assistance network. The system for measuring customer satisfaction was also completed. Dealers are provided with customer feedback on the reasons for their purchases and renunciation of Fiat products and services. This enables the dealers to improve their ability to serve customers and make sales.

A program to revise services was undertaken in order to meet customer transportation needs in the event of car repairs, by providing them with prompt and effective support. In 2007, car unavailability times were reduced by 25%, while the capacity to provide customers needing a Fiat Group courtesy car was increased by 40%.

The Arese Customer Service Center is one of the Group’s most important tools for managing customer relations. It currently operates 20 different services covering 13 European markets. In 2007 the use of innovative contact channels was increased, including the web, text messages, instant messaging, call me back, and video calls.

New technologies and tools were implemented for maintenance and repair in view of streamlining warranty process support activities. In 2007, Technical Services significantly improved the services provided to the dealer network by increasing the number of Technical Support staff in Europe and creating a new program for specialized technical training.

In 2007, the **Financial Services** segment was characterized principally by the operating start-up of Fiat Group Automobiles Financial Services (FAFS), the joint-venture set up with the Crédit Agricole Group (accounted for using the equity method). The joint venture supports the Sector’s European sales in the dealer network and end customer financing and medium and long-term rental segments.

The collaboration with its partner Crédit Agricole has proven effective, meeting expectations and permitting successful support of sales and launch of new Sector products. The volume of financing to the sales networks reached a total of 10,300 million euros (8,910 million euros in 2006); end-customer financing was provided for the purchase of 467,700 vehicles (457,400 units in 2006) through the grant of 5,520 million euros in loans (5,070 million euros in 2006). In the rental segment, new rental agreements were made for 64,770 vehicles (60,060 units in 2006), equivalent to a financed value of 952 million euros (893 million euros in 2006); during the year, the proprietary fleet average was 140,650 vehicles (139,170 units in 2006).

The other Financial Services activities are grouped in Fidis S.p.A., a wholly owned subsidiary of the Sector that is consolidated on a line-by-line basis, and are focused on financing Fiat Group sales in Brazil, where the dealer network financing business reported a volume of 5,320 million euros in loans, up sharply from the 3,530 million euros reported in 2006 in connection with increased volumes and a better mix of sales to the network, and in Argentina, where it provides financing to end customers.

In the supplier financing segment, Fidis, consistently with Company policy to reduce its commitment to that activity, reduced the volume of managed loans to 1,225 million euros (1,980 million euros in 2006), with an average financing of 142 million euros (260 million euros in 2006).

With the recent incorporation of Fiat Automotive Finance Co. Ltd, financial services will also be provided in China from 2008.

Maserati

Highlights

(in millions of euros)	2007	2006
Net revenues	**694**	519
Trading profit	**24**	(33)
Operating result (*)	**22**	(33)
Investments in tangible and intangible assets	**97**	82
- of which capitalised R&D costs	**42**	32
Total R&D expenses (**)	**54**	46
Cars delivered (number)	**7,496**	5,734
Employees at year-end (number)	**695**	649

(*) Including restructuring costs and unusual income (expenses).

(**) Including R&D capitalised and charged to operations.

Operating Performance

2007 was the year of the turnaround for Maserati. It posted a trading profit (24 million euros) for the first time since its acquisition by Fiat in 1993. With 7,496 units delivered in 2007, Maserati also performed brilliantly on the commercial front.

Introduction of the Automatic version of the Maserati Quattroporte enabled sales of this car to reach 5,455 units, representing a 43% increase from the previous year. On the eight principal markets where Maserati operates, the Quattroporte was the fourth best-selling car in its category in 2007, and it continued receiving awards inside and outside Italy, for a total of no less than 40 prizes and titles since its introduction. The Maserati GranTurismo went on sale at the end of July 2007. At December 31 2007, a total of 1,779 units had been delivered, and 2,307 orders had been received for this model.

In the racing car category, Maserati Corse won all four prizes up for grabs by fielding the MC12: the Constructors Championship, the Race Car Drivers Championship, the Racing Team Championship, and the Citation Cup, facing down tough competition and demonstrating its superior performance and quality.

In 2007 the reference segment of the Quattroporte in all of the eight principal markets where Maserati operates contracted by about 10% when taken as a whole, while the reference segment of the Maserati GranTurismo expanded by 20%.

Maserati delivered 7,496 cars to the dealer network, up 30.7% from the 5,734 units delivered in 2006. With 2,608 units sold and a 13% increase from the previous year, in 2007 the United States confirmed its position as the most important market for Maserati. In the other countries where Maserati operates, the average reported increase was 43%, with excellent performance in the United Arab Emirates (+148%), Russia (+140%), China (+88%), Spain (+81%), and Japan (+55%).

At December 31, 2007, 2,793 units were on order, or about 2.5 times more than at December 31, 2006.

Innovation and Products

Major new developments took place at Maserati in 2007. After the launch of the automatic version of the Quattroporte at the Detroit Motor Show in January, the new Maserati GranTurismo, a high performance coupé which is also a genuine four-seater, was presented at the Geneva Motor Show in March. Both cars were acclaimed by the press and positively received by customers.

The new Quattroporte Sport GTS received an especially warm reception when it was presented at the Frankfurt Motor Show in September. This version was developed to satisfy customers who seek a true sports version in a sedan.

Ferrari

Highlights

(in millions of euros)	2007	2006
Net revenues	**1,668**	1,447
Trading profit	**266**	183
Operating result (*)	**266**	183
Investments in tangible and intangible assets	**246**	142
- of which capitalised R&D costs	**93**	46
Total R&D expenses (**)	**147**	83
Homologated cars delivered to the network (number)	**6,368**	5,650
Employees at year-end (number)	**2,926**	2,870

(*) Including restructuring costs and unusual income (expenses).

(**) Including R&D capitalised and charged to operations.

Operating Performance

Ferrari confirmed the extraordinary appeal of its products not only on traditional markets but also on more recently developed ones yet again in 2007. To meet growing demand while maintaining its naturally exclusive character, Ferrari increased sales of homologated cars to end customers by 14% in 2007, thanks to the performance of the F430 and the 599 GTB Fiorano 12 cylinder model. Its principal objective was to reduce delivery wait time and satisfy the demand of new, high-growth markets.

Once again in 2007 and for the fifteenth time, Ferrari realized the dual satisfaction of winning both the Constructors' and Drivers' Championship in Formula 1.

A total of 6,465 homologated cars were **sold to end customers**, up 14% from 2006. If non-homologated cars, i.e. those earmarked for race-track use, are included, sales totalled 6,584, an increase of 12.3% over 2006. The United States gave a particular significant contribution to Ferrari's performance and continued to be the principal market with a total of 1,761 units sold (+7.7% over 2006), for a 27.2% share of worldwide sales. In Germany, Ferrari's most important market in Europe, 717 units were sold (+5.9%). In the United Kingdom, 687 units were sold (+8.2% over 2006), and in Italy 680 units (+1%) were delivered to end customers. New or developing markets also made a substantial contribution to sales (Middle East, +32.3%, and Asia/Pacific, +47.2%), which generated a major increase in volumes without compromising the brand's exclusivity. Development of the new commercial network in China resulted in the sale of 177 cars in 2007, +46.3% from 2006.
In 2007, homologated cars **delivered to the dealer network** totalled 6,368 units, up 12.7% from 2006 (6,488 units if non-homologated cars are included, +11.1%).

Innovation and Products

The excellent results achieved in 2007 were mainly the result of the great success of the 599 GTB Fiorano, in its first full year of sales, and the F430 in the berlinetta and spider versions. The new F430 Scuderia model was also presented at the Frankfurt Motor Show. The content of this two-seater berlinetta is largely derived from experience accumulated on Formula 1 racetracks and was conceived for the car enthusiasts who seek high-performance sports car handling.

Through Ferrari Financial Services, Ferrari offers its customers financial products for the purchase of its cars. This activity began at the end of 2006 in various European countries: Germany, Switzerland, France, Belgium, and Austria. These products have also been offered in Italy since January 2007, and started to be offered on the United States market in the third quarter of 2007.

Agricultural and Construction Equipment
CNH - Case New Holland

Highlights

(in millions of euros)	2007	2006
Net revenues	**11,843**	**10,527**
Trading profit	**990**	**737**
Operating result (*)	**953**	**592**
Investments in tangible and intangible assets	**648**	**394**
- of which capitalised R&D costs	**92**	**79**
Total R&D expenses (**)	**308**	**289**
Employees at year-end (number)	**28,173**	**25,335**

(*) Including restructuring costs and unusual income (expenses).

(**) Including R&D capitalised and charged to operations.

Operating Performance

In 2007 the global market for **agricultural equipment** grew by 2% from 2006. Overall demand for tractors rose 2% due to the positive performance recorded in North America (+1%, with demand for 40+ horsepower tractors higher by 7%), in Western Europe (+3%) and the sharp increase posted in Latin America (+39%), against a decline in the Rest of the World countries (-3%). The combine harvesters market recorded a brilliant performance (+21% overall) with increases across all geographic areas: +13% in North America, +85% in Latin America, + 4% in Western Europe and + 21% in the Rest of the World countries.

All CNH brands gained market share, with particularly significant improvements in combines and high horsepower tractors.

In 2007, deliveries of CNH tractors to the dealer network increased in all markets with respect to the previous year, outperforming market increases; a particularly positive trend was recorded for 40+ horsepower tractors (which represent the core segment for CNH in the agricultural equipment segment). Deliveries of combine harvesters to the dealer network also rose significantly, with sharp increases across all geographic areas and growth rates higher than market increases.

The global market for **construction equipment** rose by 13% from 2006: demand grew significantly across all geographic areas with the exception of North America, where it declined by 12%. Higher demand for backhoe loaders (+26% overall from 2006) and heavy equipment (+16%) in the other areas more than offset the decrease in North America, while the decline recorded in this area for skid steer loaders negatively impacted global demand which decreased by 2%, notwithstanding the positive performance reported in other areas.

Against this background, worldwide CNH construction equipment deliveries to the network increased with respect to 2006. The sharp increases in volumes recorded in Latin America, Western Europe and in the Rest of the World countries more than offset the decline, in line with the unfavourable performance of the market, reported in North America.

Innovation and Products

The strong commitment to innovation and steady improvement in product quality allowed CNH to revamp and enlarge its product line, introducing new models for the four global brands with which it operates. This commitment was recognized by the many and important awards it received in 2007.

During the year, **New Holland Agriculture** launched two important tractor lines in the 100-213 engine horsepower range, the T6000 Series and T7000 Series. The T7000 Series tractor was particularly well received by customers thanks to its productivity, manoeuvrability and the comfort of its cabin. This tractor also won the prestigious "Tractor of the Year" and "Golden Tractor for Design" awards at Agritechnica 2007, the German exhibition for agricultural machinery.

At the same exhibition, the FR9000 forage harvester won the "Machine of the Year" award (later joined by the "Golden Ear" award received at the International Agriculture fair in Brussels) while the CR 9000 Elevation combine won medals for innovation.

The brand also launched the T9000 Series 4-wheel-drive tractors, the T8000 Series row crop tractors in the 175 to 270 engine horsepower range, and the BR7000 round balers.

In China, the brand launched the T5600 Series tractors featuring characteristics that meet the increasing demand of the Chinese market for more efficient and advanced machinery. These tractors are produced in China by Shanghai New Holland Agricultural Machinery Co. Ltd., the joint venture with SAIC, and will be exported to Africa, Russia and other Asian countries.

New Holland Agriculture won the “Eye on Biodiesel” award for innovation at the National Biodiesel Board Conference in Texas.

Case IH Agriculture launched the Module Express™ 625 cotton picker/packager, featuring innovative solutions that enable farmers to pick, transfer and pack cotton with one single machine and received a prize from the American Society of Agricultural and Biological Engineers (ASABE) for the most innovative design. These two brands of the Sector were awarded six prizes from ASABE, more than any other manufacturer of agricultural machinery.

The brand, a leader in windrower technology, launched the new WD 3 Series windrowers which is optimal for use on hilly terrain, and the Axial-Flow® 7010 combine harvester.

The new A7700 sugar cane harvester with Tier 3 engines won the “Metric Awards Brasil” at the PTC Technology Day in San Paolo for its innovative contents and high productivity.

The Case IH Magnum tractor won the “Good Design Award” from The Chicago Athenaeum: Museum of Architecture and Design. At the end of the year, Case IH Agriculture began shipping the new Puma™ Series tractors.

During the year, both of CNH’s agricultural equipment brands reinforced their industry-leading position in supporting the use of B100 biodiesel, providing customers with the widest and most comprehensive choice of biodiesel-supported machinery.

New Holland Construction launched new models of skid steer loaders with upgraded engines and cabs and additional features, celebrating its 35th anniversary of skid steer loader production. The brand expanded its offering with the introduction of telehandlers.

New Tier 3 products were launched in Latin America including E215 and E330 crawler excavators, new skid steer loaders and backhoe loaders. In Europe, the brand introduced an upgraded Tier 3 E245 crawler excavator with improved performance and productivity and new models of wheel loaders and telehandlers.

New Holland Construction won the AE50 award from ASABE for the On-the-Go Two-Speed Shift feature on the Super Boom L185™ skid steer loader.

Case Construction launched the new Tier 3 CX B Series hydraulic excavators offering significant improvements in productivity, fuel efficiency and noise levels, and the new M Series 2 backhoe loaders. The brand also launched the E Series wheel loaders in Latin America and, in North America, the high-powered 1650L crawler dozer, the first model in its new L Series line.

Case Construction won “Contractor’s Choice” recognition in North America from the *Roads & Bridges Magazine* and many of its products were also cited as *“Best of”* in the respective categories.

Services

Together with product innovation, in 2007 CNH continued to focus its efforts on the sales network and customer assistance.

Case IH Agriculture expanded its “Service Max” program from Europe to North American customers. This 24-hour-a-day/7-day-a-week service provides dealer back-up for after-sales support, technical service and breakdown assistance including parts procurement from depots, plants and suppliers.

At the beginning of 2007, New Holland Agriculture introduced “Top Service” to western Canada and Europe and later to the U.S. market, an industry-leading customer support program with company technical experts and parts and logistics specialists working in tandem with the dealer network to expeditiously solve technical problems to customers’ machinery.

Financial Services is CNH’s captive financing business, providing financial services to dealers and end customers.

Through a wide variety of financial products offered to dealers and end customers in North America, Australia, Brazil and, through a joint venture, in Western Europe, Financial Services supports the increase of CNH product sales and the strengthening of brand loyalty.

More in detail, CNH Financial Services offers to the sales network and end customers financing, finance leases, operating leases, credit card management, rental programs for equipment and insurance products.

Financial Services has separate retail underwriting and portfolio management groups servicing the Agricultural Equipment and Construction Equipment businesses. This distinction allows Financial Services to reduce risk by deploying industry-specific expertise in each of these businesses.

Financial Services provides retail financial products primarily through CNH dealers, who are trained in the use of the various financial products.

Trucks and Commercial Vehicles — **IVECO**

Highlights

(in millions of euros)	2007	2006
Net revenues	**11,196**	9,136
Trading profit	**813**	546
Operating result (*)	**803**	565
Investments in tangible and intangible assets (**)	**347**	342
- of which capitalised R&D costs	**78**	88
Total R&D expenses (***)	**207**	174
Employees at year-end (number) (****)	**26,461**	24,533

(*) Including restructuring costs and unusual income (expenses).

(**) Net of vehicles sold with buy-back commitments.

(***) Including R&D capitalised and charged to operations.

(****) Excluding employees of the powertrain activities conveyed in FPT (8,218 units at December 31, 2007 and 8,256 units at December 31, 2006).

Operating Performance

In 2007 demand for commercial vehicles in Western Europe (with gross vehicle weight “GVW” ≥ 2.8 tons) rose 10.9% from 2006, to 1,259,000 units. Among the principal markets, the best performance was posted by Spain (+17%), France (+12.2%), Germany (+12.5%), and Italy (+11.7%), while growth was more limited in Great Britain (+3.6%).

The light vehicle segment (GVW of between 2.8 and 6 tons) expanded by 15.4% from 2006, mainly due to growth in demand for car-derived vehicles. Major increases were reported in Spain (+20.6%), France (+17%), Italy (+16.1%), Germany (+16.5%), and Great Britain (+10.3%).

Demand for medium vehicles (GVW of between 6.1 and 15.9 tons) contracted (-5.3%) from 2006, which was characterized by a particularly high rate of vehicle registrations in view of introduction of the digital tachograph and the new emissions regulations applicable to these vehicles. The English (-16.1%) and French (-17.1%) markets reported the sharpest declines; the Italian and German markets remained fairly stable, while demand grew at a brisk pace in Spain (+10.2%).

The heavy segment (GVW ≥16 tons), which expanded by a modest 2.3%, was also impacted by the high rates of vehicle registrations in the previous year that were connected with regulatory changes. In particular, strong growth in Germany (+8.9%) and Spain (+9.8%) contrasted with a downturn in UK (-14.9%); growth was modest on the Italian and French markets.

Demand for commercial vehicles in Eastern Europe (GVW ≥ 2.8 tons) was 159,200 units in 2007, up 39.5% from the previous year. The most significant increase was posted in the heavy segment (+56.6% from 2006).

The Western European bus market, totalling 36,200 units, grew by 4.7% from 2006, in the face of major growth in the Minibus and Truck Derived segment, against lower demand in the Intercity and Coach segment and stability in the City segment. On a country-by-country basis, healthy performances were reported in France (+5.4%), Spain (+8.6%), and Great Britain (+19.4%) while demand declined in Italy (-9.4%) and Germany (-4%).

The market share of Iveco in Western Europe (GVW ≥ 2.8 tons) was 10.3% (-0.3 percentage points lower than in 2006). Its share of the light vehicle segment, 8.7% (-0.4 percentage points), was penalized by competition from car-derived vehicles (vans). In the medium segment, Iveco’s share rose by 0.7 percentage points to 26.2%. The new Stralis, which was launched in March 2007, contributed to the strengthening of Iveco’s market share in the heavy segment, which reached 11.4% for a rise of 0.5 percentage points from the previous year.

Trucks and Commercial Vehicles Market (GVW ≥ 2.8 ton)

(in thousands of units)	2007	2006	% change
France	**224.8**	200.3	12.2
Germany	**278.6**	247.8	12.5
Great Britain	**201.7**	194.7	3.6
Italy	**134.5**	120.4	11.7
Spain	**138.4**	118.3	17.0
Other Western European Countries	**281.0**	253.9	10.5
Western Europe	**1,259.0**	**1,135.4**	**10.9**

Trucks and Commercial Vehicles Market by product segment (GVW ≥ 2.8 ton)

(in thousands of units)	2007	2006	% change
Heavy	**267.1**	261.1	2.3
Medium	**76.5**	80.7	-5.3
Light	**915.4**	793.6	15.4
Western Europe	**1,259.0**	**1,135.4**	**10.9**

In Eastern Europe, the market share of Iveco (GVW $\geq$ 2.8 tons) in 2007 reached 13% (11.8% in 2006), with improvements in all three segments.

The market share of Iveco Irisbus in Western Europe, 19.9% in 2007, decreased by 0.7 percentage points from 2006. In particular, its penetration rose in Great Britain (+1.2 percentage points), Italy (+0.4 percentage points), and Spain (+0.1 percentage points), while it shrank in Germany and France (-1.5 percentage points on both markets).

In 2007 Iveco delivered a total of 211,700 vehicles, of which 13,300 with buy-back commitments, achieving a 16.6% increase from the previous year. Deliveries benefited both from the success of the Daily light vehicle range and the new Stralis heavy vehicle range. In Western Europe alone, with 147,500 vehicles delivered, sales rose by 9.1%. At the individual country level, particularly strong performance was reported in France (+12.9%), Germany (+12.4%), and Italy (+7.9%), reflecting higher deliveries of light and heavy vehicles. The increase in Spain (+2.9%) was achieved in the medium and heavy segments, while sales were down in Great Britain, partly on account of the soft market. Outside Western Europe, sales volumes were up sharply in Eastern Europe (+58%) and Latin America (+45%).

In the bus segment, Iveco delivered a total of 10,000 units, realising a 5.3% improvement from 2006.

In China, Naveco, the 50-50 joint-venture with the NAC Group (Nanjing Automotive Corporation), sold 24,100 light vehicles (about +20% from 2006) and about 35,200 medium vehicles of the Yuejin range (the range sold by Naveco expanded to Yuejin vehicles following acquisition of Yuejin Motor Company in 2006). SAIC Iveco Hongyan Commercial Vehicles Co. Ltd, a company jointly owned by Iveco on the basis of the agreements reached in 2006 with SAIC Motor Corporation Ltd and Chongqing Heavy Vehicle Group Co. Ltd, sold about 24,000 heavy vehicles in 2007.

In 2007, Iveco stepped up its strategy of alliances to reinforce its presence on international markets.

On February 14, 2007 Iveco and Tata Motors announced the signing of a memorandum of understanding to analyse the feasibility of cooperation in the engineering, manufacturing, sourcing and distribution of products, aggregates, and components.

In June, Iveco and the Samotlor-NN industrial group, one of the biggest body makers in Russia, signed an industrial agreement that precedes the setting up of a joint-venture owned 51% by Iveco for production in Russia of the Daily, the light commercial vehicle of the Iveco range, especially in the freight transport, minibus, and ambulance version. The target on the medium-term envisages production of 25,000 vehicles per year. These vehicles will be sold with the Iveco brand in Russia and neighbouring countries through the Iveco and Samotlor-NN commercial networks.

Iveco also consolidated its strategy in China during 2007: as previously mentioned, SAIC Iveco Commercial Vehicle Investment Company Ltd, a 50-50 joint-venture of Iveco and SAIC, finalized the purchase of 67% of the capital of

Sales Performance
Trucks and Commercial Vehicles sold by Country

(in thousands of units)	2007	2006	% change
France	**29.3**	25.9	12.9
Germany	**22.8**	20.3	12.4
Great Britain	**14.3**	15.0	-4.6
Italy	**38.8**	36.0	7.9
Spain	**21.2**	20.6	2.9
Rest of Western Europe	**21.1**	17.3	21.3
Western Europe	**147.5**	**135.1**	**9.1**
Eastern Europe	**31.2**	19.7	58.1
Rest of the World	**33.0**	26.7	24.1
Total sales	**211.7**	**181.5**	**16.6**
Naveco	**59.3**	20.0	n.s.
SAIC Iveco Hongyan	**24.0**	-	n.s.
Other associated companies (*)	**-**	5.2	n.s.
Grand total	**295.0**	**206.7**	**n.s.**

(*) The 2006 figure refers to the licensee Otoyol (Turkey), no longer operational in 2007.

Sales Performance
Trucks and Commercial Vehicles sold by Product Segment

(in thousands of units)	2007	2006	% change
Heavy	**60.2**	45.2	33.1
Medium	**20.5**	21.2	-3.3
Light	**115.5**	101.1	14.3
Buses	**10.0**	9.5	5.3
Special purpose vehicles (*)	**5.5**	4.5	21.5
Total sales	**211.7**	**181.5**	**16.6**

(*) Astra, Defence, Fire-fighting vehicles.

Chongqing Hongyan Automotive Co Ltd and subsequently incorporated the SAIC Iveco Hongyan Commercial Vehicles Co. Ltd.

Pursuant to an agreement initialled in 2006, Iveco and the Spanish firm Santana launched a profitable production and commercial partnership in 2007. Its principal objective is the introduction in 2008 of the Massif, a light four-wheel drive vehicle for professional off-road use.

Innovation and Products

In the second half of 2007, Iveco set up a centralised innovation management process in connection with the platforms and Business Units.

At the process level, priority was given to product and methodological innovation along three main lines: product innovation, methodological innovation, and financed projects.

Product innovation focuses on six strategic areas: new generation vehicles, best-in-class fuel consumption, cabin interiors with a high standard of perceived quality, vehicle frame solutions at optimised costs, excellence in preventive safety, and evolution in online functions.

Methodological innovation focuses on four areas of activity: product development procedures, virtual analysis, performance measurement and control, and revision of technical standards.

Financed project activities are focused on strategic research and development programs, with direct involvement of all corporate entities concerned, to ensure consistency with product strategy.

In the field of testing, a five-year operating, investment, and resource plan was drawn up in order to support the process for development of new vehicle platforms and consolidate the excellence of testing activities both on benches and lab materials.

Iveco continued investing in the revamp of its product range in 2007.

Testifying to its concern for the environment, Iveco presented the Stralis heavy range vehicle with a CNG (Compressed Natural Gas) engine at the “Pollutec Fair” (International Exhibition of Environmental Equipment, Technologies and Services) held in Lyon in February. This model uses the Cursor 8 engine in the CNG injection version, which guarantees emissions far below European emissions standards.

The new Stralis was launched officially in March in Rome. This vehicle is the latest development in its heavy road transport range (19 to 44 ton curb weight). Equipped with Euro 5 compliant engines, it has a larger, restyled cabin and is available in numerous versions. The new Stralis is also produced in the Compressed Natural Gas (CNG) version. In September, the Iveco Stralis received the “Truck & Driver – Drivers’ Choice Award 2007” in the United Kingdom for the most comfortable cabin in its class.

The Daily light commercial vehicle expanded its product line with the April debut of the new Daily CNG version at the International Ecotechnologies Show in Padua, and the October debut of the new Daily 4x4, the light commercial vehicle designed to address the needs of off-road transport professionals, which was presented at the Transpotec Logitec 2007 in Milan. In 2007 the new Daily continued to receive awards and recognition across Europe. In Spain, it received the “Light Truck of the Year Award,” while in Great Britain it was voted “Best Light Truck 2007.”

At the Bauma, the principal European show for the quarry and construction sector, held in Munich, Iveco was represented principally by the new Trakker, whose cabin was developed starting from solutions adopted for the Stralis.

In May Iveco Irisbus officially presented the Citelis line to customers and the Italian press. This model is designed for personal transport in urban areas, with Euro 4/5 compliant and natural gas powered engines. In the same month, it participated at the 2007 edition of the UITP (International Union of Public Transport) Congress in Helsinki, presenting the new Crossway Low Entry (LE) to the public for the first time. This model is designed for intercity routes. At the Busworld Show held at Kortrijk, Belgium in October, Iveco Irisbus presented the new Magelys touring bus, which covers the high end of the market.

In 2007 the sponsorship of the New Zealand national rugby team, the All Blacks, was recognized as one of the most effective sponsorship communication campaigns in the framework of the fourth annual Press & Outdoor Key Award.

Services

Iveco Customer Service activities accelerated their expansion from 2006 levels, in connection with the increase in circulating vehicles and annual mileage driven per vehicle as well as the success of the customer loyalty programme, especially in Eastern Europe.

Logistic activity was completed with integration of truck and bus activities. The renovation and expansion of the Iveco Cekia logistic centre were completed in 2007 to improve distribution service in Central and Eastern Europe. The bases were also laid for defining the spare parts distribution strategy for the Russian market.

To deal with the increasingly complex repair business, resulting from the growing use of electronic technology on vehicles, Iveco Technical Assistance continued working on three key factors in 2007: a) powerful but easy-to-use diagnostic tools, b) adequate dealer network assistance skills, c) roadside assistance service covering international heavy freight routes and greater territorial coverage for light vehicles.

The Customer Service Tour 2007 began in June, with the name “Origin 100% Iveco.” This tour covered roads across all of Europe, engaging customers, drivers, and owners of vehicles, in a direct experience focusing on the quality of original spare parts and customer service.

Since its agreement signed in 2005 with Barclays Mercantile Business Finance Ltd, the **Financial Services** offered for Iveco products in France, Germany, Italy, Switzerland, and the United Kingdom have been managed by the associated company Iveco Finance Holdings Limited, in which Iveco holds a 49% stake. If the activity of this associated company is included, the number of vehicles financed by the Sector Financial Services rose from 35,800 in 2006 to about 37,900 in 2007, with a penetration of 23.2% (23.4% in 2006).

If only wholly-owned companies consolidated on a line-by-line basis are taken into consideration, vehicles financed in 2007 were 3,030 (2,237 in 2006), with a penetration of 28.3% (22.1% in 2006).

FPT Powertrain Technologies

Highlights

(in millions of euros)	2007	2006
Net revenues	**7,075**	6,145
Trading profit	**271**	168
Operating result (*)	**257**	102
Investments in tangible and intangible assets	**365**	254
- of which capitalised R&D costs	**38**	50
Total R&D expenses (**)	**70**	74
Employees at year-end (number) (***)	**19,876**	18,924

(*) Including restructuring costs and unusual income (expenses).

(**) Including R&D capitalised and charged to operations.

(***) Including Iveco employees of the powertrain activities conveyed in FPT (8,218 at December 31, 2007 and 8,256 at December 31, 2006).

Operating Performance

FPT Powertrain Technologies operates through two product lines: Passenger & Commercial Vehicles (P&CV), which produces engines and transmissions for cars and light commercial vehicles, and Industrial & Marine (I&M), which produces powertrains for commercial vehicles, industrial applications, construction machinery and agricultural equipment, as well as marine engines. FPT also comprises the Powertrain Research and Technology activities of CRF, and coordinates engine and transmission research work by Elasis.

In 2007, the Sector's revenues grew by 15.1% over the previous year, propelled by rising demand from its major customers, Fiat Group Automobiles and Iveco in particular. Part of FPT's output is earmarked for other Group companies, while sales to third parties and joint ventures represented 24% of revenues in 2007, down from 26% in 2006, though volumes rose by 3%.

In 2007, the Passenger & Commercial Vehicles product line sold 2,597,000 engines and 2,093,000 transmissions, an increase of 11.5% and 23.5% respectively over the previous year. Diesel engine sales to third parties accounted for approximately 20% of the year's total volumes.

Engine sales by the Industrial & Marine product line reached 505,000 units as against 444,000 in the previous year, an increase of 13.9%. Engine deliveries were made chiefly to Iveco (45%), CNH (19%), and Sevel (26%), the joint venture that produces light commercial vehicles. In addition, the P&CV product line sold 123,000 transmissions (+8.4%) and 300,000 axles (+14.4% over the previous year).

During the year, FPT Powertrain Technologies entered into several new agreements with international partners, and continued to implement the agreements signed in the past.

In June, FPT and the Daimler Truck Group signed a strategic cooperation agreement in the field of powertrains. Under the terms of this agreement, FPT will supply the Mitsubishi Fuso Bus & Truck Corporation with around 80,000 F1C 3.0 litre common rail diesel engines a year for eight years, starting in 2009. These engines will be used on a light commercial vehicle marketed in major markets, including Europe and Japan.

Also in June 2007, SAIC Fiat Powertrain Hongyan Co. Ltd, the joint venture with Iveco and SAIC, was established in China, following up on an agreement signed in late 2006. This long-term joint venture, in which FPT holds a 30% interest, will manufacture and market medium and heavy diesel engines. Plans call for the production of three engine families: the F32, 4 and 6 cylinder versions of the NEF engine, and the Cursor 9.

As part of the joint venture agreement between Fiat Group Automobiles and Tata Motors, the Sector will produce 1.3 litre Multijet diesel engines, 1.2 litre and 1.4 litre Fire spark ignition engines and transmissions at the joint venture's plant in Ranjangaon, India.

In December, FPT inaugurated its Chinese research and development centre near Shanghai. The new facility will concentrate on diesel and spark ignition engines and on transmissions, and is yet another step towards FPT's goal of establishing an R&D presence in major market areas worldwide.

In April, FPT entered into a strategic partnership with the Sunseeker Group, one of the UK's best known names in nautical sports, whereby the Sector will supply turbocharged diesel engines for the Sunseeker Challenger: the boat in which the British group's racing team will be vying for the UIM Powerboat P1 World Championship title. At the Bologna Motor Show, FPT Powertrain Technologies and the Italian motor sports authority Federazione Italiana ACI CSAI announced an agreement for the supply of 420F3 engines. Through this agreement, FPT will be the sole supplier to the Italian Formula 3 Championships for the forthcoming racing seasons.

Innovation and Products

Passenger & Commercial Vehicles

In 2007, FPT continued to develop innovative powertrain systems, i.e. engines plus transmissions, for Fiat Group Automobiles.

Work with spark ignition engines focused on the Fire family, where production of the 120 HP and 150 HP versions of the new 1.4 litre T-Jet engine got under way, and additional progress was made in applying the new Multiair technology to both naturally aspirated and turbocharged engines. For B Family spark ignition engines, a direct-injection supercharged version was developed which displaces 1.8 litres. In addition, predevelopment work was completed on the new two-cylinder SGE Small Gasoline Engine using Multiair technology.

For natural gas engines, work began on FPT's first application of compressed natural gas technology on a turbocharged engine: the Fire 1.4 litre Turbo CNG.

For diesel engines, the number of versions equipped with a DPF diesel particulate filter was further increased. In June the Passenger and Commercial Vehicles product line presented the new 1.9 litre 180 HP diesel engine, which features Twin Stage turbo technology and will be Euro 5 compliant by the end of 2008, while the 1.6 litre 105 and 120 HP engine with the same technology entered production at the end of the year and is already Euro 5 compliant. Development of a Euro 5-compliant 2.0 litre diesel engine continued. For the SDE Small Diesel Engine family, the 1.3 litre Euro 5 version was introduced on the new Fiat 500.

For FPT transmissions, high points of the year included the launch of new AMT Automated Manual Transmissions: a version which will equip the Ducato, and a version for the Fiat Stilo marketed in Brazil. In addition, a new transmission that will provide a range of innovative features is being developed.

In order to improve quality, boost performance, reduce emissions and ensure better fuel economy, during the next year work will continue on the development of the next-generation Multijet common rail engine, the relaunch of the Fire engine family through the extension of its range, and development of new diesel and spark ignition engines.

During 2007, substantial resources were channelled into developing powerplants with lower exhaust emissions than ever before. Focusing on meeting future Euro 5 and Euro 6 emissions regulations, these development programs will make it possible for FPT to put new Euro 5-compliant engines into production early in 2008, well before the European Union's new emissions limits come into effect.

Industrial & Marine

The Industrial & Marine product line designs and manufactures engines for on-highway vehicles and off-highway industrial and agricultural applications.

In its work with light engines, I&M put the CNG version of the S30 engine into production, and activities began on Euro 5 developments.

Following the strategic agreement with the Daimler Truck, new development projects for the S30 engine got under way. As part of the agreement with Severstal, the first Russian-made Ducato equipped with 2.3 litre S23 engines were produced.

For medium and heavy engines, work continued on readying the Cursor and NEF families for the upcoming Euro 5 limits, while FPT and Iveco joined forces in preparing these powerplants for the Euro 6 requirements, using the emissions scenarios that now seem most likely as the basis for development.

For off-highway applications, FPT began working towards Tier 4A standards, specifying the new engine lineup and the technological options available for the heavy-duty Cursor and medium-duty NEF engine ranges.

The new NEF Tier 3 engines with rated output below 74 kW entered production, and production startup was completed for the Tier 3 compliant versions of the Cursor engine.

In addition, in the second half of 2007 production began for the 420 kW Cursor 13 Turbocompound tractor engine and the new F32 engine for light industrial and agricultural applications, which is expected to become the new benchmark in its category.

For marine applications, the N60-480 engine was introduced, extending the NEF range, which now offers outputs from 270 to 480 HP.

Components — **Magneti Marelli**

Highlights

(in millions of euros)	2007	2006
Net revenues	**5,000**	4,455
Trading profit	**214**	190
Operating result (*)	**209**	175
Investments in tangible and intangible assets	**319**	293
- of which capitalised R&D costs	**92**	*77*
Total R&D expenses (**)	**221**	210
Employees at year-end (number)	**27,962**	25,195

(*) Including restructuring costs and unusual income (expenses).

(**) Including R&D capitalised and charged to operations.

Operating Performance

Against the backdrop of a reference market that expanded 5.4% during 2007, Magneti Marelli increased its revenues by 11.7% on a comparable consolidation basis.

In line with its growth objectives, Magneti Marelli resumed control over the marketing and distribution activities of automotive spare parts, diagnostic equipment and services for electrical and electronic systems, powertrains, bodywork and consumables. The new business line set up for this purpose, After Market Parts and Services, was consolidated effective May 1, 2007.

The Sector signed a number of major agreements in 2007 which will support its growth in strategic new markets.

In June, Magneti Marelli and Russia's Avtopribor, a supplier of electronic and mechanical components, entered into an agreement to design, develop, manufacture and market electronic instrument clusters for motor vehicles.

In September, Magneti Marelli signed a memorandum of understanding with Chery Automobile Co. Ltd for the creation of a joint venture in China that will produce hydraulic components for the Selespeed AMT transmission, which will be used by Chery and other car makers.

In October, the Magneti Marelli Powertrain India Private Limited joint venture was set up between Magneti Marelli Powertrain, which holds a 51% interest, and Suzuki Motor Corporation with Maruti Suzuki India Limited, which together hold a 49% interest. The new company will produce electronic control units for diesel engines in India.

As part of its plans to develop in emerging markets, realisation of a plant for the production of instrument panels, on-board equipment and electronic components began in Slovakia and production startup is expected to take place before the end of 2008.

Highlights of the performance of each business line are outlined below.

Lighting

Revenues totalled 1,614 million euros in 2007, up 15.1% from 2006. Most of this increase was due to stronger Original Equipment sales. Volumes rose in all of the business line's major markets – Germany, the NAFTA area and Brazil – while growth was also significant in Turkey and China.

Sales to third parties were a significant factor in the year's performance: new products supplied to Volkswagen-Audi, featuring the world's first application of a headlamp unit using LED technology for all required functions, and to General Motors enabled the business line to carve out an even larger share of the worldwide headlamp market.

During the year, work continued on the development of taillamps using LED technology for all required functions and on the application of the Light Guide, highly uniform light guides.

Significant new orders were received during the year for headlamps and taillamps from Renault and Volvo, and for headlamps for the new Lancia Delta HPE, as well as for BMW and Mercedes models.

Engine Control

Revenues for 2007 totalled 947 million euros, an increase of 7.3% from the previous year. Products showing the strongest growth included Selespeed systems and GDI gasoline direct injection units in Europe, complete systems in Brazil, and manifolds in China. The business line's rising revenues were due to Fiat Group Automobiles and FPT Powertrain Technologies, as well as third parties. In addition, commercial relations were initiated with the Suzuki and Mitsubishi customers.

New launches for the year included the 1.2 litre spark ignition and 1.3 litre diesel systems for the new Fiat 500, while major achievements in product development included applications of the Pico Eco (in Brazil) and new injection systems for Volkswagen, the Selespeed system for customers in China, and cold start Systems. Innovation work concentrated on lowering oxides of nitrogen for Euro 6 diesel engines and on hybrid engine architectures.

Major orders were received during the year for the new Dual Dry Clutch transmission, the 2.0 litre Euro 5 diesel manifold for FPT Powertrain Technologies, and 1.3 litre SDE diesel engine control units for Tata and Suzuki Maruti.

Suspension Systems

Revenues for 2007 amounted to 1,182 million euros, an increase of 150 million euros over 2006 on a comparable scope of operations achieved thanks to the success of the new products launched by the business line's main customer Fiat Group Automobiles: the Bravo in Italy, the Grande Punto in Brazil, and the Fiat 500 in Poland. Sales to PSA and General Motors also rose.

The business line's work on product development in 2007 focused on suspension products for Mercedes and Ford models, and on innovative shock absorbers and suspensions for new models of Fiat Group Automobiles. In addition, functional specifications were drawn up for a new generation of shock absorbers. Innovation work concentrated on the Sector's patented U-Link suspension.

Major orders were booked from Fiat Group Automobiles for the new Lancia Delta HPE and Alfa Junior, and as regards the US market from General Motors, and Ford.

Electronic Systems

Total revenues for 2007 amounted to 556 million euros, up 4% from the previous year. Revenues from instrument panels rose by 2.1%, sales of telematic systems were substantially in line with 2006, while revenues from occupant compartment products posted a significant increase that was largely due to the production of new modules for the Fiat Group.

In addition to Fiat Group Automobiles, for which the business line launched new instrument panels for the Fiat 500 and the Fiat Linea as well as the Blue&Me Nav telematic system, PSA and Volkswagen-Audi (+15%) continued to number among Electronic Systems business line's major customers with the launch of instrument panels for new models.

Development activities focused on new instrument panels for Volkswagen, Renault, Citroen and Ford models, the Fiat instrument panel designed for compatibility with the Blue&Me telematic application as well as on the evolution of body computers for Fiat, and on door modules for Renault, Ssanyong and Chery in the occupant compartment area. Major progress was also made towards an integrated GSM and GPS based telematic system.

Orders were received for the Fiat Stop&Start system, the PSA Emergency call and radio/navigator, the instrument panel for new Volkswagen models, and the FordWorks telematic system for Ford models.

Exhaust Systems

Revenues reached 613 million euros in 2007, a 15% increase over the previous year due to higher volumes from the business line's main customers: Fiat in Italy and Poland; Daimler and Seat in Spain. In the Mercosur area, strong demand from all customers contributed to growth.

Product development addressed components for cold-end exhaust silencing systems and for emissions abatement, including the hot-end system for FPT Powertrain Technologies' new supercharged spark ignition engines. For diesel engines, new Euro 5-ready products were developed.

Major new orders booked included the exhaust system for Daimler in China, which will strengthen the business line's presence on the Chinese market.

Motorsport

During 2007, Magneti Marelli continued to be active in the major motorsports championships, supplying electronic control systems, fuel system and electromechanical components, and telemetry and data acquisition systems to such major Formula 1 teams as Ferrari (2007 World Champion), Toyota, Renault, Toro Rosso, Red Bull and Spyker.

Magneti Marelli also participates in the World Rally Championship and the Moto GP championship; for the latter, the Sector provided fuel injection and electronic control systems to Ducati (winner of the 2007 world title), Yamaha, Suzuki and Kawasaki.

Metallurgical Products — **Teksid**

Highlights

(in millions of euros)	2007	2006
Net revenues	**783**	979
Trading profit	**47**	56
Operating result (*)	**47**	26
Investments in tangible and intangible assets	**32**	32
Total R&D expenses (**)	**1**	5
Employees at year-end (number)	**7,826**	8,342

(*) Including restructuring costs and unusual income (expenses).

(**) Including R&D capitalised and charged to operations.

Operating Performance

In 2007, the global economic environment continued to be impacted by strong pressure on the energy market, thus showing little change since 2006. Against this challenging background, the Sector's diversification in terms of customers and geographical destination, as well as ongoing improvements in process efficiency and logistics, made it possible to improve overall performance. As part of these improvements, the Crescentino plant was reconfigured, completing a process initiated in 2004.

In early March 2007, Teksid's interest in Meridian Technologies Inc., through which the Magnesium Business Unit operated, was sold to a consortium of investors headed by the Swiss holding company Estatia AG. These operations were consequently deconsolidated as of the date of disposal.

Teksid Aluminum S.r.l., a company operating in the aluminium business and now wholly owned by the Fiat Group, has been included in the Sector's representation since September 2007. Excluding the impact of these operations, Teksid reported a modest drop in revenues (-3.4%) from 2006.

In 2007 revenues of the Cast Iron Business Unit decreased by 3.1% and volumes by 3.8% over 2006. The negative change is due to lower sales on the North American market (-34.3%) in part offset by higher sales in Brazil (+8.3%) and in Europe (+7.6%). The exchange rate impact was also unfavourable, especially due to the performance of the US dollar.

It is worth noting that in the Cast Iron business, Teksid is also active in China through Hua Dong Teksid Automotive Foundry Co. Ltd, a jointly controlled company accounted for using the equity method. This company recorded a 25.8% increase in volumes from 2006.

Production Systems — **Comau**

Highlights

(in millions of euros)	2007	2006
Net revenues	**1,089**	1,280
Trading profit	**(23)**	(66)
Operating result (*)	**(33)**	(272)
Investments in tangible and intangible assets (**)	**33**	56
- of which capitalised R&D costs	**4**	7
Total R&D expenses (***)	**12**	20
Employees at year-end (number)	**11,960**	12,293

(*) Including restructuring costs and unusual income (expenses).
(**) The 2007 figure includes 14 million euros for investments by Comau Inc. (U.S.A.) related to sales/leaseback transactions carried out in previous years (in 2006 it included 34 million euros).
(***) Including R&D capitalised and charged to operations.

Operating Performance

In 2007, the Sector's reference market continued to be impacted by uncertainty, shrinking volumes and intense pressure on prices.

Car manufacturers in western countries generally scaled back their investment programmes, though they did not stop introducing new models on the market. In fact, they continued to focus on converting existing facilities and rationalizing production capacity to the disadvantage of greenfield investments.

By contrast, investments in a number of countries in Asia and Eastern Europe increased often thanks to joint ventures between western car manufacturers and local partners.

Difficult trading conditions negatively impacted Comau revenues, which dropped by 14.9% from 2006. The decrease is largely attributable to operations in North America, due in part to the exchange rate, as well as the decisions taken as part of the restructuring programme.

The plan to restructure and reshape the scope of the Sector's operations and its presence on the various markets, launched at the end of 2006 to meet the challenge of slow markets, continued in 2007, when it began to show its effects on the Sector's profitability by significantly reducing operating losses. It is expected that the full benefits of the programme will be achieved in 2008.

In a market that continued to show little improvement, order intake totalled 1,180 million euros in 2007, in line with the previous year.

In 2007, new orders for contract work came to 957 million euros, in line with 2006. Overall, 62% of the orders for contract work were acquired in Europe, 23% in the Nafta area, while the remaining 15% came from the Mercosur and new markets (11% in China). 39% of all orders came from Fiat Group companies and 61% from other manufacturers. At December 31, 2007 the order backlog totalled 582 million euros, down 2% from 2006.

For Service operations, in 2007 the 13% increase reported in the Mercosur area was offset by the decline of 27% posted in Europe, in line with the reshaping of the scope of the Sector's activities.

Publishing and Communications — **Itedi**

Highlights

(in millions of euros)	2007	2006
Net revenues	**391**	401
Trading profit	**12**	11
Operating result (*)	**11**	12
Investments in tangible and intangible assets	**5**	45
Employees at year-end (number)	**809**	836

(*) Including restructuring costs and unusual income (expenses).

Operating Performance

In 2007, average daily sales of newspapers in Italy decreased by 1% over the previous year. This drop was largely the result of the plethora of other sources of information – radio, TV, the internet and the free press – and lifestyles that leave less time for reading the paper.

The Italian advertising market as a whole grew by 2.8% over 2006. Performance by the various media continued to be far from uniform: while classic media such as standard television, magazines, newspapers and radio showed modest growth, the new media grew at double-digit rates, with Internet advertising increasing by 40% and digital television and free papers by 25%. Cinema advertising dropped for the third year running, losing 10% in 2007.

Editrice La Stampa S.p.A. reported an average daily circulation of 308,000 copies in 2007, substantially in line with the previous year but with a different mix. Subscription sales dropped slightly, while other initiatives increased.

Revenues rose from 165 million euros in 2006 to 169 million euros in 2007, largely because of the growth in advertising products and the like. This compensated for the drop in income from newspaper sales resulting from the lower number of subscribers and the fact that the supplement Specchio is now issued on a monthly basis, rather than weekly.

Publikompass S.p.A. booked advertising billings of 319 million euros in 2007, down from 332 million euros in 2006. This decrease stemmed from lower revenues from newspaper, magazine and television advertising, which was in turn due to major changes in the customer portfolio in 2007, when several publications and broadcasters closed down or discontinued their advertising arrangements.

Motion for Approval of the Financial Statements and Allocation of the 2007 Net Income

Stockholders,

We submit for your approval the Financial Statements for the fiscal year ended December 31, 2007, and we propose that the net income for the year of 2,068,858,902 euros be allocated as follows:

- 103,442,945 euros to the Legal Reserve;
- to Stockholders a dividend of:

- 0.40 euros per ordinary share, equal to approximately 436.9 million euros (423.7 million euros excluding treasury shares owned as of February 15);
- 0.40 euros per preference share, equal to approximately 41.3 million euros;
- 0.555 euros per savings share, equal to approximately 44.4 million euros;

- to Retained earnings the residual amount, equal to approximately 1,442.8 million euros.

The ex-dividend date is April 24, 2008, with detachment of coupon on April 21, 2008. It will be paid to the shares outstanding at the coupon detachment date, excluding treasury shares.

February 15, 2008

On behalf of the Board of Directors

/s/ LUCA CORDERO DI MONTEZEMOLO

Luca Cordero di Montezemolo

Chairman

Fiat Group Consolidated Financial Statements at December 31, 2007

Consolidated Income Statement (*)

(in millions of euros)	Note	2007	2006
Net revenues	(1)	**58,529**	51,832
Cost of sales	(2)	**48,924**	43,888
Selling, general and administrative costs	(3)	**4,924**	4,697
Research and development costs	(4)	**1,536**	1,401
Other income (expenses)	(5)	**88**	105
Trading profit		**3,233**	**1,951**
Gains (losses) on the disposal of investments	(6)	**190**	607
Restructuring costs	(7)	**105**	450
Other unusual income (expenses)	(8)	**(166)**	(47)
Operating result		**3,152**	**2,061**
Financial income (expenses)	(9)	**(564)**	(576)
Result from investments:	(10)	**185**	156
- Net result of investees accounted for using the equity method		**210**	125
- Other income (expenses) from investments		**(25)**	31
Result before taxes		**2,773**	**1,641**
Income taxes	(11)	**719**	490
Result from continuing operations		**2,054**	**1,151**
Result from discontinued operations		**-**	-
Net result		**2,054**	**1,151**

Attributable to:			
Equity holders of the parent		**1,953**	1,065
Minority interests		**101**	86

(in euros)			
Basic earnings per ordinary and preference share	(12)	**1.537**	**0.789**
Basic earnings per savings share	(12)	**1.692**	**1.564**
Diluted earnings per ordinary and preference share	(12)	**1.526**	**0.788**
Diluted earnings per savings share	(12)	**1.681**	**1.563**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the effects of related party transactions on the Consolidated Income Statement are presented in the specific Income Statement schedule provided in the following pages and are further described in Note 35.

Consolidated Balance Sheet (*)

(in millions of euros)	Note	At December 31, 2007	At December 31, 2006
ASSETS			
Intangible assets	(13)	**6,523**	6,421
Property, plant and equipment	(14)	**11,246**	10,540
Investment property	(15)	**10**	19
Investments and other financial assets:	(16)	**2,214**	2,280
- Investments accounted for using the equity method		**1,930**	1,719
- Other investments and financial assets		**284**	561
Leased assets	(17)	**396**	247
Defined benefit plan assets		**31**	11
Deferred tax assets	(11)	**1,892**	1,860
Total Non-current assets		**22,312**	**21,378**
Inventories	(18)	**9,990**	8,548
Trade receivables	(19)	**4,384**	4,944
Receivables from financing activities	(19)	**12,268**	11,743
Other receivables:	(19)	**3,203**	2,839
- Current tax receivables		**1,153**	808
- Others		**2,050**	2,031
Accrued income and prepaid expenses	(20)	**241**	247
Current financial assets:		**1,016**	637
- Current investments		**22**	31
- Current securities	(21)	**291**	224
- Other financial assets	(22)	**703**	382
Cash and cash equivalents	(23)	**6,639**	7,736
Total Current assets		**37,741**	**36,694**
Assets held for sale	(24)	**83**	332
TOTAL ASSETS		**60,136**	**58,404**
- Total assets adjusted for asset-backed financing transactions		**53,316**	**50,060**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the effects of related party transactions on the Consolidated Balance Sheet are presented in the specific Balance Sheet schedule provided in the following pages and are further described in Note 35.

Consolidated Balance Sheet (continued)

(in millions of euros)	Note	At December 31, 2007	At December 31, 2006
LIABILITIES			
Stockholders' equity:	(25)	**11,279**	10,036
- Stockholders' equity of the Group		**10,606**	9,362
- Minority interest		**673**	674
Provisions:		**8,562**	8,611
- Employee benefits	(26)	**3,597**	3,761
- Other provisions	(27)	**4,965**	4,850
Debt:	(28)	**17,951**	20,188
- Asset-backed financing		**6,820**	8,344
- Other debt		**11,131**	11,844
Other financial liabilities	(22)	**188**	105
Trade payables	(29)	**14,725**	12,603
Other payables:	(30)	**6,120**	5,120
- Current tax payables		**631**	311
- Others		**5,489**	4,809
Deferred tax liabilities	(11)	**193**	263
Accrued expenses and deferred income	(31)	**1,083**	1,169
Liabilities held for sale	(24)	**35**	309
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**60,136**	58,404
- Total stockholders' equity and liabilities adjusted for asset-backed financing transactions		**53,316**	50,060

Consolidated Statement of Cash Flows (*)

(in millions of euros)		2007	2006
A) Cash and cash equivalents at beginning of the year as reported		**7,736**	**6,417**
Cash and cash equivalents included as Assets held for sale		5	-
B) Cash and cash equivalents at beginning of the year		**7,741**	**6,417**
C) Cash flows from (used in) operating activities during the year:			
Net result		**2,054**	1,151
Amortisation and depreciation (net of vehicles sold under buy-back commitments)		**2,738**	2,969
(Gains) losses on disposal of:			
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)		**(107)**	32
- Investments	(a)	**(190)**	(607)
Other non-cash items	(b)	**(138)**	7
Dividends received		**81**	69
Change in provisions		**6**	229
Change in deferred taxes		**(157)**	(26)
Change in items due to buy-back commitments	(c)	**34**	(18)
Change in working capital		**1,588**	812
Total		**5,909**	**4,618**
D) Cash flows from (used in) investment activities:			
Investments in:			
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)		**(3,985)**	(3,789)
- Investments in consolidated subsidiaries		**(13)**	(931)
- Other investments		**(109)**	(686)
Proceeds from the sale of:			
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)		**259**	387
- Investments in consolidated subsidiaries		**225**	47
- Other investments		**251**	1,157
Net change in receivables from financing activities		**(1,032)**	(876)
Change in current securities		**(63)**	223
Other changes	(d)	**(134)**	3,078
Total		**(4,601)**	**(1,390)**
E) Cash flows from (used in) financing activities:			
New issuance of bonds		**1,000**	2,414
Repayment of bonds		**(1,053)**	(2,361)
Issuance of other medium-term borrowings		**613**	1,078
Repayment of other medium-term borrowings		**(1,129)**	(2,144)
Net change in other financial payables and other financial assets/liabilities		**(1,106)**	(717)
Increase in capital stock		**5**	16
(Buy-back) sale of treasury stock		**(395)**	6
Dividends paid		**(310)**	(23)
Total		**(2,375)**	**(1,731)**
Translation exchange differences		**(33)**	(173)
F) Total change in cash and cash equivalents		**(1,100)**	**1,324**
G) Cash and cash equivalents at end of the year		**6,641**	**7,741**
of which: Cash and cash equivalents included as Assets held for sale		**2**	5
H) Cash and cash equivalents at end of the year as reported		**6,639**	**7,736**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the effects of related party transactions on the Consolidated Statement of Cash Flows are presented in the specific Statement of Cash Flows schedule provided in the following pages.

(a) In 2007, this item includes amongst other things the net gains of 118 million euros on the disposal of Mediobanca S.p.A. In 2006 this item included, amongst other things, the net gain of 463 million euros on the establishment of the equal joint venture Fiat Group Automobiles Financial Services and the net gain on the disposal of Banca Unione Credito – B.U.C. for 80 million euros.

(b) In 2007, this item includes the net financial income of 67 million euros (71 million euros in 2006) arising from the fair value measurement of the equity swaps on Fiat shares.

(c) The cash flows for the two periods generated by the sale of vehicles with a buy-back commitment, net of the amount already included in the net result, are included in operating activities for the period, in a single item which includes the change in working capital, capital expenditures, depreciation, gains and losses and proceeds from sales at the end of the contract term, relating to assets included in Property, plant and equipment.

(d) In 2006, the item Other changes included for an amount of approximately 3 billion euros the reimbursement of loans extended by the Group's centralised cash management to the financial services companies of Fiat Group Automobiles transferred to the FAFS joint venture.

Statement of Changes in Stockholders' Equity

(in millions of euros)	Capital stock	Treasury stock	Capital reserves	Earning reserves	Income (expenses) recognised directly in equity	Minority interest	Total
Balances at January 1, 2006	6,377	(28)	682	739	911	732	9,413
Capital increase	-	-	-	-	-	16	**16**
Dividends	-	-	-	-	-	(23)	**(23)**
Changes in reserve for share based payments	-	-	-	11	-	-	**11**
Net changes in Income (expenses) recognised directly in equity	-	-	-	-	(385)	(30)	**(415)**
Other changes	-	4	-	(14)	-	(107)	**(117)**
Net result	-	-	-	1,065	-	86	**1,151**
Balances at December 31, 2006	6,377	(24)	682	1,801	526	674	10,036
Capital increase	-	-	-	-	-	5	**5**
Dividends	-	-	-	(274)	-	(36)	**(310)**
Changes in reserve for share based payments	-	-	-	66	-	-	**66**
Net changes in Income (expenses) recognised directly in equity	-	-	-	-	(145)	(33)	**(178)**
Other changes	-	(395)	-	39	-	(38)	**(394)**
Net result	-	-	-	1,953	-	101	**2,054**
Balances at December 31, 2007	**6,377**	**(419)**	**682**	**3,585**	**381**	**673**	**11,279**

Consolidated Statement of Recognised Income and Expense

(in millions of euros)	2007	2006
Gains (losses) recognised directly in the cash flow hedge reserve	**262**	109
Gains (losses) recognised directly in reserve for fair value measurement of available-for-sale financial assets	**(32)**	46
Exchange gains (losses) on the translation of foreign operations	**(96)**	(551)
Gains (losses) recognised directly in equity	**134**	(396)
Transfers from cash flow hedge reserve	**(187)**	(6)
Transfers from reserve for fair value measurement of available-for-sale financial assets	**(123)**	(12)
Transfers from reserve for the translation of foreign operations	**(2)**	(1)
Net result	**2,054**	1,151
Recognised income (expense)	**1,876**	736

Attributable to:		
Equity holders of the parent	**1,808**	680
Minority interests	**68**	56

Consolidated Income Statement

pursuant to Consob Resolution No. 15519 of July 27, 2006

(in millions of euros)	Note	2007	of which Related parties (Note 35)	2006	of which Related parties (Note 35)
Net revenues	(1)	**58,529**	**2,639**	51,832	2,189
Cost of sales	(2)	**48,924**	**3,264**	43,888	3,051
Selling, general and administrative costs	(3)	**4,924**	**139**	4,697	69
Research and development costs	(4)	**1,536**	**-**	1,401	-
Other income (expenses)	(5)	**88**	**17**	105	10
Trading profit		**3,233**		1,951	
Gains (losses) on the disposal of investments	(6)	**190**	**-**	607	-
Restructuring costs	(7)	**105**	**-**	450	-
Other unusual income (expenses)	(8)	**(166)**	**-**	(47)	-
Operating result		**3,152**		2,061	
Financial income (expenses)	(9)	**(564)**	**(73)**	(576)	(10)
Result from investments:	(10)	**185**	**183**	156	136
- Net result of investees accounted for using the equity method		**210**	**210**	125	125
- Other income (expenses) from investments		**(25)**	**(27)**	31	11
Result before taxes		**2,773**		1,641	
Income taxes	(11)	**719**	**-**	490	-
Result from continuing operations		**2,054**		1,151	
Result from discontinued operations		**-**	**-**	-	-
Net result		**2,054**		1,151	
Attributable to:					
Equity holder of the parent		**1,953**		1,065	
Minority interests		**101**		86	

Consolidated Balance Sheet

pursuant to Consob Resolution No. 15519 of July 27, 2006

(in millions of euros)	Note	At December 31, 2007	of which Related parties (Note 35)	At December 31, 2006	of which Related parties (Note 35)
ASSETS					
Intangible assets	(13)	**6,523**	**-**	6,421	-
Property, plant and equipment	(14)	**11,246**	**-**	10,540	-
Investment property	(15)	**10**	**-**	19	-
Investments and other financial assets:	(16)	**2,214**	**1,994**	2,280	1,777
- Investments accounted for using the equity method		**1,930**	**1,930**	1,719	1,719
- Other investments and financial assets		**284**	**64**	561	58
Leased assets	(17)	**396**	**-**	247	-
Defined benefit plan assets		**31**	**-**	11	-
Deferred tax assets	(11)	**1,892**	**-**	1,860	-
Total Non-current assets		**22,312**		**21,378**	
Inventories	(18)	**9,990**	**6**	8,548	25
Trade receivables:	(19)	**4,384**	**367**	4,944	377
Receivables from financing activities	(19)	**12,268**	**331**	11,743	191
Other receivables:	(19)	**3,203**	**204**	2,839	145
Accrued income and prepaid expenses	(20)	**241**	**1**	247	-
Current financial assets:		**1,016**	**-**	637	-
- Current investments		**22**	**-**	31	-
- Current securities	(21)	**291**	**-**	224	-
- Other financial assets	(22)	**703**	**-**	382	-
Cash and cash equivalents	(23)	**6,639**	**-**	7,736	-
Total Current assets		**37,741**		**36,694**	
Assets held for sale	(24)	**83**	**4**	332	5
TOTAL ASSETS		**60,136**		**58,404**	
LIABILITIES					
Stockholders' equity:	(25)	**11,279**	**-**	10,036	-
- Stockholders' equity of the Group		**10,606**	**-**	9,362	-
- Minority interest		**673**	**-**	674	-
Provisions:		**8,562**	**115**	8,611	85
- Employee benefits	(26)	**3,597**	**25**	3,761	18
- Other provisions	(27)	**4,965**	**90**	4,850	67
Debt:	(28)	**17,951**	**617**	20,188	734
- Asset-backed financing		**6,820**	**296**	8,344	396
- Other debt		**11,131**	**321**	11,844	338
Other financial liabilities	(22)	**188**	**-**	105	-
Trade payables:	(29)	**14,725**	**1,107**	12,603	1,005
Other payables:	(30)	**6,120**	**46**	5,120	51
Deferred tax liabilities	(11)	**193**	**-**	263	-
Accrued expenses and deferred income	(31)	**1,083**	**4**	1,169	-
Liabilities held for sale	(24)	**35**	**-**	309	-
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**60,136**		**58,404**	

Consolidated Statement of Cash Flows

pursuant to Consob Resolution No. 15519 of July 27, 2006

(in millions of euros)	2007	of which Related parties
A) Cash and cash equivalents at beginning of the year as reported	**7,736**	
Cash and cash equivalents included as Assets held for sale	5	-
B) Cash and cash equivalents at beginning of the year	**7,741**	
C) Cash flows from (used in) operating activities during the year:		
Net result	**2,054**	-
Amortisation and depreciation (net of vehicles sold under buy-back commitments)	**2,738**	-
(Gains) losses on disposal of:		
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)	**(107)**	-
- Investments	**(190)**	-
Other non-cash items	**(138)**	40
Dividends received	**81**	81
Change in provisions	**6**	7
Change in deferred taxes	**(157)**	-
Change in items due to buy-back commitments	**34**	6
Change in working capital	**1,588**	152
Total	**5,909**	
D) Cash flows from (used in) investment activities:		
Investments in:		
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)	**(3,985)**	-
- Investments in consolidated subsidiaries	**(13)**	-
- Other investments	**(109)**	(86)
Proceeds from the sale of:		
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)	**259**	-
- Investments in consolidated subsidiaries	**225**	97
- Other investments	**251**	-
Net change in receivables from financing activities	**(1,032)**	(23)
Change in current securities	**(63)**	-
Other changes	**(134)**	-
Total	**(4,601)**	
E) Cash flows from (used in) financing activities:		
New issuance of bonds	**1,000**	-
Repayment of bonds	**(1,053)**	-
Issuance of other medium-term borrowings	**613**	-
Repayment of other medium-term borrowings	**(1,129)**	-
Net change in other financial payables and other financial assets/liabilities	**(1,106)**	(124)
Increase in capital stock	**5**	-
(Buy-back) Sale of Treasury Stock	**(395)**	3
Dividends paid	**(310)**	(61)
Total	**(2,375)**	
Translation exchange differences	**(33)**	-
F) Total change in cash and cash equivalents	**(1,100)**	
G) Cash and cash equivalents at end of the year	**6,641**	
of which: Cash and cash equivalents included as Assets held for sale	**2**	-
H) Cash and cash equivalents at end of period as reported in Consolidated financial statements	**6,639**	

Notes to the Consolidated Financial Statements

Principal activities

Fiat S.p.A. is a corporation organised under the laws of the Republic of Italy. Fiat S.p.A. and its subsidiaries (the "Group") operate in approximately 50 countries. The Group is engaged principally in the manufacture and sale of automobiles, agricultural and construction equipment and commercial vehicles. It also manufactures other products and systems, principally engines, transmission systems, automotive-related components, metallurgical products and production systems. In addition, it is involved in certain other sectors, including publishing and communications, which represent a small portion of its activities. The head office of the Group is located in Turin, Italy.

The consolidated financial statements are presented in euros, the Group's functional currency.

Significant accounting policies

Basis of preparation

The 2007 consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (the "IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and with the provisions implementing article 9 of Legislative Decree no. 38/2005. The designation "IFRS" also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

The financial statements are prepared under the historical cost convention, modified as required for the valuation of certain financial instruments.

Format of the financial statements

The Group presents an income statement using a classification based on the function of expenses (otherwise known as the "cost of sales" method), rather than based on their nature, as this is believed to provide information that is more relevant. The format selected is that used for managing the business and for management reporting purposes and is consistent with international practice in the automotive sector.

In this income statement, in which the classification of expenses is based on their function, the result from trading operations is reported specifically as part of the Operating result and separate from the income and expense resulting from the non-recurring operations of the business, such as gains and losses on the sale of investments, restructuring costs and any other unusual income or expense of a different nature. By doing this, it is believed that the Group's actual performance from normal trading operations may be measured in a better way, while disclosing specific details of unusual income and expenses. Consequently, the definition of unusual transaction adopted by the Group differs from that provided in the Consob Communication of July 28, 2006, under which unusual and abnormal transactions are those which, because of their significance or importance, the nature of the parties involved, the object of the transaction, the methods of determining the transfer price or the timing of the event (close to the year end), may give rise to doubts regarding the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of an entity's assets or the protection of minority interests.

For the balance sheet, a mixed format has been selected to present current and non-current assets and liabilities, as permitted by IAS 1. In more detail, both companies carrying out industrial activities and those carrying out financial activities are consolidated in the Group's financial statements, including an entity performing banking activities (disposed of in 2006 as described below). The investment portfolios of financial services companies are included in current assets, as the investments will be realised in their normal operating cycle. Financial services companies, though, obtain funds only partially from the market: the remaining are obtained from Fiat S.p.A. through the Group's treasury companies (included in industrial companies), which lend funds both to industrial Group companies and to financial services companies as the need arises. This financial service structure within the Group means that any attempt to separate current and non-current debt in the consolidated balance sheet cannot be meaningful. Suitable disclosure on the due dates of liabilities is moreover provided in the notes.

The Statement of Cash Flows is presented using the indirect method.

In connection with the requirements of the Consob Resolution No. 15519 of July 27, 2006 as to the format of the financial statements, specific supplementary Income Statement, Balance Sheet and Consolidated Statement of Cash Flows formats have been added for related party transactions so as not to compromise an overall reading of the statements.

Basis of consolidation

Subsidiaries

Subsidiaries are enterprises controlled by the Group, as defined in IAS 27 – *Consolidated and Separate Financial Statements*. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The equity and net result attributable to minority stockholders' interests are shown separately in the consolidated balance sheet and income statement, respectively. When losses in a consolidated subsidiary pertaining to the minority exceed the minority interest in the subsidiary's equity, the excess is charged against the Group's interest, unless the minority stockholders have a binding obligation to reimburse the losses and are able to make an additional investment to cover the losses, in which case the excess is recorded as an asset in the consolidated financial statements. If no such obligation exists, should profits be realised in the future, the minority interests' share of those profits is attributed to the Group, up to the amount necessary to recover the losses previously absorbed by the Group.

Subsidiaries that are either dormant or generate a negligible volume of business, are not consolidated. Their impact on the Group's assets, liabilities, financial position and earnings is immaterial.

Jointly controlled entities

Jointly controlled entities are enterprises over whose activities the Group has joint control, as defined in IAS 31 – *Interests in Joint Ventures*. The consolidated financial statements include the Group's share of the earnings of jointly controlled entities using the equity method, from the date that joint control commences until the date that joint control ceases.

Associates

Associates are enterprises over which the Group has significant influence, but no control or joint control, over the financial and operating policies, as defined in IAS 28 – *Investments in Associates*. The consolidated financial statements include the Group's share of the earnings of associates using the equity method, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses of an associate, if any, exceeds the carrying amount of the associate in the Group's balance sheet, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Investments in other companies

Investments in other companies that are available-for-sale financial assets are measured at fair value, when this can be reliably determined. Gains or losses arising from changes in fair value are recognised directly in equity until the assets are sold or are impaired, when the cumulative gains and losses previously recognised in equity are recognised in the income statement of the period.

Investments in other companies for which fair value is not available are stated at cost less any impairment losses.

Dividends received from these investments are included in Other income (expenses) from investments.

Transactions eliminated on consolidation

All significant intragroup balances and transactions and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Foreign currency transactions

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognised in the income statement.

Consolidation of foreign entities

All assets and liabilities of foreign consolidated companies with a functional currency other than the Euro are translated using the exchange rates in effect at the balance sheet date. Income and expenses are translated at the average exchange rate for the period. Translation differences resulting from the application of this method are classified as equity until the disposal of the investment. Average rates of exchange are used to translate the cash flows of foreign subsidiaries in preparing the consolidated statement of cash flows.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are recorded in the relevant functional currency of the foreign entity and are translated using the period end exchange rate.

In the context of IFRS First-time Adoption, the cumulative translation difference arising from the consolidation of foreign operations was set at nil, as permitted by IFRS 1; gains or losses on subsequent disposal of any foreign operation only include accumulated translation differences arising after January 1, 2004.

Intangible assets

Goodwill

In the case of acquisitions of businesses, the acquired identifiable assets, liabilities and contingent liabilities are recorded at fair value at the date of acquisition. Any excess of the cost of the business combination over the Group's interest in the fair value of those assets and liabilities is classified as goodwill and recorded in the financial statement as an intangible asset. If this difference is negative (negative goodwill), it is recognised in the income statement at the time of acquisition.

In the absence of a specific Standard or Interpretation on the matter, when the Group acquires a minority interest in controlled companies the excess of the acquisition cost over the carrying value of the assets and liabilities acquired is recognised as goodwill (the "Parent entity extension method").

Goodwill is not amortised, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

On disposal of part or whole of a business which was previously acquired and which gave rise to the recognition of goodwill, the remaining amount of the related goodwill is included in the determination of the gain or loss on disposal.

In the context of IFRS First-time Adoption, the Group elected not to apply IFRS 3 – *Business Combinations* retrospectively to the business combinations that occurred before January 1, 2004; as a consequence, goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous Italian GAAP amounts, subject to impairment testing at that date.

Development costs

Development costs for vehicle project production (cars, trucks, buses, agricultural and construction equipment, related components, engines, and production systems) are recognised as an asset if and only if both of the following conditions are met: that development costs can be measured reliably and that technical feasibility of the product, volumes and pricing support the view that the development expenditure will generate future economic benefits. Capitalised development costs include all direct and indirect costs that could be directly attributable to the development process. Capitalised development costs are amortised on a systematic basis from the start of production of the related product over the product's estimated life, as follows:

	N° of years
Cars	4 - 5
Trucks and Buses	8
Agricultural and Construction Equipment	5
Engines	8 - 10
Components and Production Systems	3 - 5

All other development costs are expensed as incurred.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives consist principally of acquired trademarks which have no legal, contractual, competitive, economic, or other factors that limit their useful lives. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or more frequently whenever there is an indication that the asset may be impaired.

Other intangible assets

Other purchased and internally-generated intangible assets are recognised as assets in accordance with IAS 38 – *Intangible Assets*, where it is probable that the use of the asset will generate future economic benefits and where the costs of the asset can be determined reliably.

Such assets are measured at purchase or manufacturing cost and amortised on a straight-line basis over their estimated useful lives, if these assets have finite useful lives.

Other intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if their fair value can be measured reliably.

Property, plant and equipment

Cost

Property, plant and equipment are stated at acquisition or production cost and are not revalued.

Subsequent expenditures and the cost of replacing parts of an asset are capitalised only if they increase the future economic benefits embodied in that asset. All other expenditures are expensed as incurred. When such replacement costs are capitalised, the carrying amount of the parts that are replaced is recognised in the income statement.

Property, plant and equipment also include vehicles sold with a buy-back commitment, which are recognised according to the method described in the paragraph Revenue recognition if the buy-back agreement originates from the Trucks and Commercial Vehicles Sector.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Assets held under finance leases, which provide the Group with substantially all the risks and rewards of ownership, are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the financial statement as a debt. The assets are depreciated by the method and at the rates indicated below.

Leases where the lessor retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Operating lease expenditures are expensed on a straight-line basis over the lease terms.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	Depreciation rates
Buildings	**2% - 10%**
Plant and machinery	**8% - 30%**
Industrial and commercial equipment	**15% - 25%**
Other assets	**10% - 33%**

Land is not depreciated.

Leased assets

Leased assets include vehicles leased to retail customers by the Group's leasing companies under operating lease agreements. They are stated at cost and depreciated at annual rates of between 15% and 25%.

Investment property

Real estate and buildings held in order to obtain rental income are carried at cost less accumulated depreciation (charged at annual rates of between 2.5% to 5%) and impairment losses.

Impairment of assets

The Group reviews, at least annually, the recoverability of the carrying amount of intangible assets (including capitalised development costs) and tangible assets, in order to determine whether there is any indication that those assets have suffered an impairment loss. If indications of impairment are present, the carrying amount of the asset is reduced to its recoverable amount. An intangible asset with an indefinite useful life is tested for impairment annually or more frequently, whenever there is an indication that the asset may be impaired.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset is the higher of fair value less disposal costs and its value in use. In assessing its value in use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised when the recoverable amount is lower than the carrying amount. Where an impairment loss on assets other than goodwill subsequently no longer exists or has decreased the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recorded had no impairment loss been recognised. A reversal of an impairment loss is recognised in the income statement immediately.

Financial instruments

Presentation

Financial instruments held by the Group are presented in the financial statements as described in the following paragraphs.

Investments and other non-current financial assets comprise investments in non-consolidated companies and other non-current financial assets (held-to-maturity securities, non-current loans and receivables and other non-current available-for-sale financial assets).

Current financial assets include trade receivables, receivables from financing activities (retail financing, dealer financing, lease financing and other current loans to third parties), current securities, and other current financial assets (which include derivative financial instruments stated at fair value as assets), as well as cash and cash equivalents.

In particular, Cash and cash equivalents include cash at banks, units in liquidity funds and other money market securities that are readily convertible into cash and are subject to an insignificant risk of changes in value.

Current securities include short-term or marketable securities which represent temporary investments of available funds and do not satisfy the requirements for being classified as cash equivalents; current securities include both available-for-sale and held for trading securities.

Financial liabilities refer to debt, which includes asset-backed financing, and other financial liabilities (which include derivative financial instruments stated at fair value as liabilities), trade payables and other payables.

Measurement

Investments in unconsolidated companies classified as non-current financial assets are accounted for as described in the section Basis of consolidation.

Non-current financial assets other than investments, as well as current financial assets and financial liabilities, are accounted for in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*.

Current financial assets and held-to-maturity securities are recognised on the basis of the settlement date and, on initial recognition, are measured at acquisition cost, including transaction costs.

Subsequent to initial recognition, available-for-sale and held for trading financial assets are measured at fair value. When market prices are not available, the fair value of available-for-sale financial assets is measured using appropriate valuation techniques e.g. discounted cash flow analysis based on market information available at the balance sheet date.

Gains and losses on available-for-sale financial assets are recognised directly in equity until the financial asset is disposed or is determined to be impaired; when the asset is disposed of, the cumulative gains or losses, including those previously recognised in equity, are reclassified into the income statement for the period; when the asset is impaired, accumulated losses are recognised in the income statement. Gains and losses arising from changes in fair value of held for trading financial instruments are included in the income statement for the period.

Loans and receivables which are not held by the Group for trading (originated loans and receivables), held-to-maturity securities and all financial assets for which published price quotations in an active market are not available and whose fair value cannot be determined reliably, are measured, to the extent that they have a fixed term, at amortised cost, using the effective interest method. When the financial assets do not have a fixed term, they are measured at acquisition cost. Receivables with maturities of over one year which bear no interest or an interest rate significantly lower than market rates are discounted using market rates.

Assessments are made regularly as to whether there is any objective evidence that a financial asset or group of assets may be impaired. If any such evidence exists, an impairment loss is included in the income statement for the period.

Except for derivative instruments, financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities hedged by derivative instruments are measured in accordance with hedge accounting principles applicable to fair value hedges: gains and losses arising from remeasurement at fair value, due to changes in relevant hedged risk, are recognised in the income statement and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument.

Derivative financial instruments

Derivative financial instruments are used for hedging purposes, in order to reduce currency, interest rate and market price risks. In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which the hedge is designated.

All derivative financial instruments are measured in accordance with IAS 39 at fair value.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

- **Fair value hedge** – Where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognised asset or liability that is attributable to a particular risk and could affect the income statement, the gain or loss from remeasuring the hedging instrument at fair value is recognised in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in the income statement.

- **Cash flow hedge** – Where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognised asset or liability or a highly probable forecasted transaction and could affect income statement, the effective portion of any gain or loss on the derivative financial instrument is recognised directly in equity. The cumulative gain or loss is removed from equity and recognised in the income statement at the same time as the economic effect arising from the hedged item affects income. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognised in the income statement immediately. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realised to the point of termination remains in stockholders' equity and is recognised in the income statement at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss held in stockholders' equity is recognised in the income statement immediately.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognised immediately in the income statement.

Sales of receivables

The Group sells a significant part of its financial, trade and tax receivables through either securitisation programs or factoring transactions.

A securitisation transaction entails the sale of a portfolio of receivables to a securitisation vehicle. This special purpose entity finances the purchase of the receivables by issuing asset-backed securities (i.e. securities whose repayment and interest flow depend upon the cash flow generated by the portfolio). Asset-backed securities are divided into classes according to their degree of seniority and rating: the most senior classes are placed with investors on the market; the junior class, whose repayment is subordinated to the senior classes, is normally subscribed for by the seller. The residual interest in the receivables retained by the seller is therefore limited to the junior securities it has subscribed for. In accordance with SIC-12 – *Consolidation – Special Purpose Entities* (SPE), all securitisation vehicles are included in the scope of consolidation, because the subscription of the junior asset-backed securities by the seller entails its control in substance over the SPE.

Furthermore, factoring transactions may be with or without recourse to the seller; certain factoring agreements without recourse include deferred purchase price clauses (i.e. the payment of a minority portion of the purchase price is conditional upon the full collection of the receivables), require a first loss guarantee of the seller up to a limited amount or imply a continuing significant exposure to the receivables cash flow. These kinds of transactions do not meet IAS 39 requirements for assets derecognition, since the risks and rewards have not been substantially transferred.

Consequently, all receivables sold through both securitisation and factoring transactions which do not meet IAS 39 derecognition requirements are recognised as such in the Group financial statements even though they have been legally sold; a corresponding financial liability is recorded in the consolidated balance sheet as "Asset-backed financing". Gains and losses relating to the sale of such assets are not recognised until the assets are removed from the Group balance sheet.

Inventory

Inventories of raw materials, semi finished products and finished goods are stated at the lower of cost and net realisable value, cost being determined on a first in-first-out (FIFO) basis. The measurement of inventories includes the direct costs of materials, labour and indirect costs (variable and fixed). Provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs for sale and distribution.

The measurement of construction contracts is based on the stage of completion determined as the proportion that cost incurred to balance sheet date bear to the estimated total contract cost. These items are presented net of progress billings received from customers. Any losses on such contracts are fully recorded in the income statement when they become known.

Assets held for sale

Assets held for sale include non-current assets (or assets included in disposal groups) whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less disposal costs.

Employee benefits

Pension plans

Employees of the Group participate in several defined benefit and/or defined contribution pension plans in accordance with local conditions and practices in the countries in which the Group operates.

The Group's obligation to fund defined benefit pension plans and the annual cost recognised in the income statement is determined on an actuarial basis using the projected unit credit method. The portion of net cumulative actuarial gains and losses which exceeds the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of plan assets at the end of the previous year is amortised over the average remaining service lives of the employees (the "corridor approach"). In the context of IFRS First-time Adoption, the Group elected to recognise all cumulative actuarial gains and losses that existed at January 1, 2004, even though it has decided to use the corridor approach for subsequent actuarial gains and losses.

Past service costs are recognised on a straight-line basis over the average period remaining until the benefits become vested. All other costs and income arising from the measurement of pension plan provisions are allocated to costs by function in the income statement, except for interest cost on unfunded defined benefit plans which is reported as part of financial expenses.

The post-employment benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses, arising from the application of the corridor method and unrecognised past service cost, reduced by the fair value of plan assets. Any net asset resulting from this calculation is recognised at the lower of its amount and the total of any cumulative unrecognised net actuarial losses and past service cost, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Costs arising from defined contribution plans are recognised as an expense in the income statement as incurred.

Post-employment plans other than pensions

The Group provides certain post-employment defined benefit, mainly health care plans. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension plans.

The scheme underlying the employee severance indemnity of the Italian Group companies (the TFR) was classified as a defined benefit plan until December 31, 2006. The legislation regarding this scheme and leading to this classification was amended by Law no. 296 of December 27, 2006 (the "2007 Finance Law") and subsequent decrees and regulations issued in the first part of 2007. In view of these changes, and with specific reference to those regarding companies with at least 50 employees, this scheme only continues to be classified as a defined benefit plan in the consolidated financial statements for those benefits accruing up to December 31, 2006 (and not yet settled by the balance sheet date), while after that date the scheme is classified as a defined contribution plan. The effects of the introduction of the new legislation from an accounting standpoint are discussed in Note 26.

Equity compensation plans

The Group provides additional benefits to certain members of senior management and employees through equity compensation plans (stock option plans). In accordance with IFRS 2 – *Share-based Payment*, these plans represent a component of recipient remuneration. The compensation expense, corresponding to the fair value of the options at the grant date, is recognised in the income statement on a straight-line basis over the period from the grant date to the vesting date, with the offsetting credit recognised directly in equity. Any subsequent changes to fair value do not have any effect on the initial measurement. In accordance with the transitional provisions of IFRS 2, the Group applied the Standard to all stock options granted after November 7, 2002 and not yet vested at January 1, 2005, the effective date of the Standard. Detailed information is provided in respect of all stock options granted on or prior to November 7, 2002.

Provisions

The Group records provisions when it has an obligation, legal or constructive, to a third party, when it is probable that an outflow of Group resources will be required to satisfy the obligation and when a reliable estimate of the amount can be made.

Changes in estimates are reflected in the income statement in the period in which the change occurs.

Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

Revenue recognition

Revenue is recognised if it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be measured reliably. Revenues are stated net of discounts, allowances, settlement discounts and rebates, as well as costs for sales incentive programs, determined on the basis of historical costs, country by country, and charged against profit for the period in which the corresponding sales are recognised. The Group's incentive programs include the granting of retail financing at significant discount to market interest rates. The corresponding cost is recognised at the time of the initial sale.

Revenues from the sale of products are recognised when the risks and rewards of ownership of the goods are transferred to the customer, the sales price is agreed or determinable and receipt of payment can be assumed: this corresponds generally to the date when the vehicles are made available to non-group dealers, or the delivery date in the case of direct sales. New vehicle sales with a buy-back commitment are not recognised at the time of delivery but are accounted for as operating leases when it is probable that the vehicle will be bought back. More specifically, vehicles sold with a buy-back commitment are accounted for as assets in Inventory if the sale originates from the Fiat Group Automobiles business (agreements with normally a short-term buy-back commitment); and are accounted for in Property, plant and equipment, if the sale originates from the Commercial Vehicles business (agreements with normally a long-term buy-back commitment). The difference between the carrying value (corresponding to the manufacturing cost) and the estimated resale value (net of refurbishing costs) at the end of the buy-back period is depreciated on a straight-line basis over the same period. The initial sale price received is recognised as an advance payment (liability). The difference between the initial sale price and the buy-back price is recognised as rental revenue on a straight-line basis over the term of the operating lease.

Revenues from services and from construction contracts are recognised by reference to the stage of completion.

Revenues also include lease rentals and interest income from financial services companies.

Cost of sales

Cost of sales comprises the cost of manufacturing products and the acquisition cost of purchased merchandise which has been sold. It includes all directly attributable material and production costs and all production overheads. These include the depreciation of property, plant and equipment and the amortisation of intangible assets relating to production and write-downs of inventories. Cost of sales also includes freight and insurance costs relating to deliveries to dealer and agency fees in the case of direct sales.

Cost of sales also includes provisions made to cover the estimated cost of product warranties at the time of sale to dealer networks or to the end customer. Revenues from the sale of extended warranties and maintenance contracts are recognised over the period during which the service is provided.

Expenses which are directly attributable to the financial services businesses, including the interest expense related to the financing of financial services businesses as a whole and charges for risk provisions and write-downs, are reported in cost of sales.

Research and development costs

This item includes research costs, development costs not eligible for capitalisation and the amortisation of development costs recognised as assets in accordance with IAS 38 (see Notes 4 and 13).

Government grants

Government grants are recognised in the financial statements when there is reasonable assurance that the Group company concerned will comply with the conditions for receiving such grants and that the grants themselves will be received. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate.

Taxes

Income taxes include all taxes based upon the taxable profits of the Group. Taxes on income are recognised in the income statement except to the extent that they relate to items directly charged or credited to equity, in which case the related income tax effect is recognised in equity. Provisions for income taxes that could arise on the distribution of a subsidiary's undistributed profits are only made where there is a current intention to distribute such profits. Other taxes not based on income, such as property taxes and capital taxes, are included in operating expenses. Deferred taxes are provided using the full liability method. They are calculated on all temporary differences between the tax base of an asset or liability and the carrying values in the consolidated financial statements, except for those arising from non tax-deductible goodwill and for those related to investments in subsidiaries where their reversal will not take place in the foreseeable future. Deferred tax assets relating to the carry-forward of unused tax losses and tax credits, as well as those arising from temporary differences, are recognised to the extent that it is probable that future profits will be available against which they can be utilised. Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and where there is a legally enforceable right of offset. Deferred tax assets and liabilities are measured at the substantively enacted tax rates in the respective jurisdictions in which the Group operates that are expected to apply to taxable income in the periods in which temporary differences will be reversed.

Dividends

Dividends payable are reported as a movement in equity in the period in which they are approved by stockholders.

Earnings per share

Basic earnings per share are calculated by dividing the Group's net profit attributable to the various classes of shares by the weighted average number of shares outstanding during the year. For diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming conversion of all dilutive potential shares. Group net result is also adjusted to reflect the net after-tax impact of conversion of dilutive potential shares issued by Group's subsidiaries.

Use of estimates

The preparation of financial statements and related disclosures that conform to IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and the key assumptions concerning the future, that management has made in the process of applying the Group accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for doubtful accounts

The allowance for doubtful accounts reflects management estimate of losses inherent in wholesale and retail credit portfolio. The Group reserves for the expected credit losses based on past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions.

Recoverability of non-current assets (including goodwill)

Non-current assets include property, plant and equipment, investment property, intangible assets (including goodwill), investments and other financial assets. Management reviews the carrying value of non-current assets held and used and that of assets to be disposed of when events and circumstances warrant such a review. Management performs this review using estimates of future cash flows from the use or disposal of the asset and suitable discount rate in order to calculate present value. If the carrying amount of a non-current asset is considered impaired, the Group records an impairment charge for the amount by which the carrying amount of the asset exceeds its estimated recoverable amount from use or disposal determined by reference to its most recent corporate plans.

Residual values of assets leased out under operating lease arrangements or sold with a buy-back commitment

The Group reports assets rented or leased to customers under operating leases as tangible assets. Furthermore, new vehicle "sales" with a buy-back commitment are not recognised as sales at the time of delivery but are accounted for as operating leases if it is probable that the vehicle will be bought back. The Group recognises income from such operating leases over the term of the lease. Depreciation expense for assets subject to operating leases is recognised on a straight-line basis over the term of the lease in amounts necessary to reduce the cost of the assets to its estimated residual value at the end of the lease term. The estimated residual value of the leased assets is calculated at the lease inception date on the basis of published industry information and historical experience.

Realisation of the residual values is dependant on the Group's future ability to market the assets under the then-prevailing market conditions. The Group continually evaluates whether events and circumstances have occurred which impact the estimated residual values of the assets on operating leases.

Sales allowance

At the later time of sale or the time an incentive is announced to dealers, the Group records the estimated impact of sales allowances in the form of dealer and customer incentives as a reduction of revenue. There may be numerous types of incentives available at any particular time. The determination of sales allowances requires management estimates based on different factors.

Product warranties

The Group makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information on the nature, frequency and average cost of warranty claims. The Group seeks to improve vehicle quality and minimise warranty claims, but it has also extended contractual warranty periods for certain classes of vehicles.

Pension and other post-retirement benefits

Group companies sponsor pension and other post-retirement benefits in various countries. In the US, the United Kingdom, Germany and Italy, the Group has major defined benefit plans. Management uses several statistical and judgmental factors that attempt to anticipate future events in calculating the expense, the liability and the assets related to these plans. These factors include assumptions about the discount rate, expected return on plan assets, rate of future compensation increases and health care cost trend rates. In addition, the Group's actuarial consultants also use subjective factors such as withdrawal and mortality rates in making relevant estimates.

Realisation of deferred tax assets arising from tax loss carryforwards

As of December 31, 2007, the Group had gross deferred tax assets arising from tax loss carryforwards of 4,431 million euros and valuation allowances against these assets of 3,234 million euros. The corresponding totals at December 31, 2006 were 5,701 million euros and 4,551 million euros, respectively. Management has recorded these valuation allowances to reduce deferred tax assets to the amount that it believes it is probable will be recovered.

Contingent liabilities

The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matter related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

Accounting principles, amendments and interpretations adopted from January 1, 2007

On March 3, 2006, the IFRIC issued interpretation IFRIC 9 – *Reassessment of Embedded Derivatives*, which requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. No significant effect arose from the adoption of this interpretation.

On November 2, 2006, the IFRIC issued IFRIC Interpretation 11 – *IFRS 2 - Group and Treasury Share Transactions* in order to address the accounting treatment of share-based payment arrangements under which an entity chooses or is required to buy treasury stock to satisfy its obligations and those under which the employees of one Group company are granted rights to the shares of another (such as the parent company). The Group early adopted this interpretation and applied it to the stock option plan for which rights were granted in November 2006. No significant effects arose on the adoption of the interpretation.

In August 2005, the IASB issued IFRS 7 – *Financial Instruments: Disclosures* and a complementary amendment to IAS 1 – *Presentation of Financial Statements – Capital Disclosures,* effective from January 1, 2007. IFRS 7 requires disclosures to be provided on financial instruments and was early adopted by the Group for the annual period beginning January 1, 2005. The amendment to IAS 1 introduces requirements for disclosures about an entity's capital, without any effect on classification or measurement of capital items. The Group adopted this amendment for the annual period beginning January 1, 2007.

Interpretations effective from January 1, 2007 but not applicable to the Group

The following interpretations, effective for the annual period beginning January 1, 2007, relate to matters that are not applicable to the Group:

- IFRIC 7 – *Applying the Restatement approach under IAS 29 – Financial reporting in Hyperinflationary economies*;
- IFRIC 8 – *Scope of IFRS 2*.

Accounting principles, amendments and interpretations not applicable and not early adopted by the Group

On November 30, 2006, the IASB issued the IFRS 8 - *Operating Segments* that will become effective for the Group on January 1, 2009 and which will replace IAS 14 – *Segment Reporting* from that date. The new standard requires the information provided in segment reporting to be based upon the components of the entity that management uses to make decisions about operational matters. The standard requires these operating segments to be identified on the basis of internal reports that are regularly reviewed by an entity's management in order to allocate resources to the segment and assess its performance. Adopting this standard will have no effect on the measurement of items in the financial statements.

On March 29, 2007 the IASB issued a revised version of IAS 23 – *Borrowing costs*. The standard shall be applied for annual period beginning after 1 January, 2009. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The standard shall be applied to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the 1 January 2009. At the date of this report this document has not yet been endorsed by the European Union.

On July 5, 2007 IFRIC issued the interpretation IFRIC 14 – *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The interpretation is mandatory from January 1, 2008. The interpretation provides general guidance on how to assess the limit in IAS 19 - *Employee Benefits* on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. At the balance sheet date, this interpretation had not yet been endorsed by the European Union.

On September 6, 2007 the IASB issued a revised version of IAS 1 - *Presentation of Financial Statements* that is effective for annual periods beginning on or after 1 January 2009. The revised standard requires an entity to present changes in its equity resulting from transactions with owners in a statement of changes in equity. All non-owner changes (meaning changes in comprehensive income) are required to be presented either in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Transactions with non-owners may not be presented in the statement of changes in equity. This standard had not yet been endorsed by the European Union at the balance sheet date.

The following standards and interpretations have also been issued, but are not applicable to the Group:

- IFRIC 12 – *Service Concession Arrangements* (effective from January 1, 2008 but not yet endorsed by the European Union);
- IFRC 13 – *Customer Loyalty Programmes* (effective from January 1, 2009 but not yet endorsed by the European Union).

Risk management

Credit risk

The Group's credit concentration risk differs in relation to the activities carried out by the individual sectors and various sales markets in which the Group operates; in all cases, however, the risk is mitigated by the large number of counterparties and customers. Considered from a global point of view, however, there is a concentration of credit risk in trade receivables and receivables from financing activities, in particular dealer financing and finance leases in the European Union market for the Fiat Group Automobiles and Trucks and Commercial Vehicles Sectors, and in North America for the Agricultural and Construction Equipment Sector.

Financial assets are recognised in the balance sheet net of write-downs for the risk that counterparties will be unable to fulfil their contractual obligations, determined on the basis of the available information as to the creditworthiness of the customer and historical data.

Liquidity risk

The Group is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.

The cash flows, funding requirements and liquidity of Group companies are monitored on a centralised basis, under the control of the Group Treasury. The aim of this centralised system is to optimise the efficiency and effectiveness of the management of the Group's capital resources.

In addition, Group Treasury has the committed credit facilities described in Note 28 as a hedge of liquidity risk.

Interest rate risk and currency risk

As a multinational group that has operations throughout the world, the Group is exposed to market risks from fluctuations in foreign currency exchange and interest rates.

The exposure to foreign currency risk arises both in connection with the geographical distribution of the Group's industrial activities compared to the markets in which it sell products, and in relation to the use of external borrowing denominated in foreign currencies.

The exposure to interest rate risk arises from the need to fund industrial and financial operating activities and the necessity to deploy surplus funds. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net result, thereby indirectly affecting the costs and returns of financing and investing transactions.

The Group regularly assesses its exposure to interest rate and foreign currency risk through the use of derivative financial instruments in accordance with its established risk management policies.

The Group's policy permits derivatives to be used only for managing the exposure to fluctuations in exchange and interest rates connected with future cash flows and assets and liabilities, and not for speculative purposes.

The Group utilises derivative financial instruments designated as fair value hedges, mainly to hedge:

- the currency risk on financial instruments denominated in foreign currency;
- the interest rate risk on fixed rate loans and borrowings.

The instruments used for these hedges are mainly currency swaps, forward contracts, interest rate swaps and combined interest rate and currency financial instruments.

The Group uses derivative financial instruments as cash flow hedges for the purpose of pre-determining:

- the exchange rate at which forecasted transactions denominated in foreign currencies will be accounted for;
- the interest paid on borrowings, both to match the fixed interest received on loans (customer financing activity), and to achieve a pre-defined mix of floating versus fixed rate funding structured loans.

The exchange rate exposure on forecasted commercial flows is hedged by currency swaps, forward contracts and currency options. Interest rate exposures are usually hedged by interest rate swaps and, in limited cases, by forward rate agreements.

Counterparties to these agreements are major and diverse financial institutions.

Information on the fair value of derivative financial instruments held at the balance sheet date is provided in Note 22.

Additional qualitative information on the financial risks to which the Group is exposed is provided in Note 34.

Scope of consolidation

The consolidated financial statements of the Group as of December 31, 2007 include Fiat S.p.A. and 418 consolidated subsidiaries in which Fiat S.p.A., directly or indirectly, has a majority of the voting rights, over which it exercises control, or from which it is able to derive benefit by virtue of its power to govern corporate financial and operating policies.

One fewer subsidiary was consolidated at December 31, 2007 compared to December 31, 2006.

Excluded from consolidation are 108 subsidiaries that are either dormant or generate a negligible volume of business: their proportion of the Group's assets, liabilities, financial position and earnings is immaterial. In particular, 73 such subsidiaries are accounted for using the cost method; and represent in aggregate 0.3 percent of Group revenues, 0.1 percent of stockholders' equity and 0.2 percent of total assets. The Ergom group, which was acquired in November 2007, has also been excluded from consolidation due to a lack of certain of the information necessary to prepare these notes in a consistent manner. For the sake of completeness a summary balance sheet of the Group at December 31, 007 in which the Ergom group, whose balances are not significant compared to those of the Group as a whole, is consolidated on a line-by-line basis is provided in Note 36.

Interests in jointly controlled entities (66 companies, including 31 entities of Group Automobiles Financial Services "FAFS" group) are accounted for using the equity method, except for Fiat-GM Powertrain Polska S.p. Z.o.o., accounted for using proportionate consolidation. Condensed financial information relating to the Group's pro-rata interest in the above entity is as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Non-current assets	**151**	142
Current assets	**154**	123
Total assets	**305**	265
Debt	**-**	-
Other liabilities	**147**	130

(in millions of euros)	2007	2006
Net revenues	**238**	237
Net result	**22**	32

The combined balances of the Group's share in the principal balance sheet items of joint ventures accounted for using the equity method are as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Non-current assets	**2,228**	1,992
Current assets	**9,528**	8,777
Total assets	**11,756**	10,769
Debt	**8,468**	7,781
Other liabilities	**1,845**	1,687

Balances at December 31, 2006 included those of the Group Automobiles Financial Services group, a joint venture created at the end of 2006 with Sofinco (belonging to the Crédit Agricole group), as described in detail in the notes to the 2006 consolidated financial statements. This operation had led to the derecognition of the assets and liabilities of entities previously controlled by the Group and transferred to the joint venture on December 28, 2006.

The combined balances of the Group's share in the principal income statement items of jointly controlled entities accounted for using the equity method are as follows:

(in millions of euros)	2007	2006
Net revenues	**5,693**	4,000
Trading profit	**224**	110
Operating result	**186**	93
Result before taxes	**179**	87
Net result	**107**	50

The above summary income statement excludes for 2006 the results of the operations of the FAFS group, as the joint venture was established at the end of 2006. Up to that date, meaning prior to the establishment of the joint venture, companies belonging to the Group were consolidated on a line-by-line basis, while associated companies belonging to the Fidis Retail Italia group were accounted for using the equity method. Following the establishment of the joint venture, the contribution of the FAFS entities was made through the use of the equity method to account for the investment in the jointly controlled entity Fiat Group Automobiles Financial Services S.p.A.

Twenty-seven associates are accounted for using the equity method, while 29 associates, that in aggregate are of minor importance, and are stated at cost. The main aggregate amounts related to the Group interests in associates are as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Total assets	**2,885**	2,680
Liabilities	**2,380**	2,167

(in millions of euros)	2007	2006
Net revenues	**668**	1,145
Net result	**35**	78

The main aggregate amounts related to the Group interests in associates measured at cost are as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Total assets	**145**	101
Liabilities	**89**	52

(in millions of euros)	2007	2006
Net revenues	**61**	44
Net result	**1**	-

The following acquisitions were made in 2007:

- At the end of April 2007 Magneti Marelli reacquired control of Automotive Spare Parts Distribution Operations. As a result of this the After Market Parts and Services business line, which operates at a worldwide level in the distribution of spare parts in the Independent After Market sector, is accounted for on a consolidated basis from May 1st, 2007.
- In May 2007 the Group acquired the entire ownership of the I.T.C.A. group which carries out its business in the automotive sector.
- In August 2007 the Group acquired the entire ownership of Teksid Aluminum S.r.l., which manufactures aluminum components.
- On December 6, 2007, the Group acquired the entire ownership of the Ergom group which carries out its business in the automotive sector.

The following divestitures of subsidiaries were made in 2007:

- On February 28, 2006, the procedure for the sale of subsidiary Ingest Facility S.p.A. to Pirelli RE Facility Management was concluded on receiving the antitrust authorities' approval.
- On March 2, 2007, the sale of Meridian Technologies Inc. to a consortium of investors headed by the Swiss holding company Estatia A.G. was finalised on receiving approval from the authorities and on the closing of the financing to the purchaser from financial institutions.
- On December 28, 2007, the Group completed the steps being taken to establish an equal share joint venture with Tata Motors. On that date, therefore, the assets and liabilities of the Indian business of the Fiat Group Automobiles Sector, previously classified as assets and liabilities held for sale, were transferred to the joint venture and were no longer consolidated in that manner.

The effect on the Group's assets and liabilities of the mentioned acquisitions and divestitures of businesses are described in Note 36.

The assets and liabilities of certain business of the Comau Sector have been reclassified as Assets and Liabilities held for sale in 2007.

Other information

Certain reclassifications have been made to the balance sheet reported in the published consolidated financial statements at December 31, 2006 in arriving at that presented in these financial statements as comparative figures. These reclassifications have no effect on the net result or stockholder's equity. In particular, the gross amount due to customers for contract work amounting to 383 million euros at December 31, 2007 and 101 million euros at December 31, 2006, which was previously classified as a deduction from Inventories, is now presented as a liability in the line Other payables. Reclassifications have consequently been made to this effect in the consolidated balance sheet.

In addition, starting from January 1, 2007, the activities previously forming the Business Solutions Sector were transferred to Fiat Services S.p.A., a subsidiary included in the Other and Holdings grouping which provides professional administrative services for Group entities along with its foreign subsidiaries. Starting from this date the Business Solutions Sector is no longer presented and the comparative data for 2006 have been suitably reclassified in accordance with IAS 14 – *Segment Reporting*.

Composition and principal changes

Income Statement

1. Net revenues

Net revenues can be analysed as follows:

(in millions of euros)	2007	2006
Sales of goods	**53,742**	46,105
Rendering of services	**2,512**	2,827
Contract revenues	**669**	917
Rents on operating leases	**120**	519
Rents on assets sold with a buy-back commitment	**314**	311
Interest income from customers and other financial income of financial services companies	**979**	1,077
Other	**193**	76
Total Net revenues	**58,529**	**51,832**

2. Cost of sales

Cost of sales comprises the following:

(in millions of euros)	2007	2006
Cost of sales attributable to the industrial business	**48,168**	42,991
Interest cost and other financial charges from financial services companies	**756**	897
Total Cost of sales	**48,924**	**43,888**

3. Selling, general and administrative costs

Selling costs amount to 2,795 million euros in 2007 (2,627 million euros in 2006) and comprise mainly marketing, advertising and sales personnel costs.

General and administrative costs amount to 2,129 million euros in 2007 (2,070 million euros in 2006) and comprise mainly expenses for administration which are not attributable to sales, production and research and development functions.

4. Research and development costs

In 2007, Research and development costs of 1,536 million euros (1,401 million euros in 2006) comprise all the research and development costs not recognised as assets in the year, amounting to 809 million euros (778 million euros in 2006), the write-down of costs previously capitalized of 42 million euros (7 million euros in 2006) and the amortisation of capitalised development costs of 685 million euros (616 million euros in 2006). During 2007, the Group incurred new expenditure for capitalised development costs of 932 million euros (813 million euros in 2006).

5. Other income (expenses)

This item consists of income arising from trading operations which is not attributable to the sale of goods and services (such as royalties and other income from licences and know-how), net of miscellaneous operating costs which cannot be allocated to specific functional areas, such as indirect taxes and duties, and accruals for various provisions not attributable to other items of Cost of sales or Selling, general and administrative costs.

The detail of Other income (expenses) is as follows:

(in millions of euros)	2007	2006
Gains on disposal of Property, plant and equipment	**183**	95
Royalties and other income from licences and know-how	**17**	20
Rental income	**31**	42
Recovery of expenses and compensation for damages	**24**	64
Release of excess provisions	**94**	130
Prior period income	**152**	272
Other income	**197**	362
Total Other income	**698**	**985**
Indirect taxes	**142**	112
Losses on disposal of Property, plant and equipment	**54**	32
Impairment of assets	**14**	7
Charges for other provisions	**161**	282
Prior period expenses	**100**	184
Other expenses	**139**	263
Total Other expenses	**610**	**880**
Other income (expenses)	**88**	**105**

The item Gains on disposal of Property, plant and equipment in 2007 includes non-recurring income of 103 million euros arising from the reinstatement in carrying amount and subsequent disposal of a piece of land which had been fully written down in a prior period.

In 2006, the item Release of excess provisions included an amount arising in the Agricultural and Construction equipment Sector from a structural reduction in period welfare costs in North America, resulting in the release to income of 25 million euros previously provided.

6. Gains (losses) on the disposal of investments

In 2007 this item results in a net gain of 190 million euros, which includes a gain of 118 million euros on the disposal of the Group’s interest in Mediobanca S.p.A., a gain of 42 million euros recognised on the finalisation of the disposal of the subsidiary Ingest Facility S.p.A., a gain of 8 million euros on the establishment of the joint venture with Tata Motors, a gain of 7 million euros on the disposal of a minor investment in Tecnomare S.p.A., a gain of 5 million euros on the disposal of a 17% interest in the associate Servizio Titoli S.p.A., in which the Group maintains a 10% holding, and a gain of 4 million euros on the disposal of a Comau business in France.

In 2006 this item, amounting to 607 million euros, included the gains realised on the establishment of the FAFS joint venture (463 million euros), as well as the gains on the sale of Banca Unione Credito - B.U.C. (80 million euros), Immobiliare Novoli S.p.A. (39 million euros), Machen Iveco Holding SA, which held a shareholding of 51% in Ashok Leyland Ltd (23 million euros), Atlanet S.p.A. (22 million euros) and the residual interest in IPI S.p.A. (9 million euros). The item also included an amount of 29 million euros for the loss at that time expected to be incurred on the disposal of Meridian Technologies Inc. which was finalised on March 2, 2007.

7. Restructuring costs

The restructuring costs of 105 million euros in 2007 were incurred mainly by Fiat Group Automobiles (40 million euros) CNH – Case New Holland (30 million euros) and Comau (21 million euros).

The restructuring costs of 450 million euros in 2006 were incurred mainly by Comau (179 million euros) following an intensive reshaping and restructuring process that was started during the third quarter of 2006, CNH – Case New Holland (145 million euros), FPT Powertrain Technologies (60 million euros), Magneti Marelli (16 million euros) and entities of Business Solutions sectors transferred into Other and Holdings (12 million euros).

8. Other unusual income (expenses)

Net expenses of 166 million euros were incurred in 2007 (47 million euros in 2006). These expenses mainly refer to the rationalisation of a final set of strategic Group suppliers, some of which were acquired in 2007 (17 million euros in 2006).

In 2006, included in this item, amongst other things, was the impairment of goodwill of 26 million euros relating to certain of Comau's European operations, which resulted from the redefinition and restructuring of that Sector's operations.

9. Financial income (expenses)

In addition to the items included in the specific lines of the income statement, Net financial income (expenses) in 2007 also includes the income from financial services companies included in Net revenues for 979 million euros (1,077 million euros in 2006) and the costs incurred by financial services companies included in Interest cost and other financial charges from financial services companies included in Cost of sales for 756 million euros (897 million euros in 2006).

Reconciliation to the income statement is provided at the foot of the following table.

(in millions of euros)	2007	2006
Financial income		
Interest earned and other financial income	**322**	295
Interest income from customers and other financial income of financial services companies	**979**	1,077
Gains on disposal of securities	**13**	7
Total Financial income	**1,314**	1,379
of which:		
Financial income, excluding financial services companies	**335**	302
Interest and other financial expenses		
Interest expense and other financial expenses	**1,496**	1,616
Write-downs of financial assets	**84**	115
Losses on disposal of securities	**3**	2
Interest costs on employee benefits	**155**	166
Total Interest and other financial expenses	**1,738**	1,899
Net income (expenses) from derivative financial instruments and exchange differences	**83**	124
of which:		
Interest and other financial expenses, effects resulting from derivative financial instruments and exchange differences, excluding financial services companies	**899**	878
Net financial income (expenses) excluding financial services companies	**(564)**	(576)

Net financial expenses in 2007 (excluding financial services companies) totalled 564 million euros, decreasing from the 576 million euros in 2006 and includes net financial income of 70 million euros in 2007 (71 million euros in 2006), arising from the fair value measurement of the equity swaps on Fiat shares, relating to certain stock options plans (see Note 22 for further details). The improvement compared to 2006 is the consequence of the lower level of debt in the Group's Industrial Activities. These effects have been partially offset by a cost of 43 million euros recognised in the second quarter of 2007 arising from the redemption in advance of a CNH 9.25% fixed rate bond, originally repayable in 2011 but repaid on August 1, 2007.

Interest earned and other financial income may be analysed as follows:

(in millions of euros)	2007	2006
Interest income from banks	**195**	106
Interest income from securities	**11**	17
Commission income	**1**	2
Other interest earned and financial income	**115**	170
Total Interest earned and other financial income	**322**	**295**

Interest and other financial expenses may be analysed as follows:

(in millions of euros)	2007	2006
Interest expenses on bonds	**503**	528
Bank interest expenses	**229**	307
Interest expenses on trade payables	**6**	10
Commission expense	**20**	28
Other interest and financial expenses	**738**	743
Total Interest and other financial expenses	**1,496**	**1,616**

10. Result from investments

This item, amounting to 185 million euros (156 million euros in 2006), includes the Group's interest in the net result of the companies accounted for using the equity method for 210 million euros (125 million euros in 2006); for 25 million euros (31 million euros in 2006) the negative effect of the write-downs connected with the loss in value of financial assets net of reversals of value, the write-downs of equity investments classified as held for sale, accruals to provisions against equity investments, income and expense arising from the adjustment to fair value of investments in other entities held for trading, and dividend income.

The item includes (amounts in millions of euros): Fiat Group Automobiles Sector companies 76 (38 in 2006), entities of Agricultural and Construction equipment Sector companies 70 (46 in 2006) and other companies 39 (41 in 2006). The net result from investments in 2006 additionally included 31 million euros in connection with certain Iveco companies, of which 15 million euros relating to the reversal of a provision made in 2005 against risks, in connection with a Chinese associate, which no longer subsisted.

11. Income taxes

Income taxes consist of the following:

(in millions of euros)		2007		2006
Current taxes:				
- IRAP	**188**		149	
- Other taxes	**624**		346	
Total Current taxes		**812**		495
Deferred taxes for the period		**(114)**		(61)
Taxes relating to prior periods		**21**		56
Total Income taxes		**719**		**490**

In 2007, the increase in the charge for income taxes is the consequence of the significant rise in profits from operations, partially offset by an increase in recognised deferred tax assets and hence income and lower taxes relating to previous years.

Deferred tax income of 114 million euros (net income of 61 million euros in 2006) is the net effect of the recognition of deferred tax assets recognised during the year over those recognised in prior years and realised during the year, plus the effect of the reduction in deferred tax liabilities.

Taxes relating to prior periods include the cost arising from certain disputes with foreign tax authorities.

The effective tax rate for 2007 (excluding IRAP) was 19% which represents a decrease over the corresponding rate of 21% in 2006 and is the result of an increased reversal of prior year temporary differences and utilisation of unused tax losses for which deferred tax assets were not recognised in prior years.

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

(in millions of euros)	2007	2006
Theoretical income taxes	**915**	**542**
Tax effect of permanent differences	**42**	(2)
Taxes relating to prior years	**21**	56
Effect of difference between foreign tax rates and the theoretical Italian tax rate	**40**	(29)
Effect of deferred tax assets not recognised in prior years	**(471)**	(189)
Use of tax losses for which no deferred tax assets were recognised	**(40)**	(50)
Other differences	**24**	13
Current and deferred income tax recognised in the financial statements, excluding IRAP	**531**	**341**
IRAP	**188**	**149**
Current and deferred income tax recognised in the financial statements	**719**	**490**

Since the IRAP tax has a taxable basis that is different from income before taxes, it generates distortions between one year and another. Accordingly, in order to render the reconciliation between income taxes recognised and theoretical income taxes more meaningful, the IRAP tax is not taken into consideration; theoretical income taxes are determined by applying only the tax rate in effect in Italy (IRES equal to 33% in 2007 and in 2006) to income before taxes.

Permanent differences in the above reconciliation include the tax effect of non-taxable income of 236 million euros in 2007 (206 million euros in 2006) and of non-deductible costs of 278 million euros in 2007 (204 million euros in 2006).

The effect of deferred tax assets not recognised in prior years (471 million euros) consists of the income offsetting the tax charge for the year arising from the net effect of tax benefits representing theoretical deferred tax assets not recognised in prior years (income of 189 million euros in 2006).

Other differences included unrecoverable withholding tax for 27 million euros (20 million euros in 2006).

Net deferred tax assets at December 31, 2007 consist of deferred tax assets, net of deferred tax liabilities, which have been offset where possible by the individual consolidated companies. The net balance of Deferred tax assets and Deferred tax liabilities may be analysed as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006	Change
Deferred tax assets	**1,892**	1,860	32
Deferred tax liabilities	**(193)**	(263)	70
Net deferred tax assets	**1,699**	1,597	102

The increase in net deferred tax assets, as analysed in the following table, is mainly due to:

- the recognition of deferred tax assets of 114 million euros, net of the realisation of deferred tax assets net of the release to income of deferred tax liabilities recognised in prior years; in particular, the reduction of the tax rates applied in the calculation of deferred tax balances at December 31, 2007 in certain countries, including Italy, led to a significant reduction in the theoretical deferred tax benefit deriving from unused tax losses and in the deferred tax assets and liabilities arising from temporary differences (approximately 750 million euros). However since the total future theoretical tax benefits arising from temporary differences (3,824 million euros at December 31, 2006) and tax losses (5,701 million euros at December 31, 2006) had been written down considerably over time, by 5,372 million euros, applying the new rates led to a corresponding reduction in this write-down without therefore having any significant effect on the net result;
- the corresponding tax effect of items recorded directly in equity amounting to 2 million euros;
- changes in the scope of consolidation due to the acquisition of I.T.C.A. group, Teksid Aluminum S.r.l. and of the After Market Parts & Services business, for an amount of 11 million euros;
- negative exchange differences and other changes amounting to 25 million euros;

Deferred tax assets and deferred tax liabilities may be analysed by source as follows:

(in millions of euros)	At December 31, 2006	Recognised in Income statement	Charged to equity	Changes in the scope of consolidation	Translation differences and other changes	At December 31, 2007
Deferred tax assets arising from:						
- Taxed provisions	1,489	(1)	-	4	(3)	**1,489**
- Inventories	220	(36)	-	2	(3)	**183**
- Taxed allowances for doubtful accounts	172	(11)	-	2	(1)	**162**
- Employee benefits	611	(54)	-	-	(56)	**501**
- Write-downs of financial assets	466	(299)	-	-	(2)	**165**
- Measurement of derivative financial instruments	120	38	(5)	-	(12)	**141**
- Other	746	(149)	-	-	(9)	**588**
Total Deferred tax assets	3,824	(512)	(5)	8	(86)	**3,229**
Deferred tax liabilities arising from:						
- Accelerated depreciation	(488)	(171)	-	(4)	5	**(658)**
- Deferred tax on gains on disposal	(14)	6	-	-	-	**(8)**
- Capital investment grants	(17)	4	-	-	-	**(13)**
- Employee benefits	(31)	4	-	-	-	**(27)**
- Capitalisation of development costs	(906)	82	-	-	2	**(822)**
- Other	(1,100)	400	15	(8)	51	**(642)**
Total Deferred tax liabilities	(2,556)	325	15	(12)	58	**(2,170)**
Theoretical tax benefit arising from tax loss carryforwards	5,701	(1,167)	-	41	(144)	**4,431**
Adjustments for assets whose recoverability is not probable	(5,372)	1,468	(8)	(26)	147	**(3,791)**
Total Deferred tax assets, net of Deferred tax liabilities	1,597	114	2	11	(25)	**1,699**

The decision to recognise deferred tax assets is taken by each company in the Group by assessing critically whether the conditions exist 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 arising from deductible temporary differences (3,229 million euros at December 31, 2007 and 3,824 million euros at December 31, 2006) and tax loss carryforwards (4,431 million euros at December 31, 2007 and 5,701 million euros at December 31, 2006) have been reduced by 3,791 million euros at December 31, 2007 and 5,372 million euros at December 31, 2006.

In particular, Deferred tax assets, net of Deferred tax liabilities, include 1,197 million euros at December 31, 2007 (1,150 million euros at December 31, 2006) of tax benefits arising from tax loss carryforwards. At December 31, 2007, a further tax benefit of 3,234 million euros (4,551 million euros at December 31, 2006) arising from tax loss carryforwards has not been recognised.

Deferred taxes have not been provided on the undistributed earnings of subsidiaries since the Group is able to control the timing of the distribution of these reserves and it is probable that they will not be distributed in the foreseeable future.

The totals of deductible and taxable temporary differences and accumulated tax losses at December 31, 2007, together with the amounts for which deferred tax assets have not been recognised, analysed by year of expiry, are as follows:

		Year of expiry					
(in millions of euros)	**Total at December 31, 2007**	2008	2009	2010	2011	Beyond 2011	Unlimited/ indetermi-nable
Temporary differences and tax losses relating to State taxation (IRES in the case of Italy):							
- Deductible temporary differences	**10,187**	3,713	1,386	1,359	1,408	2,266	55
- Taxable temporary differences	**(6,507)**	(1,010)	(1,403)	(1,260)	(1,224)	(1,569)	(41)
- Tax losses	**16,169**	2,389	2,398	2,500	1,715	2,446	4,721
- Temporary differences and tax losses for which deferred tax assets have not been recognised	**(13,907)**	(1,854)	(2,493)	(2,605)	(1,690)	(2,597)	(2,668)
Temporary differences and tax losses relating to State taxation	**5,942**	**3,238**	**(112)**	**(6)**	**209**	**546**	**2,067**
Temporary differences and tax losses relating to local taxation (IRAP in the case of Italy):							
- Deductible temporary differences	**4,369**	1,219	666	661	735	1,069	19
- Taxable temporary differences	**(4,328)**	(671)	(1,017)	(874)	(826)	(903)	(37)
- Tax losses	**897**	53	48	48	46	468	234
- Temporary differences and tax losses for which deferred tax assets have not been recognised	**(1,783)**	(633)	(101)	(110)	(98)	(610)	(231)
Temporary differences and tax losses relating to local taxation	**(845)**	**(32)**	**(404)**	**(275)**	**(143)**	**24**	**(15)**

12. Earnings per share

As explained at the Note 25 below, Fiat S.p.A. capital stock is represented by three different classes of shares (ordinary shares, preference shares and saving shares) that participate in dividends with different rights. Profit or loss of the period attributable to each class of share is determined in accordance with the share's contractual dividend rights, and for this purpose the net result attributable to ordinary equity holders of the parent entity is adjusted by the amount of the preference dividends attributable to saving shares declared in the period equal to 0.155 euros per share. Additionally, in 2006 alone, the amount of 0.62 euros per share of past cumulative dividends attributable to saving shares has been deducted from the net result attributable to equity holders of the parent entity. In order to determine earnings per share, the amount obtained has been divided by the weighted average number of outstanding shares.

Payment of the proposed dividend is contingent upon approval by stockholders at their Annual General' Meeting and has therefore not been recognized as a liability in the Group consolidated financial statements.

The following table shows the reconciliation between the net result attributable to equity holders of the parent and the profit attributable to each class of shares, as well as, the weighted average number of outstanding shares for the two years presented:

		2007				2006			
		Ordinary shares	Preference shares	Saving shares	Total	Ordinary shares	Preference shares	Saving shares	Total
Profit attributable to equity holders of the parent	millions of euros				**1,953**				1,065
Prior period dividends to saving shares declared for the period	millions of euros	**-**	**-**	-	**-**	-	-	50	50
Preferred dividends declared for the period	millions of euros	-	-	12	**12**	-	-	12	12
Profit available for distribution to all classes of shares	millions of euros	1,659	159	123	**1,941**	859	81	63	1,003
Profit attributable to each class of shares	millions of euros	**1,659**	**159**	**135**	**1,953**	**859**	**81**	**125**	**1,065**
Weighted average number of shares outstanding	thousand	**1,079,175**	**103,292**	**79,913**	**1,262,380**	1,088,027	103,292	79,913	1,271,232
Basic Earnings per share	euros	**1.537**	**1.537**	**1.692**		**0.789**	**0.789**	**1.564**	

If prior period dividends to saving shares had not been assigned, basic earnings per savings shares in 2006 would have been 0.983 euros per share. Basic earnings per share attributable to ordinary and preference shares in 2006 would have been 0.828 euros per share.

As part of the buy-back programme announced on April 5, 2007 Fiat S.p.A. purchased approximately 11 million of treasury stock in 2008, up to the date of the publication of these consolidated financial statements; no significant difference would have arisen in the earnings per share figure reported above if these transactions, which took place after the balance sheet date, had been carried out in 2007.

For the purpose of calculating the diluted earnings per share for the two years presented the number of ordinary shares considered is the average number of shares outstanding plus “dilutive potential” ordinary shares arising from shares that would be issued on the exercise of all stock options plans or other similar as warrant. In 2006 and 2007 no dilutive effects arose from warrants issued by Fiat S.p.A. and no dilutive effects arose from stock option plan granted on Fiat S.p.A. on its ordinary shares at an exercise price above euros 19,742 per share in 2007 and euros 11, 268 per share in 2006. Moreover, the result attributable to the Group has been adjusted to take into account the dilutive effects that would arise if the stock options granted by the Group’s subsidiaries on their equity instruments were to be exercised.

Figures used to determine diluted earnings per shares are as follows:

		2007				2006			
		Ordinary shares	Preference shares	Saving shares	Total	Ordinary shares	Preference shares	Saving shares	Total
Profit attributable to each class of shares	millions of euros	**1,660**	**158**	**134**	**1,952**	**859**	**81**	**125**	**1,065**
Weighted average number of shares outstanding	thousand	1,079,175	103,292	79,913	**1,262,380**	1,088,027	103,292	79,913	1,271,232
Number of shares that would be issued from stock option plans	thousand	9,046	-	-	**9,046**	1,580	-	-	1,580
Number of shares considered in the diluted earnings per share	thousand	**1,088,221**	**103,292**	**79,913**	**1,271,426**	1,089,607	103,292	79,913	1,272,812
Diluted earnings per share	euros	**1.526**	**1.526**	**1.681**		**0.788**	**0.788**	**1.563**	

Balance Sheet

13. Intangible assets

In 2007 and 2006, changes in the gross carrying amount of Intangible assets were as follows:

(in millions of euros)	At December 31, 2006	Additions	Divestitures	Changes in the scope of consolidation	Reclassified to Assets held for sale	Translation differences and other changes	At December 31, 2007
Goodwill	3,534	-	(45)	69	-	(229)	**3,329**
Trademarks and other intangible assets with indefinite useful lives	229	2	-	-	-	(23)	**208**
- Development costs externally acquired	2,376	430	(1)	-	-	(37)	**2,768**
- Development costs internally generated	2,452	502	(27)	-	-	37	**2,964**
Total Development costs	4,828	932	(28)	-	-	-	**5,732**
Patents, concessions and licenses externally acquired	990	87	(37)	1	(1)	17	**1,057**
Other intangible assets externally acquired	552	97	(19)	37	-	91	**758**
Advances and intangible assets in progress externally acquired	52	20	(2)	-	-	(16)	**54**
Total gross carrying amount of Intangible assets	**10,185**	**1,138**	**(131)**	**107**	**(1)**	**(160)**	**11,138**

(in millions of euros)	At December 31, 2005	Additions	Divestitures	Changes in the scope of consolidation	Reclassified to Assets held for sale	Translation differences and other changes	At December 31, 2006
Goodwill	3,159	781	-	(57)	(44)	(305)	**3,534**
Trademarks and other intangible assets with indefinite useful lives	283	1	-	-	-	(55)	**229**
- Development costs externally acquired	1,822	414	(7)	(1)	-	148	**2,376**
- Development costs internally generated	2,232	399	(5)	-	(1)	(173)	**2,452**
Total Development costs	4,054	813	(12)	(1)	(1)	(25)	**4,828**
Patents, concessions and licenses externally acquired	999	81	(106)	(13)	-	29	**990**
Other intangible assets externally acquired	596	38	(35)	(64)	(7)	24	**552**
Advances and intangible assets in progress externally acquired	100	19	-	-	-	(67)	**52**
Total gross carrying amount of Intangible assets	**9,191**	**1,733**	**(153)**	**(135)**	**(52)**	**(399)**	**10,185**

In 2007 and in 2006 Changes in accumulated amortisation and impairment losses were as follows:

(in millions of euros)	At December 31, 2006	Amorti-sation	Impairment losses	Divesti-tures	Changes in the scope of consolidation	Reclassified to Assets held for sale	Translation differences and other changes	At December 31, 2007
Goodwill	684	-	1	(45)	13	-	(48)	**605**
Trademarks and other intangible assets with indefinite useful lives	50	-	-	-	-	-	(4)	**46**
- Development costs externally acquired	1,001	320	25	(1)	-	-	(5)	**1,340**
- Development costs internally generated	1,051	365	17	(3)	-	-	-	**1,430**
Total Development costs	2,052	685	42	(4)	-	-	(5)	**2,770**
Patents, concessions and licenses externally acquired	554	136	-	(36)	-	(1)	12	**665**
Other intangible assets externally acquired	424	59	3	(16)	7	-	52	**529**
Advances and intangible assets in progress externally acquired	-	-	-	-	-	-	-	**-**
Total accumulated amortisation and impairment of Intangible assets	3,764	880	46	(101)	20	(1)	7	**4,615**

(in millions of euros)	At December 31, 2005	Amorti -sation	Impairment losses	Divesti-tures	Changes in the scope of consoli-dation	Reclassified to Assets held for sale	Translation differences and other changes	At December 31, 2006
Goodwill	741	-	48	-	-	(38)	(67)	**684**
Trademarks and other intangible assets with indefinite useful lives	61	-	-	-	-	-	(11)	**50**
- Development costs externally acquired	667	287	2	(1)	-	-	46	**1,001**
- Development costs internally generated	784	329	5	(5)	-	-	(62)	**1,051**
Total Development costs	1,451	616	7	(6)	-	-	(16)	**2,052**
Patents, concessions and licenses externally acquired	530	148	-	(105)	(10)	-	(9)	**554**
Other intangible assets externally acquired	459	58	-	(33)	(52)	(6)	(2)	**424**
Advances and intangible assets in progress externally acquired	6	-	-	-	-	-	(6)	**-**
Total accumulated amortisation and impairment of Intangible assets	3,248	822	55	(144)	(62)	(44)	(111)	**3,764**

The net carrying amount of Intangible assets at December 31, 2007 and 2006 can be analysed as follows:

(in millions of euros)	At December 31, 2006	Additions	Amorti-sation	Impairment losses	Divesti-tures	Change in the scope of consoli-dation	Reclassified to Assets held for sale	Translation diff. and other changes	At December 31, 2007
Goodwill	2,850	-	-	(1)	-	56	-	(181)	**2,724**
Trademarks and other intangible assets with indefinite useful lives	179	2	-	-	-	-	-	(19)	**162**
- Development costs externally acquired	1,375	430	(320)	(25)	-	-	-	(32)	**1,428**
- Development costs internally generated	1,401	502	(365)	(17)	(24)	-	-	37	**1,534**
Total Development costs	2,776	932	(685)	(42)	(24)	-	-	5	**2,962**
Patents, concessions and licenses externally acquired	436	87	(136)	-	(1)	1	-	5	**392**
Other intangible assets externally acquired	128	97	(59)	(3)	(3)	30	-	39	**229**
Advances and intangible assets in progress externally acquired	52	20	-	-	(2)	-	-	(16)	**54**
Total net carrying amount of Intangible assets	6,421	1,138	(880)	(46)	(30)	87	-	(167)	**6,523**

(in millions of euros)	At December 31, 2005	Additions	Amorti-sation	Impairment losses	Divesti-tures	Change in the scope of consolidation	Reclassified to Assets held for sale	Translation diff. and other changes	At December 31, 2006
Goodwill	2,418	781	-	(48)	-	(57)	(6)	(238)	**2,850**
Trademarks and other intangible assets with indefinite useful lives	222	1	-	-	-	-	-	(44)	**179**
- Development costs externally acquired	1,155	414	(287)	(2)	(6)	(1)	-	102	**1,375**
- Development costs internally generated	1,448	399	(329)	(5)	-	-	(1)	(111)	**1,401**
Total Development costs	2,603	813	(616)	(7)	(6)	(1)	(1)	(9)	**2,776**
Patents, concessions and licenses externally acquired	469	81	(148)	-	(1)	(3)	-	38	**436**
Other intangible assets externally acquired	137	38	(58)	-	(2)	(12)	(1)	26	**128**
Advances and intangible assets in progress externally acquired	94	19	-	-	-	-	-	(61)	**52**
Total net carrying amount of Intangible assets	5,943	1,733	(822)	(55)	(9)	(73)	(8)	(288)	**6,421**

The increase of 87 million euros in the Total net carrying amount of Intangible assets arising in 2007 from the Change in the scope of consolidation mainly represents the goodwill arising from the following purchases: After Market Parts and Services group 63 million euros, I.T.C.A. group 13 million euros and Teksid Aluminum S.r.l. 7 million euros. In 2006 this item mainly reflected the deconsolidation of the entities transferred to the FAFS joint venture.

Foreign exchange losses of 216 million euros in 2007 (losses of 273 millions euros in 2006) principally reflect changes in the Euro/U.S. dollar exchange rate. The item Other changes includes a reclassification of 57 million euros of expenditure on software previously improperly reported as Property, plant and equipment.

Goodwill, trademark and intangible assets with indefinite useful life

Goodwill is allocated to the group's cash-generating units ("CGUs") identified according to business segment. The following table presents the allocation of goodwill across the Sectors:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Agricultural and Construction equipment	**1,626**	1,794
Ferrari	**786**	786
Production Systems	**138**	153
Component	**87**	46
Trucks and Commercial Vehicles	**56**	56
Metallurgical Products	**18**	11
Fiat Group Automobiles	**10**	-
Others & Holdings	**3**	4
Goodwill net carrying amount	**2,724**	2,850

Trademarks and other intangible assets with indefinite useful lives, attributable for 158 million euros to the CNH – Case New Holland, consist of trademarks and similar rights from which, based on the competitive environment, the Group expects to be able to obtain a positive contribution to its cash flows for an indefinite period of time.

In particular the vast majority of goodwill, representing approximately 94% of the total, is allocated to cash-generating units in the Agricultural and Construction equipment, Ferrari and Comau Sectors. The cash-generating units considered for the testing of the recoverability of the goodwill are generally product lines of the various Sectors. In particular, in the CNH – Case New Holland Sector, the cash generating units to which goodwill has been allocated consist of the different brands (CaseIH and New Holland for agricultural equipment, Case and New Holland

Construction for construction equipment and financial services), while in Comau goodwill has been allocated to the System, Pico and Service businesses. For Ferrari, the cash generating unit corresponds to the Sector as a whole.

The recoverable amount of the cash-generating units to which goodwill and other intangible assets with an indefinite useful life have been allocated is determined on the basis of their value in use, defined as the discounted value of the expected future operating cash flows resulting from the estimates included in the most recent budgets and plans prepared by the Group for the next three years, as extrapolated for later years on the basis of a medium- to long-term growth rates depending on the detailed nature of the operations and the extent to which they are differentiated and on the forecasts made by the individual Sector to which the cash-generating units belong.

The discount rates used reflect the current market assessments of the time value of money and take account of the risks inherent in individual cash-generating units.

The principal assumptions used in determining the value in use of the above-mentioned cash-generating units were as follows:

	2007		2006	
	Growth rate	Discount rate before taxes	Growth rate	Discount rate before taxes
Agricultural and Construction Equipment	2%	11%-14%	2%	13%-14%
Ferrari	2%	10%	2%	10%
Production Systems	2%	10%	2%	9%-10%

Management prepared budgeted data and plans for the determination of value in use on the basis of past performance and its expectations of market developments.

This approach led to the recognition in 2007 and in 2006 of impairment losses of 1 million euros and 26 million euros, respectively, for goodwill allocated to the System cash generating unit of the Comau Sector. This loss was recognised as Other unusual income (expenses) in the income statement.

Goodwill of 22 million euros allocated to the Magnesium cash-generating unit of the Metallurgical Products Sector was written off completely in 2006 when the assets and liabilities of Meridian Technologies Inc. were reclassified as Assets and Liabilities held for sale, after considering its fair value less costs to sell.

Development costs

Amortisation of development costs and impairment losses are included in Research and Development Costs in the income statement.

Development costs recognised as assets are attributed to cash generating units and are tested for impairment together with the related tangible fixed assets, using the discounted cash flow method in determining their recoverable amount.

14. Property, plant and equipment

In 2007 and 2006, changes in the gross carrying amount of Property, plant and equipment were as follows:

(in millions of euros)	At December 31, 2006	Additions	Divestitures	Change in the scope of consolidation	Translation differences	Reclassified to Assets held for sale	Other changes	At December 31, 2007
Land	453	6	(3)	20	1	-	4	**481**
- Owned industrial buildings	4,338	184	(95)	46	36	(12)	56	**4,553**
- Industrial buildings leased under finance leases	69	1	-	3	-	-	(1)	**72**
Total Industrial buildings	4,407	185	(95)	49	36	(12)	55	**4,625**
- Owned plant, machinery and equipment	24,052	1,203	(1,121)	328	177	(7)	488	**25,120**
- Plant, machinery and equipment leased under finance leases	16	182	-	2	-	-	2	**202**
Total Plant, machinery and equipment	24,068	1,385	(1,121)	330	177	(7)	490	**25,322**
Assets sold with a buy-back commitment	1,518	383	(425)	-	(18)	-	-	**1,458**
- Owned other tangible assets	1,869	242	(259)	13	(8)	(12)	(111)	**1,734**
- Other tangible assets leased under finance leases	8	1	-	-	-	-	(2)	**7**
Total Other tangible assets	1,877	243	(259)	13	(8)	(12)	(113)	**1,741**
Advances and tangible assets in progress	649	725	(5)	18	9	-	(637)	**759**
Total gross carrying amount of Property, plant and equipment	32,972	2,927	(1,908)	430	197	(31)	(201)	**34,386**

(in millions of euros)	At December 31, 2005	Additions	Divestitures	Change in the scope of consolidation	Translation differences	Reclassified to Assets held for sale	Other changes	At December 31, 2006
Land	533	2	(8)	(9)	(12)	(57)	4	**453**
- Owned industrial buildings	4,352	119	(51)	(90)	(43)	(28)	79	**4,338**
- Industrial buildings leased under finance leases	73	-	-	-	-	-	(4)	**69**
Total Industrial buildings	4,425	119	(51)	(90)	(43)	(28)	75	**4,407**
- Owned plant, machinery and equipment	24,213	952	(955)	(199)	(182)	(207)	430	**24,052**
- Plant, machinery and equipment leased under finance leases	53	-	-	(5)	(3)	(23)	(6)	**16**
Total Plant, machinery and equipment	24,266	952	(955)	(204)	(185)	(230)	424	**24,068**
Assets sold with a buy-back commitment	1,582	523	(594)	-	5	-	2	**1,518**
- Owned other tangible assets	1,954	194	(231)	(42)	(29)	(22)	45	**1,869**
- Other tangible assets leased under finance leases	12	2	(1)	-	-	-	(5)	**8**
Total Other tangible assets	1,966	196	(232)	(42)	(29)	(22)	40	**1,877**
Advances and tangible assets in progress	615	642	(17)	(2)	(14)	(41)	(534)	**649**
Total gross carrying amount of Property, plant and equipment	33,387	2,434	(1,857)	(347)	(278)	(378)	11	**32,972**

In 2007 and 2006, Changes in accumulated depreciation and impairment losses were as follows:

(in millions of euros)	At December 31, 2006	Depre-ciation	Impairment losses	Dive-stitures	Change in the scope of consoli-dation	Translation differences	Reclassified to Assets held for sale	Other changes	At December 31, 2007
Land	6	-	-	-	2	-	-	(2)	**6**
- Owned industrial buildings	2,118	142	-	(86)	16	14	-	40	**2,244**
- Industrial buildings leased under finance leases	10	3	-	-	-	-	-	-	**13**
Total Industrial buildings	2,128	145	-	(86)	16	14	-	40	**2,257**
- Owned plant, machinery and equipment	18,455	1,515	19	(1,050)	221	129	(4)	(83)	**19,202**
- Plant, machinery and equipment leased under finance leases	9	6	-	-	1	(1)	-	-	**15**
Total Plant, machinery and equipment	18,464	1,521	19	(1,050)	222	128	(4)	(83)	**19,217**
Assets sold with a buy-back commitment	361	144	8	(176)	-	(7)	-	(2)	**328**
- Owned other tangible assets	1,469	115	1	(168)	11	(6)	(11)	(95)	**1,316**
- Other tangible assets leased under finance leases	4	2	-	-	-	-	-	(2)	**4**
Total Other tangible assets	1,473	117	1	(168)	11	(6)	(11)	(97)	**1,320**
Advances and tangible assets in progress	-	-	-	-	12	-	-	-	**12**
Total accumulated depreciation and impairment of Property, plant and equipment	22,432	1,927	28	(1,480)	263	129	(15)	(144)	**23,140**

(in millions of euros)	At December 31, 2005	Depre-ciation	Impairment losses	Dive-stitures	Change in the scope of consoli-dation	Translation differences	Reclassified to Assets held for sale	Other changes	At December 31, 2006
Land	7	-	-	(1)	-	-	-	-	**6**
- Owned industrial buildings	2,122	139	1	(48)	(54)	(35)	(28)	21	**2,118**
- Industrial buildings leased under finance leases	10	2	-	-	-	-	-	(2)	**10**
Total Industrial buildings	2,132	141	1	(48)	(54)	(35)	(28)	19	**2,128**
- Owned plant, machinery and equipment	18,265	1,541	14	(915)	(185)	(123)	(149)	7	**18,455**
- Plant, machinery and equipment leased under finance leases	28	5	-	-	(3)	(2)	(9)	(10)	**9**
Total Plant, machinery and equipment	18,293	1,546	14	(915)	(188)	(125)	(158)	(3)	**18,464**
Assets sold with a buy-back commitment	406	152	36	(234)	-	2	-	(1)	**361**
- Owned other tangible assets	1,530	140	-	(132)	(31)	(24)	(12)	(2)	**1,469**
- Other tangible assets leased under finance leases	4	1	-	-	-	-	-	(1)	**4**
Total Other tangible assets	1,534	141	-	(132)	(31)	(24)	(12)	(3)	**1,473**
Advances and tangible assets in progress	9	-	-	-	-	(1)	(7)	(1)	**-**
Total accumulated depreciation and impairment of Property, plant and equipment	22,381	1,980	51	(1,330)	(273)	(183)	(205)	11	**22,432**

The net carrying amount of Property, plant and equipment at December 31, 2007 and at December 31, 2006 can be analysed as follows:

(in millions of euros)	At December 31, 2006	Additions	Depre-ciation	Impairment losses	Dive-stitures	Change in the scope of consoli-dation	Translation differences	Reclassified to Assets held for sale	Other changes	At December 31, 2007
Land	447	6	-	-	(3)	18	1	-	6	**475**
- Owned industrial buildings	2,220	184	(142)	-	(9)	30	22	(12)	16	**2,309**
- Industrial buildings leased under finance leases	59	1	(3)	-	-	3	-	-	(1)	**59**
Total Industrial buildings	2,279	185	(145)	-	(9)	33	22	(12)	15	**2,368**
- Owned plant, machinery and equipment	5,597	1,203	(1,515)	(19)	(71)	107	48	(3)	571	**5,918**
- Plant, machinery and equipment leased under finance leases	7	182	(6)	-	-	1	1	-	2	**187**
Total Plant, machinery and equipment	5,604	1,385	(1,521)	(19)	(71)	108	49	(3)	573	**6,105**
Assets sold with a buy-back commitment	1,157	383	(144)	(8)	(249)	-	(11)	-	2	**1,130**
- Owned other tangible assets	400	242	(115)	(1)	(91)	2	(2)	(1)	(16)	**418**
- Other tangible assets leased under finance leases	4	1	(2)	-	-	-	-	-	-	**3**
Total Other tangible assets	404	243	(117)	(1)	(91)	2	(2)	(1)	(16)	**421**
Advances and tangible assets in progress	649	725	-	-	(5)	6	9	-	(637)	**747**
Total net carrying amount of Property, plant and equipment	**10,540**	**2,927**	**(1,927)**	**(28)**	**(428)**	**167**	**68**	**(16)**	**(57)**	**11,246**

(in millions of euros)	At December 31, 2005	Additions	Depreciation	Impairment losses	Divestitures	Change in the scope of consoli-dation	Translation differences	Reclassified to Assets held for sale	Other changes	At December 31, 2006
Land	526	2	-	-	(7)	(9)	(12)	(57)	4	**447**
- Owned industrial buildings	2,230	119	(139)	(1)	(3)	(36)	(8)	-	58	**2,220**
- Industrial buildings leased under finance leases	63	-	(2)	-	-	-	-	-	(2)	**59**
Total Industrial buildings	2,293	119	(141)	(1)	(3)	(36)	(8)	-	56	**2,279**
- Owned plant, machinery and equipment	5,948	952	(1,541)	(14)	(40)	(14)	(59)	(58)	423	**5,597**
- Plant, machinery and equipment leased under finance leases	25	-	(5)	-	-	(2)	(1)	(14)	4	**7**
Total Plant, machinery and equipment	5,973	952	(1,546)	(14)	(40)	(16)	(60)	(72)	427	**5,604**
Assets sold with a buy-back commitment	1,176	523	(152)	(36)	(360)	-	3	-	3	**1,157**
- Owned other tangible assets	424	194	(140)	-	(99)	(11)	(5)	(10)	47	**400**
- Other tangible assets leased under finance leases	8	2	(1)	-	(1)	-	-	-	(4)	**4**
Total Other tangible assets	432	196	(141)	-	(100)	(11)	(5)	(10)	43	**404**
Advances and tangible assets in progress	606	642	-	-	(17)	(2)	(13)	(34)	(533)	**649**
Total net carrying amount of Property, plant and equipment	**11,006**	**2,434**	**(1,980)**	**(51)**	**(527)**	**(74)**	**(95)**	**(173)**	**-**	**10,540**

Additions of 2,927 million euros in 2007 mainly relate to the Automotive Sectors (Fiat Group Automobiles, Iveco, and CNH – Case New Holland) and to the FPT Powertrain Technologies and Magneti Marelli Sector and do not include capitalised borrowing costs.

During 2007 the Group recognised impairment losses on Assets sold with a buy-back commitment from Trucks and Commercial Vehicles for an amount of 8 million euros (36 million euros in 2006) in order to align their carrying amount to market value. These losses are recognised in Cost of sales. In addition, in 2007 the Group reviewed the recoverable amount of certain plant, machinery and equipment in order to determine whether there was any reduction in value arising from technical obsolescence. This assessment led to the recognition of an impairment loss of 20 million euros (15 million euros in 2006), all of which was recorded in Trading profit.

The column Other changes includes: a reclassification of 57 million euros of expenditure on software previously erroneously reported as Property, plant and equipment and the reversal of impairment losses of 3 million euros in 2007 (5 million euros in 2006). This column also includes the reclassification of the prior year balances for Advances and tangible assets in progress to the appropriate categories when the assets were effectively acquired and put into operation.

The column Change in the scope of consolidation shows an overall net increase of 167 million euros, which mainly reflects the line-by-line consolidation of the I.T.C.A. group (109 million euros) and of Teksid Aluminum S.r.l. (55 million euros).

The column Reclassification to assets held for sale consists of the tangible assets of certain businesses of the Comau Sector. In 2006 this column consisted of the book value of the assets of Meridian Technologies Inc., Ingest Facility S.p.A. and Fiat Automobiles in India and that of certain properties of the Iveco Sector.

Exchange gains of 68 million euros principally reflect changes in the Zloty/Euro and Real/Euro exchange rate. In 2006 exchange losses of 95 million euros principally reflected changes in the Euro/U.S. dollar exchange rate.

At December 31, 2007, land and industrial buildings of the Group pledged as security for debt amounted to 113 million euros (112 million euros at December 31, 2006); plant and machinery pledged as security for debt and other commitments amounted to 199 million euros (65 million euros at December 31, 2006) and other assets pledged as security for debt and other commitments totalled 3 million euros (4 million euros at December 31, 2006); these relate to suppliers' assets recognised in the consolidated financial statements in accordance with IFRIC 4, with the simultaneous recognition of a financial lease payable.

At December 31, 2007, the Group had contractual commitments for the acquisition of property, plant and equipment amounting to 500 million euros (493 million euros at December 31, 2006).

15. Investment property

The Group holds interests in certain property to earn rental income and this property are carried at cost. The net carrying amount of Investment property at December 31, 2007 is 10 million euros (19 million euros at December 31, 2006).

Rental income from investment property in 2007 amounted to 2 million euros (2 million euros in 2006).

16. Investments and other financial assets

(in millions of euros)		At December 31, 2007		At December 31, 2006
Investments accounted for using the equity method	**1,930**		1,719	
Investments at fair value with changes directly in equity	**34**		288	
Investments at cost	**68**		71	
Total Investments		**2,032**		2,078
Non-current financial receivables		**78**		97
Other securities		**104**		105
Total Investments and other financial assets		**2,214**		**2,280**

Investments

The changes in Investments in 2007 and in 2006 are set out below:

(in millions of euros)	At December 31, 2006	Revaluations/ (Write-downs)	Acquisitions, Capitalisations	Change in the scope of consolidation	Translation differences	Disposals and other changes	At December 31, 2007
Investments in unconsolidated subsidiaries	47	(2)	38	(4)	(2)	(7)	**70**
Investments in jointly controlled entities	1,213	163	46	55	4	(70)	**1,411**
Investments in associates	503	39	1	(5)	(7)	(34)	**497**
Investments in other companies	315	-	-	2	-	(263)	**54**
Total Investments	**2,078**	**200**	**85**	**48**	**(5)**	**(374)**	**2,032**

(in millions of euros)	At December 31, 2005	Revaluations/ (Write-downs)	Acquisitions, Capitalisations	Change in the scope of consolidation	Translation differences	Disposals and other changes	At December 31, 2006
Investments in unconsolidated subsidiaries	46	(2)	10	-	(3)	(4)	47
Investments in jointly controlled entities	705	45	113	-	(74)	424	1,213
Investments in associates	1,058	82	-	2	(23)	(616)	503
Investments in other companies	281	-	6	-	-	28	315
Total Investments	**2,090**	**125**	**129**	**2**	**(100)**	**(168)**	**2,078**

Revaluations and Write-downs consist of adjustments to the carrying value of investments accounted for using the equity method for the Group's share of the result for the year of the investee company for an amount of 210 million euros in 2007 (125 million euros in 2006). Write-downs also include, in 2007 and in 2006, any loss in value in investments accounted for under the cost method.

The total of 48 million euros (2 million euros in 2006) shown in the column Change in the scope of consolidation mainly includes an increase of 55 million euros arising from the establishment of the equal share joint venture with Tata Motors, Fiat India Automobiles Private Limited.

Acquisitions and capitalisations amounting to 85 million euros consist mainly of 39 million euros for the capital increase made by the jointly controlled Chinese entity SAIC Iveco Commercial Vehicle Investment Company Limited, 23 million euros for capital increases in certain minor subsidiaries and 4 million euros due to the establishment of new subsidiaries. In 2006 this item included a capital payment of 90 million euros made to FAFS on the formation of the joint venture.

Disposals and other changes of 374 million euros in 2007 consist of the following: a decrease of 222 million euros as a consequence of the disposal of the investment in Mediobanca S.p.A.; a decrease of 81 million euros as the result of the distribution of dividends by companies accounted for using the equity method (69 million euros in 2006); a negative fair value adjustment of 46 million euros arising on the investment in Mediobanca S.p.A. until its disposal (a positive fair value adjustment of 28 million euros in 2006); a positive fair value adjustment of 14 million euros arising from other investments classified as available-for-sale and other minor decreases of 39 million euros.

In 2006, the establishment of FAFS resulted in a decrease of 431 million euros of Investments in associates as a consequence of the purchase of the 51% interest in Fidis Retail Italia held by Synesis Finanziaria S.p.A. for 479 million euros. Additionally, the simultaneous sale to Sofinco of 50% of its capital in FAFS gave rise to an increase amounting to 528 million euros of Investments in jointly controlled entities. Such changes are included in the column Disposals and other changes. Also included in the column Disposals and other changes are disposal of associated companies 91 million euros and other minor decreases of 36 million euros.

The item Investments in jointly controlled entities comprises the following:

	At December 31, 2007		At December 31, 2006	
	% of interest	(in millions of euros)	% of interest	(in millions of euros)
Fiat Group Automobiles Financial Services S.p.A.	**50.0**	**576**	50.0	528
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	**37.9**	**255**	37.9	206
Naveco Ltd.	**50.0**	**106**	50.0	117
Società Europea Veicoli Leggeri-Sevel S.p.A.	**50.0**	**96**	50.0	93
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	**50.0**	**79**	50.0	61
Fiat India Automobiles Private Limited	**51.0**	**55**	-	-
Turk Traktor Ve Ziraat Makineleri A.S.	**37.5**	**46**	37.5	23
SAIC Iveco Commercial Vehicle Investment Company Limited	**50.0**	**40**	50.0	3
Consolidated Diesel Company	**50.0**	**30**	50.0	47
New Holland HFT Japan Inc.	**50.0**	**27**	50.0	27
LBX Company LLC	**50.0**	**24**	50.0	27
New Holland Trakmak Traktor A.S.	**37.5**	**20**	37.5	14
Transolver Finance Establecimiento Financiero de Credito S.A.	**50.0**	**19**	50.0	17
CNH de Mexico SA de CV	**50.0**	**19**	50.0	13
Other minor		**19**		37
Total Investments in jointly controlled entities		**1,411**		**1,213**

The item Investments in associates comprises the following:

	At December 31, 2007		At December 31, 2006	
	% of interest	(in millions of euros)	% of interest	(in millions of euros)
Iveco Finance Holdings Limited	**49.0**	**145**	49.0	141
Rizzoli Corriere della Sera MediaGroup S.p.A.	**10.1**	**125**	10.1	107
Kobelco Construction Machinery Co. Ltd.	**20.0**	**91**	20.0	97
CNH Capital Europe S.a.S.	**49.9**	**67**	49.9	71
Al-Ghazi Tractors Ltd.	**43.2**	**18**	43.2	14
Other minor		**51**		73
Total Investments in associates		**497**		**503**

Rizzoli Corriere della Sera MediaGroup S.p.A. is a listed company in which Fiat is one of the major shareholders, has a representative on the Board of Directors and is a party to a stockholders' agreement. As a result the company is classified as an associate. In order to account for this investment using the equity method, reference was made to its most recent published financial statements being those for the third quarter of 2007, as those to be issued for financial year 2007 will be published subsequent to the publication of the consolidated financial statements of the Group.

At December 31, 2007, the fair value of Investments in listed jointly controlled entities and listed associates, determined on the basis of quoted market prices, is as follows:

(in millions of euros)	Carrying value	Fair Value
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	255	678
Rizzoli Corriere della Sera MediaGroup S.p.A.	125	292
Turk Traktor Ve Ziraat Makineleri A.S.	46	156
Al-Ghazi Tractors Ltd.	18	56
Total Investments in listed jointly controlled entities and associates	**444**	**1,182**

At December 31, 2007, the item Investments whose carrying amount is measured at fair value with changes recognised directly in equity, includes the investment in Assicurazioni Generali S.p.A. of 6 million euros (6 million euros at December 31 ,2006), acquired in 2006 as a result of the winding up of Consortium S.r.l. and the consequent transfer to its quota holders of the shares that the company held in Mediobanca S.p.A. and Assicurazioni Generali S.p.A. on the basis of their investments; the item includes also the investment of 28 million euros in Fin. Priv. S.r.l. (14 million euros in 2006).

At December 31, 2007, non-current financial receivables of 51 million euros were pledged as security for loans obtained.

17. Leased assets

The Group leases out assets, mainly its own products, as part of its financial services business. This item changed as follows in 2007 and 2006:

(in millions of euros)	At December 31, 2006	Additions	Depreciation	Change in the scope of consolidation	Translation differences	Disposals and other changes	At December 31, 2007
Gross carrying amount	347	302	-	-	(27)	(102)	**520**
Less: Depreciation and impairment	(100)	-	(71)	-	5	42	**(124)**
Net carrying amount of Leased assets	**247**	**302**	**(71)**	**-**	**(22)**	**(60)**	**396**

(in millions of euros)	At December 31, 2005	Additions	Depreciation	Change in the scope of consolidation	Translation differences	Disposals and other changes	At December 31, 2006
Gross carrying amount	1,898	926	-	(1,779)	(24)	(674)	**347**
Less: Depreciation and impairment	(644)	-	(318)	517	6	339	**(100)**
Net carrying amount of Leased assets	**1,254**	**926**	**(318)**	**(1,262)**	**(18)**	**(335)**	**247**

The net reduction of 1,262 million euros included in the column Change in the scope of consolidation reflects the deconsolidation of subsidiaries whose activities were transferred to the FAFS joint venture which had made investments of 750 million euros during the year.

At December 31, 2007 minimum lease payments from non-cancellable operating leases amount to 231 million euros (192 million euros at December 31, 2006) and fall due as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Within one year	**93**	81
Between one and five years	**138**	107
Beyond five years	**-**	4
Total Minimum lease payments	**231**	**192**

18. Inventories

(in millions of euros)	At December 31, 2007	At December 31, 2006
Raw materials, supplies and finished goods	**9,489**	8,240
Gross amount due from customers for contract works	**501**	308
Total Inventories	**9,990**	**8,548**

At December 31, 2007, Inventories include assets sold with a buy-back commitment by Fiat Group Automobiles for 1,032 million euros (894 million euros at December 31, 2006). Net of this amount, inventories show an increase of

1,304 million euros in 2007, due primarily to an increase in the level of activities in all the main industrial Sectors of the Group.

At December 31, 2007, Inventories include inventories measured at their net realisable value (estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale) amounting to 2,267 million euros (1,677 million euros at December 31, 2006).

The amount of inventory write-downs recognised as an expense during 2007 is 428 million euros (386 million euros in 2006). Amounts recognised as income from the reversal of write-downs on items sold during the year were not significant.

There were no inventories pledged as security at December 31, 2007 and 2006.

The majority of amount due from customers for contract work relates to the Production Systems Sector and can be analysed as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	**1,817**	2,493
Less: Progress billings	**(1,699)**	(2,286)
Construction contracts, net of advances on contract work	**118**	**207**
Gross amount due from customers for contract work as an asset	**501**	308
Less: Gross amount due to customers for contract work as a liability included in Other payables (Note 30)	**(383)**	(101)
Construction contracts, net of advances on contract work	**118**	**207**

At December 31, 2007 and 2006, the amount of retentions by customers on contract work in progress was not significant.

19. Current receivables

The composition of the caption and the analysis by due date is as follows:

	At December 31, 2007				At December 31, 2006			
(in millions of euros)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Trade receivables	**4,323**	**51**	**10**	**4,384**	4,843	70	31	4,944
Receivables from financing activities	**6,542**	**5,565**	**161**	**12,268**	7,065	4,469	209	11,743
Other receivables	**2,470**	**505**	**228**	**3,203**	2,303	397	139	2,839
Total Current receivables	**13,335**	**6,121**	**399**	**19,855**	**14,211**	**4,936**	**379**	**19,526**

At December 31, 2007, Current receivables include receivables sold and financed through both securitisation and factoring transactions of 6,290 millions of euros (7,717 millions of euros at December 31, 2006) which do not meet IAS 39 derecognition requirements. These receivables are recognised as such in the Group financial statements even though they have been legally sold; a corresponding financial liability is recorded in the consolidated balance sheet as Asset-backed financing (see Note 28).

Trade receivables

Trade receivables are shown net of allowances for doubtful accounts of 469 million euros at December 31, 2007 (514 million euros at December 31, 2006), determined on the basis of historical losses on receivables. Changes in the allowance accounts during the year are as follows:

(in millions of euros)	At December 31, 2006	Provision	Use and other changes	Change in the scope of consolidation	At December 31, 2007
Allowances for doubtful accounts	514	89	(145)	11	**469**

The carrying amount of Trade receivables is considered in line with their fair value at the date.

At December 31, 2007, trade receivables of 45 million euros were pledged as security for loans obtained (42 million euros at December 31, 2006).

Receivables from financing activities

Receivables from financing activities include the following:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Retail financing	**6,601**	6,482
Finance leases	**690**	580
Dealer financing	**4,477**	4,084
Supplier financing	**104**	234
Current financial receivables from jointly controlled financial services entities	**81**	143
Financial receivables from companies under joint control, associates and unconsolidated subsidiaries	**152**	22
Other	**163**	198
Total Receivables from financing activities	**12,268**	**11,743**

The increase of 525 million euros in Receivables from financing activities is principally due to an increase of an overall amount of 512 million euros in the retail financing and dealer financing receivables arising in the financial services subsidiaries that continue to be consolidated (in particular attributable to the increase in the financing given by CNH - Case New Holland financial services companies), net of a decrease of 469 million euros arising from exchange rate differences (mainly connected with US dollars).

Receivables from jointly controlled financial services entities include financial receivables due to Fiat entities by the FAFS group.

Receivables from financing activities are shown net of an allowance for doubtful accounts determined on the basis of specific insolvency risks. At December 31, 2007 the allowance amounts to 339 million euros (331 million euros at December 31, 2006). Changes in the allowance accounts during the year are as follows:

(in millions of euros)	At December 31, 2006	Provision	Use and other changes	At December 31, 2007
Allowance for receivables regarding:				
- Retail financing	134	40	(38)	**136**
- Finance leases	78	19	(6)	**91**
- Dealer financing	54	6	(8)	**52**
- Supplier financing	11	-	(2)	**9**
- Financial receivables from companies under joint control, associates and unconsolidated subsidiaries	-	-	-	**-**
- Other	54	-	(3)	**51**
Total allowance on Receivables from financing activities	**331**	**65**	**(57)**	**339**

Finance lease receivables mainly relate to vehicles of Trucks and Commercial Vehicles and Agricultural and Construction equipment Sectors leased out under finance lease arrangements. The interest rate implicit in the lease is determined at the commencement of the lease for the whole lease term. The average interest rate implicit in total finance lease receivables vary depending on prevailing market interest rates.

The item may be analysed as follows stated gross of an allowance of 91 million euros at December 31, 2007 (78 million euros at December 31, 2006):

(in millions of euros)	At December 31, 2007				At December 31, 2006			
	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Receivables for future minimum lease payments	**356**	**509**	**21**	**886**	328	403	21	752
Less: unrealised interest income	**(46)**	**(57)**	**(2)**	**(105)**	(42)	(50)	(2)	(94)
Present value of future minimum lease payments	**310**	**452**	**19**	**781**	**286**	**353**	**19**	**658**

There are no contingent rents as finance lease recognised income during 2007 or 2006 and unguaranteed residual values at December 31, 2007 and 2006 are not significant.

Receivables for dealer financing are typically generated by sales of vehicles and are generally managed under dealer network financing programs as a component of the portfolio of the financial services companies. These receivables are interest bearing, with the exception of an initial limited, non-interest bearing period. The contractual terms governing the relationships with the dealer networks vary from Sector to Sector and from country to country, although these receivables are collected in approximately two to six months on average.

The fair value of receivables from financing activities at December 31, 2007 amounts approximately to 12,285 million euros (11,282 million euros at December 31, 2006) and has been calculated using a discounted cash flow method based on the following discount rates, adjusted, where necessary, to take account of the specific risk of insolvency of the underlying financial instrument.

In %	EUR	USD	GBP	CAD	AUD	BRL	PLN
Interest rate for six months	4.71	4.60	5.94	4.63	7.40	11.46	5.99
Interest rate for one year	4.74	4.22	5.74	4.40	7.71	12.07	6.21
Interest rate for five years	4.56	4.20	5.07	4.45	7.55	12.98	5.99

Other receivables

At December 31, 2007, Other receivables mainly consist of Current tax receivables of 1,153 million euros (808 million euros at December 31, 2006), Other tax receivables for VAT and other indirect taxes of 1,076 million euros (971 million euros at December 31, 2006) and Receivables from employees of 41 million euros (62 million euros at December 31, 2006).

At the balance sheet date the carrying amount of Other receivables is considered to be in line with their fair value.

20. Accrued income and prepaid expenses

The item Accrued income and prepaid expenses consists mainly of prepaid insurance premiums and rent.

21. Current securities

Current securities consist of short-term or marketable securities which represent temporary investments, but which do not satisfy all the requirements for being classified as cash equivalents. In particular:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Current securities available-for-sale	**156**	90
Current securities for trading	**135**	134
Total Current securities	**291**	**224**

22. Other financial assets and Other financial liabilities

These items include the measurement at fair value of derivative financial instruments at the balance sheet date.

In particular:

(in millions of euros)	At December 31, 2007 Positive fair value	Negative fair value	At December 31, 2006 Positive fair value	Negative fair value
Fair value hedges:				
- Currency risk - Forward contracts and Currency swaps	-	-	1	(1)
- Interest rate risk - Interest rate swaps and Forward rate agreement	110	(6)	129	(11)
- Interest rate and currency risk - Combined interest rate and currency swaps	59	-	-	-
- Other derivatives	-	-	-	(5)
Total Fair value hedges	169	(6)	130	(17)
Cash flow hedge:				
- Currency risks - Forward contracts, Currency swaps and Currency options	278	(65)	129	(61)
- Interest rate risk - Interest rate swaps and Forward rate agreement	31	(62)	15	(8)
- Interest rate and currency risk - Combined interest rate and currency swaps	31	-		
- Other derivatives	-	(2)		
Total Cash flow hedges	340	(129)	144	(69)
Derivatives for trading	194	(53)	108	(19)
Other financial assets/(liabilities)	703	(188)	382	(105)

The fair value of derivative financial instruments is determined by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment. In particular:

- the fair value of forward contracts and currency swaps is determined by taking the prevailing exchange rate and interest rates in the two currencies at the balance sheet date;
- the fair value of currency options is determined using valuation techniques based on the Black-Scholes model or binomial models and market parameters at the balance sheet date (in particular exchange rates, interest rates and volatility rates);
- the fair value of interest rate swaps and forward rate agreements is determined by using the discounted cash flow method;
- the fair value of derivative financial instruments acquired to hedge interest rate risk and currency risk is determined using the exchange rates prevailing at the balance sheet date and the discounted cash flow method;
- the fair value of equity swaps is determined using market prices at the balance sheet date;
- the fair value of the equity option is determined using the Black-Scholes or binomial models, with market parameters (in particular the price of the underlying, interest rates, expected future dividends and volatility) being measured at the balance sheet date;
- the fair value of derivatives hedging commodity price risk is determined by using the discounted cash flow method, taking the market parameters at the balance sheet date (and in particular the future price of the underlying and interest rates).

The overall increase in Other financial assets from 382 million euros at December 31, 2006 to 703 million euros at December 31, 2007, and the increase in Other financial liabilities from 105 million euros at December 31, 2006 to

188 million euros at December 31, 2007 is mostly due to changes in exchange rates and interest rates during the year, and to a higher positive fair value (67 million euros) arising from the equity swaps on Fiat S.p.A. ordinary shares.

As this item consists principally of hedging instruments, the change in their value is compensated by the change in the value of the hedged item.

Derivates for trading consist principally of the following types:

- Derivatives (mostly currency based derivatives) acquired to hedge receivables and payables subject to currency risk and/or interest rate risk which are not formally designated as hedges at Group level.
- Derivatives relating to Fiat shares (Equity Swap) which are described further below.
- Embedded derivatives in certain bond issues in which the yield is determined as a function of trends in various stock indices and the inflation rate and related hedging derivatives, which convert the exposure to floating rate. The total value of the embedded derivatives is offset by the value of the hedging derivatives.

At December 31, 2007, the notional amount of outstanding derivative financial instruments is as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Currency risk management	**9,074**	7,702
Interest rate risk management	**10,634**	8,249
Interest rate and currency risk management	**913**	-
Other derivative financial instruments	**538**	2,154
Total notional amount	**21,159**	**18,105**

At December 31, 2007, the notional amount of Other derivative instruments consists of, amongst the others:

- For 220 million euros (220 million euros at December 31, 2006) the notional amount of the two equity swaps, renewed in 2007 and expiring in 2008, stipulated to hedge the risk of an increase in the Fiat share price above the exercise price of stock options granted in 2004 and 2006 to the Chief Executive Officer (see Note 25). At December 31, 2007, the Equity Swaps have a total positive fair value of 146 million euros (a positive value of 79 million euros at December 31, 2006). Although these equity swaps were entered into for hedging purposes, they do not qualify for hedge accounting under IFRS and accordingly are defined as trading derivative financial instruments.
- For 271 million euros (385 million euros at December 31, 2006), the notional amount of derivatives embedded in certain bonds with a return linked to stock market indices or inflation rates, as well as the notional amount of the related hedging derivatives, which convert this exposure to floating market rate.
- For 47 million euros, the notional amount of derivatives linked to commodity prices hedging specific exposures arising from supply agreements. Under these agreements there is a regular updating of the prices on the basis of trends in the quoted prices of the raw material.

At December 31, 2006, the item Other derivative instruments included for 1,282 million euros the notional amount of call options on General Motors common stock purchased in 2004 in order to hedge the risk implicit in the Convertible Bond still outstanding at that time (the residual debt of the Exchangeable bond linked to GM ordinary shares). These options expired unexercised in January 2007, at the same time as the total extinguishment of the Exchangeable loan.

Cash flow hedges

The economic effects mainly refer to the management of the currency risk and, to a lesser extent, to the hedges relating to the debt of the Group's financial companies.

The policy of the Group for managing currency risk normally requires that future cash flows from trading activities which will occur for accounting purposes within the following twelve months, and from orders acquired (or contracts in progress), whatever their due dates, to be hedged. As a result, it is considered reasonable to suppose that the hedging effect arising from this and recorded in the cash flow hedge reserve will be recognised in income, almost entirely during the following year.

With reference to the interest rate and currency derivatives entered by the North American treasury for the purpose of hedging the bond issue expiring in 2017, and treated as cash flow hedges, the amount recorded in the cash flow hedge reserve will be recognised in income accordingly to the timing of the flows of the underlying bond.

Where a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction and could affect income statement, the effective portion of any gain or loss on the derivative financial instrument is recognised directly in equity. The cumulative gain or loss is removed from equity and recognised in the profit and loss account at the same time as the economic effect arising from the hedged item affects income. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognised in the income statement immediately. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realised to the point of termination remains in stockholders' equity and is recognised at the same time as the related transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss held in stockholders' equity is recognised in the income statement immediately.

In 2007 the Group transferred to income gains of 187 million euros (gains of 6 million euros in 2006) net of tax effect previously recognised directly in equity presented in the following line items:

(in millions of euros)	2007	2006
Currency risk		
- Increase in Net revenues	**144**	21
- Decrease/(Increase) in Cost of sales	**35**	(33)
- Financial income (expenses)	**33**	-
- Result from investments	**(4)**	6
Interest rate risk		
- Result from investments	**14**	-
- Financial income (expenses)	**-**	1
Taxes income (expenses)	**(35)**	11
Total recognised in the income statement	**187**	**6**

The ineffectiveness of cash flow hedges was not material for the years 2007 and 2006.

The overall economic effect in 2007 relating to hedges which subsequently turned out to be in excess compared to the future flows being hedged (over hedges) was not significant.

Fair value hedge

The gains and losses arising from the valuation of interest rate and currency derivatives (mostly for managing currency risk) and interest rate derivatives (mostly for managing the interest rate risk) recognised in accordance with fair value hedge accounting and the gains and losses arising from the respective hedged items are set out in the following table:

(in millions of euros)	2007	2006
Currency risk		
- Net gains (losses) on qualifying hedges	**61**	-
- Fair value changes in hedged items	**(61)**	-
Interest rate risk		
- Net gains (losses) on qualifying hedges	**(21)**	(107)
- Fair value changes in hedged items	**21**	106
Net gains (losses)	**-**	**(1)**

The ineffectiveness arising from transactions treated as fair value hedges in 2007 and 2006 was not significant.

23. Cash and cash equivalents

Cash and cash equivalents include:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Cash at banks	**5,429**	6,104
Cash with a pre-determined use	**530**	627
Money market securities	**680**	1,005
Total Cash and cash equivalents	**6,639**	**7,736**

Amounts shown are readily convertible into cash and are subject to an insignificant risk of changes in value. The carrying amount of cash and cash equivalent is to be considered in line with their fair value at the balance sheet date.

Cash with a pre-determined use consists principally of cash whose use is restricted to the repayment of the debt related to securitisations classified in the item Asset-backed financing.

The credit risk associated with Cash and cash equivalents is limited, as contracts are entered into with primary national and international financial institutions.

24. Assets and Liabilities held for sale

At December 31, 2007, Assets and liabilities held for sale mainly include for 35 million euros (36 million euros at December 31, 2006) certain properties and buildings held by Fiat Group Automobiles, CNH – Case New Holland and Trucks and Commercial Vehicles, the carrying value of the assets and liabilities of certain business of Comau Sector and the investment in Teksid Aluminum Getti Speciali S.r.l., a subsidiary of Teksid Aluminum S.r.l.

At December 31, 2006, the items Assets and Liabilities held for sale of respectively 332 million euros and 309 million euros included the carrying amount of the assets and the liabilities of the subsidiaries Meridian Technologies Inc. and Ingest Facility S.p.A. The items also included the assets and liabilities at carrying amount of the Indian business of Fiat Group Automobiles that were subsequently to be transferred to the joint venture with Tata Motors at that time being set up.

The items included in Assets held for sale and Liabilities held for sale may be summarized as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Intangible assets	**-**	8
Property, plant and equipment	**60**	173
Investments and other financial assets	**4**	
Leased assets	**-**	7
Deferred tax assets	**-**	6
Inventories	**6**	37
Trade receivables	**7**	80
Receivables from financing activities	**-**	6
Other receivables, Accrued income and prepaid expenses	**4**	10
Cash and cash equivalents	**2**	5
Total Assets	**83**	**332**
Employee benefits	**6**	13
Other provisions	**9**	43
Other debt	**-**	33
Trade payables	**7**	172
Deferred tax liabilities	**-**	4
Other payables, Accrued expenses and deferred income	**13**	44
Total Liabilities	**35**	**309**

25. Stockholders' equity

Stockholders' equity at December 31, 2007 increased by 1,243 million euros over that at December 31, 2006 due to net income for the period (2,054 million euros), the distribution of dividends of 310 million euros, foreign exchange losses from the translation into euros of the financial statements of subsidiaries denominated in other currencies of 96 million euros, a decrease of 56 million euros arising from the sale of Meridian Technologies Inc. and treasury stock buy-backs (net of sales for the exercising of stock option) for 395 millions of euros.

Capital stock

At December 31, 2007, the fully paid capital stock of Fiat S.p.A. is as follows:

(number of shares)	At December 31, 2007	At December 31, 2006
Ordinary shares	**1,092,247,485**	1,092,246,316
Preference shares	**103,292,310**	103,292,310
Saving shares	**79,912,800**	79,912,800
Total shares issued	**1,275,452,595**	**1,275,451,426**

Issued shares have a nominal value of 5 euros, with each category having rights as follows.

Each share conveys the right to a proportionate share of the earnings available for distribution and of the residual net assets upon liquidation, without harming the rights of preference and savings shares, as described in the following paragraph.

Each ordinary share conveys the right to vote without any restrictions whatsoever. Each preference share conveys the right to vote only on issues that are within the purview of the Extraordinary Stockholders' Meeting and on resolutions concerning Regulations for Stockholders' Meetings. Savings shares are not entitled to vote.

The net income for the year resulting from the annual financial statements of Fiat S.p.A. is allocated as follows:

- to the Legal Reserve, 5% of net income until this reserve reaches one fifth of the capital stock;
- to savings shares, a dividend of up to 0.31 euros per share;
- to the Legal Reserve (additional allocation), to the Extraordinary Reserve and/or to retained earnings, such allocations as shall be decided by the Annual General Meeting of Stockholders;
- to preference shares, a dividend of up to 0.31 euros per share;
- to ordinary shares, a dividend of up to 0.155 euros per share;
- to savings shares and ordinary shares, in equal proportions, an additional dividend of up to 0.155 euros per share;
- to each ordinary, preference and savings share, in equal proportions, the balance of the net income which the Stockholders' Meeting resolves to distribute.

When the dividend paid to savings shares in any year amounts to less than 0.31 euros, the difference is added to the preferred dividend to which they are entitled in the following two years.

If the savings shares are delisted, they are transformed into registered shares if originally bearer shares, and have the right to a higher dividend increased by 0.175 euros, rather than 0.155 euros, with respect to the dividend received by the ordinary and preference shares.

If the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares is increased by 0.2 euros per share.

In the event of liquidation, the Company's assets shall be distributed in order of priority to saving shares up to their par value, to the preference shares up to their par value, to the ordinary shares up to their par value; the balance, if any, to shares of all three classes in equal proportion.

The reconciliation of the number of shares outstanding at December 31, 2005 and at December 31, 2007 is as follows:

(number of shares in thousand)	At December 31, 2005	Capital increase	(Purchases)/ Sales of treasury stock	At December 31, 2006	Capital increase	(Purchases)/ Sales of treasury stock	At December 31, 2007
Ordinary shares issued	1,092,246	-	-	1,092,246	1	-	**1,092,247**
Less: Treasury stock	(4,332)	-	559	(3,773)	-	(18,078)	**(21,851)**
Ordinary shares outstanding	1,087,914	-	559	1,088,473	1	(18,078)	**1,070,396**
Preference shares issued	103,292	-	-	103,292	-	-	103,292
Less: Treasury stock	-	-	-	-	-	-	-
Preference shares outstanding	103,292	-	-	103,292	-	-	103,292
Saving shares issued	79,913	-	-	79,913	-	-	79,913
Less: Treasury stock	-	-	-	-	-	-	-
Saving shares outstanding	79,913	-	-	79,913	-	-	79,913
Total Shares issued by Fiat S.p.A.	1,275,451	-	-	1,275,451	1	-	**1,275,452**
Less: Treasury stock	(4,332)	-	559	(3,773)	-	(18,078)	**(21,851)**
Total Fiat S.p.A. outstanding shares	1,271,119	-	559	1,271,678	1	(18,078)	**1,253,601**

In respect of changes in 2007 regarding issued ordinary shares, on January 29, 2007, the 2007 Fiat Ordinary Share Warrants issued in 2002 were removed from trading by the Italian Stock Exchange in accordance with their natural due date. The owners of the 65,509,168 outstanding warrants at that date were given the option to subscribe in January 2007 to Fiat S.p.A. ordinary shares in the ratio of one Fiat ordinary share at a price of 29.364 euros for every four warrants held. To date 4,676 warrants have been exercised with the issue of 1,169 shares. As a consequence, on February 1, 2007 the capital stock of Fiat S.p.A. increased from 6,377,257,130 euros to 6,377,262,975 euros and additional paid-in capital increased by 28,481.52 euros.

Treasury stock sales and buybacks are discussed in the paragraph “Treasury stock”.

Italian laws and regulations regarding the capital stock and reserves of a joint stock corporation establish the following:

- the minimum capital stock is 120,000 euros;
- any change in the amount of capital stock must be approved by Stockholders in General Meeting who may delegate powers to the Board of Directors, having validity for a maximum period of five years, to increase capital stock up to a predetermined amount; the General Meeting of Stockholders is also required to adopt suitable measures when capital stock decreases by more than one third as the result of ascertained losses and to reduce capital stock if by the end of the following year if such losses have not fallen by more than one third. If as the consequence of a loss of more than one third of capital this then drops below the legal minimum, Stockholders in General Meeting are required to approve a decrease and simultaneous increase of capital to an amount not less than this minimum or must change a company’s legal form;
- as discussed previously the share in profits due to each class of share is determined by a company’s bylaws;
- an additional paid-in capital reserve is established if a company issues shares at a price exceeding their nominal value. This reserve may not be distributed until the legal reserve has reached one fifth of capital stock.
- a company may not purchase treasury stock for an amount exceeding the distributable profits and available reserves stated in its most recently approved financial statements. Any purchase must be approved by Stockholders in General Meeting and in no case may the nominal value of the shares acquired exceed one tenth of capital stock.

The following matters are also relevant to the capital stock of Fiat S.p.A.:

- pursuant to the resolution approved by the Extraordinary Stockholders’ Meeting on September 12, 2002, the Board of Directors had the right to increase the capital one or more times by September 11, 2007, up to a maximum of 8 billion euros;

- in a meeting held on November 3, 2006, the Board of Directors of Fiat S.p.A. exercised its delegated powers pursuant to article 2443 of the Italian Civil Code to increase capital stock reserved for employees of the company and/or its subsidiaries up to a maximum of 1% of that stock, being 50,000,000 euros, by taking a decision to issue a maximum of 10,000,000 ordinary shares each of nominal value 5 euros, corresponding to 0.78% of capital stock and 0.92% of ordinary capital stock, at a price of 13.37 euros each, to service the new employee stock option plan described in the following paragraph. The execution of this increase in capital is dependant on the conditions of the plan being satisfied.

It is recalled that the Group has a dividend policy by which it intends to distribute a total dividend to its stockholders of 25% of consolidated profits until 2010. On the basis of the Group's 2007 consolidated results and in line with the above policy, the Board of Directors proposed to the shareholders at the Annual Stockholders Meeting an aggregate dividend payout of €522 million (€509 million excluding the treasury shares owned by the Group up to the date of the publication of these consolidated financial statements). The dividend distribution will be proposed as follows:

- 0.40 euros per ordinary and preference share;
- 0.555 euros per savings share.

The objectives identified by the Group for managing capital are to create value for stockholders as a whole, to safeguard business continuity and support the growth of the Group. As a result the Group endeavours to maintain an adequate level of capital that at the same time enables it to obtain a satisfactory economic return for its stockholders and guarantee economic access to external sources of funds, including in this by means of achieving an adequate rating.

The Group constantly monitors the evolution of the ratio between debt and equity and in particular the level of net debt and the generation of cash from its industrial activities.

In order to reach these objectives the Group aims at a continuous improvement in the profitability of the business in which it operates. Further, it may sell part of its assets to reduce the level of its debt, while the Board of Directors may make proposals to Stockholders in General Meeting to reduce or increase capital stock or, where the law permits, to distribute reserves. In this context, the Group also makes purchases of treasury stock, without exceeding the limits authorized by Stockholders in General Meeting, under the same logic of creating value, compatible with the objectives of achieving financial equilibrium and an improvement in its rating.

In this respect capital means both the value brought into a company by its stockholders for employment in the management of the Group (capital stock plus the additional paid-in capital reserve less treasury stock, equal to 7,499 million euros), and the value generated by the Group in terms of the results achieved in operations (retained earnings and other reserves, equal in total, before the allocation of the net profits for the year, to 2,726 million euros, excluding gains and losses recognised directly in equity and minority interest).

Stock-based compensation

At December 31, 2007 and at December 31, 2006, the following stock-based compensation plans relating to managers of Group companies or members of the Board of Directors of Fiat S.p.A. were in place.

Stock Option plans linked to Fiat S.p.A. ordinary shares

The Board of Directors of Fiat S.p.A. approved certain stock option plans between March 1999 and September 2002 which provide managers of the Group with the title of *Direttore,* high management potential included in "management development programmes" and executive Directors of Fiat S.p.A. with the right to purchase a determined number of Fiat S.p.A. ordinary shares at a fixed price (strike price). These rights may be exercised over a fixed period of time from the vesting date to the expiry date of the plan. These stock option plans do not depend on any specific market conditions.

These options may generally be exercised once a three year period has passed from the grant date and for the following six years, consistent with tax law on the subject; nonetheless, the full amount granted as options is not exercisable until the end of the fourth year.

The contractual terms of these plans are as follows:

Plan	Recipient	Grant date	Expiry date	Strike price (euros)	Number of options granted	Vesting date	Vesting portion
Stock Options 1999 (expired)	Managers	March 30, 1999	March 31, 2007	26.120	1,248,000	April 1, 2001 April 1, 2002	50% 50%
Stock Options 2000	Managers	February 18, 2000	February 18, 2008	28.122	5,158,000	February 18, 2001 February 18, 2002 February 18, 2003 February 18, 2004	25% 25% 25% 25%
Stock Options July 2000	Chairman of Fiat S.p.A.	July 25, 2000	July 25, 2008	25.459	250,000	July 25, 2001 May 14, 2002	50% 50%
Stock Options February 2001	Managers	February 27, 2001	February 27, 2009	24.853	785,000	February 27, 2002 February 27, 2003 February 27, 2004 February 27, 2005	25% 25% 25% 25%
Stock Options March 2001	Chairman of Fiat S.p.A.	March 29, 2001	October 30, 2008	23.708	1,000,000	July 1, 2002	100%
Stock Options October 2001	Managers	October 31, 2001	October 31, 2009	16.526	5,417,500	October 31, 2002 October 31, 2003 October 31, 2004 October 31, 2005	25% 25% 25% 25%
Stock Options May 2002	Chairman of Fiat S.p.A.	May 14, 2002	January 1, 2010	12.699	1,000,000	January 1, 2005	100%
Stock Options September 2002	Managers	September 12, 2002	September 12, 2010	10.397	6,100,000	September 12, 2003 September 12, 2004 September 12, 2005 September 12, 2006	25% 25% 25% 25%

On July 26, 2004, the Board of Directors granted to Sergio Marchionne as a part of his compensation as Chief Executive Officer options for the purchase of 10,670,000 Fiat S.p.A. ordinary shares at the price of 6.583 euros, exercisable from June 1, 2008 to January 1, 2011. In each of the first three years following the grant date, the Officer accrues the right to purchase, from June 1, 2008, an annual maximum of 2,370,000 shares. From June 1, 2008, he will have the right to exercise, effective at that date, the residual portion of the options on 3,560,000 shares. Vesting of the last block of stock options is subject to certain pre-determined profitability targets (*Non-Market Conditions* or *"NMC"*).

Contractual terms of the plan are as follows:

Plan	Grant date	Expiry date	Strike price (euros)	N° of options vested	Vesting date	Vesting portion
Stock Options July 2004	July 26, 2004	January 1, 2011	6.583	10,670,000	June 1, 2005 June 1, 2006 June 1, 2007 June 1, 2008	22.2% 22.2% 22.2% 33.4%*NMC

On November 3, 2006 the Fiat S.p.A. Board of Directors approved (subject to the subsequent approval of Stockholders in General Meeting, which was given on April 5, 2007) an eight year stock option plan, which provides certain managers of the Group and the Fiat S.p.A. Chief Executive Officer with the right to purchase a determined number of Fiat S.p.A. ordinary shares at the fixed price of 13.37 euros per share. In particular, the 10,000,000 options granted to employees and the 5,000,000 options granted to the Chief Executive Officer have a vesting period of four years, with a quarter of the number vesting each year, are subject to achieving certain pre-determined profitability targets (*Non-Market Conditions or "NMC"*) in the reference period and may be exercised from the date on which the 2010 financial statements are approved. The remaining 5,000,000 options granted to the Chief Executive Officer of Fiat S.p.A. also have a vesting period of four years with a quarter of the number vesting each year and may be exercised from November 2010.

The ability to exercise the options is additionally subject to specific restrictions regarding the duration of the employment relationship or the continuation of the position held. The stock option plan will become effective once all its conditions have been satisfied.

The contractual terms of 2006 plan are as follows:

Plan	Recipient	Expiry date	Strike price (euros)	N° of options vested	Vesting date	Vesting portion
Stock Option November 2006	Chief Executive Officer	November 3, 2014	13.37	5,000,000	November 2007	25%
					November 2008	25%
					November 2009	25%
					November 2010	25%
Stock Option November 2006	Chief Executive Officer	November 3, 2014	13.37	5,000,000	1st Quarter 2008 (*)	25%*NMC
					1st Quarter 2009 (*)	25%*NMC
					1st Quarter 2010 (*)	25%*NMC
					1st Quarter 2011 (*)	25%*NMC
Stock Option November 2006	Managers	November 3, 2014	13.37	10,000,000	1st Quarter 2008 (*)	25%*NMC
					1st Quarter 2009 (*)	25%*NMC
					1st Quarter 2010 (*)	25%*NMC
					1st Quarter 2011 (*)	25%*NMC

(*) On approval of the prior year's Financial Statements.

A summary of outstanding stock options at December 31, 2007 is as follows:

	Managers compensation			Compensation as member of the Board		
Exercise price (in euros)	Options outstanding at December 31, 2007	Options outstanding at December 31, 2006 (*)	Average remaining contractual life (in years)	Options outstanding at December 31, 2007	Options outstanding at December 31, 2006	Average remaining contractual life (in years)
6.583	**-**	-	**-**	**10,670,000**	10,670,000	**3.0**
10.397	**1,008,500**	2,207,000	**2.7**	**-**	-	**-**
12.699	**-**	-	**-**	**500,000**	1,000,000	**2.0**
13.370	**9,792,500**	10,000,000	**6.8**	**10,000,000**	10,000,000	**6.8**
16.526	**1,119,000**	1,943,500	**1.8**	**-**	-	**-**
23.708	**-**	-	**-**	**1,000,000**	1,000,000	**0.8**
24.853	**50,000**	80,000	**1.2**	**-**	-	**-**
25.459	**-**	-	**-**	**250,000**	250,000	**0.6**
26.120	**-**	241,900	**-**	**-**	-	**-**
28.122	**1,051,500**	1,051,500	**0.1**	**-**	-	**-**
Total	**13,021,500**	**15,523,900**		**22,420,000**	**22,920,000**	

(*) In connection with the September 2002 plan, which has a strike price of 10.397 euros per share, the number of options indicated in the above table (and therefore also the total number of options held by managers) differs from that in the published consolidated financial statements at December 31, 2006 by 90,000 options as the result of an erroneous calculation of the options outstanding. Since these rights relate to plans outside the scope of IFRS 2 (as they proceed November 7, 2002), the fact that this information was erroneous had no effect on the Group's result for the year ended December 31, 2006 or its equity at that date.

Changes during the year are as follows:

	Managers compensation		Compensation as member of the Board	
	Number of options	Average exercise price (in euros)	Number of options	Average exercise price (in euros)
Outstanding at the beginning of the year (*) (**)	**15,523,900**	**14.62**	**22,920,000**	**10.76**
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(1,904,000)	12.70	(500,000)	12.70
Expired	(598,400)	18.16	-	-
Outstanding at December 31, 2007	**13,021,500**	**14.65**	**22,420,000**	**10.72**
Exercisable at December 31, 2007	**3,229,000**	**18.52**	**1,750,000**	**20.81**
Exercisable at December 31, 2006 (**)	**5,523,900**	**16.93**	**2,250,000**	**19.01**

(*) At December 31, 2006, this included 20,000,000 stock options (of which 10,000,000 regarding managers and 10,000,000 relating to the Chief Executive Officer), granted by the Board of Directors on November 3, 2006, and subject at the time to the subsequent approval of stockholders in General meeting on April 5, 2007.
(**) In connection with the number of options granted to managers, both outstanding and exercisable, the amount differs from that in the published consolidated financial statements at December 31, 2006 for the reasons explained in the footnote to the preceding table, to which reference should be made.

The average price of Fiat S.p.A. ordinary shares during the year was 19.742 euros per share.

As discussed under Significant accounting policies, in the case of share-based payments the Group applies IFRS 2 to all stock options granted after November 7, 2002, which had not yet vested at January 1, 2005, namely the July 2004 and November 2006 stock option plans. For these stock options plans, the total cost recognised in the income statement for stock options amounts to 66 million euros in 2007 (11 million euros in 2006).

Stock Option plans linked to CNH Global N.V. ordinary shares

In the Agricultural and Construction equipment Sector, CNH Global N.V. ("CNH") has granted share-based compensation to directors officers and employees which are linked to shares and which have the following terms:

The CNH Global N.V. Outside Directors' Compensation Plan ("CNH Directors' Plan")

This plan, as amended on April 28, 2006, provides for the payment of the following to independent outside members of the CNH Global N.V. Board in the form of cash, and/or common shares of CNH, and/or options to purchase common shares of CNH.

- an annual retainer fee of 65,000 USD;
- a committee membership fee of 25,000 USD; and
- a committee chair fee of 10,000 USD (collectively, the "Fees").

Each quarter the outside directors elect the form of payment of ¼ of their Fees. If the elected form is options, the outside director will receive as many options as the amount of Fees that the director elects to forego, multiplied by four and divided by the fair market value of a common share, such fair market value being equal to the average of the highest and lowest sale price of a CNH Global N.V. common share on the last trading day of the New York Stock Exchange preceding the start of each quarter. Stock options granted as a result of such an election vest immediately, but shares purchased under options cannot be sold for six months following the date of exercise.

At December 31, 2007 and 2006, there were 770,600 and 772,296 common shares, respectively reserved for issuance under the CNH Directors' Plan. Outside directors do not receive benefits upon termination of their service as directors.

A summary of outstanding stock options under the CNH Director Plan at December 31, 2007 and 2006 is as follows:

Exercise price (in USD)	Options outstanding at December 31, 2007	Weighted Average remaining contractual life (in years)	Options outstanding at December 31, 2006	Weighted Average remaining contractual life (in years)
9.23 - 15.70	**4,000**	**5.4**	23,271	6.2
15.71 - 26.20	**19,656**	**7.7**	50,150	8.6
26.21 - 40.00	**37,252**	**8.5**	48,104	8.2
40.01 - 56.00	**2,896**	**9.5**	1,622	3.8
56.01 - 77.05	**10,037**	**7.1**	3,623	3.3
Total	**73,841**		**126,770**	

Changes during the period under the CNH Directors' Plans are as follows:

	2007		2006	
	Number of options	Average exercise price (in USD)	Number of options	Average exercise price (in USD)
Outstanding at the beginning of the year	**126,770**	**23.16**	**169,042**	**21.60**
Granted	13,188	53.09	54,589	25.75
Forfeited	-	-	(33,874)	34.74
Exercised	(66,117)	15.32	(62,987)	14.10
Expired	-	-	-	-
Outstanding at the end of the year	**73,841**	**30.93**	**126,770**	**23.19**
Exercisable at December 31	**37,841**	**36.20**	**82,770**	**22.43**

The CNH Equity Incentive Plan (the "CNH EIP")

The plan provides for grants of various types of awards on specific performance targets for the Sector linked to the US GAAP consolidated financial statements of CNH, to officers and employees of CNH and its subsidiaries. As of December 31, 2007, CNH has reserved 15,900,000 shares for the CNH EIP. The plan envisages stock option and share incentives as described below.

- **Stock option plan**

Prior to 2006, certain stock option grants were issued which vest rateably over four years from the grant date and expire after ten years. Certain performance-based options, which had an opportunity for accelerated vesting tied to the attainment of specified performance criteria were issued; however, the performance criteria was not achieved. In any event, vesting of these options occurs seven years from the grant date. All options granted prior to 2006 have a contract life of ten years.

Except as noted below, the exercise prices of all options granted under the CNH EIP are equal to or greater than the fair market value of CNH common shares on the respective grant dates. During 2001, CNH granted stock options with an exercise price less than the quoted market price of our common shares at the date of grant. The exercise price of this grant was based upon the average closing price of CNH common shares on the New York Stock Exchange for the thirty-day period preceding the date of grant.

Beginning in 2006, CNH entities no longer issued CNH Long-Term Incentive ("LTI") awards, as discussed below, and begun to issue awards under plans providing performance-based stock options, performance-based shares and cash. In February, 2007, CNH granted approximately 1.5 million performance-based stock options under the CNH EIP. One-third of the options vested with the approval of 2007 results by the Board of Directors in January, 2008. The remaining options will vest equally on the first and second anniversary of the initial vesting date. Options granted under the CNH EIP in 2007 have a six year contractual life.

The following table summarises outstanding stock options under the CNH EIP:

	At December 31, 2007			At December 31, 2006	
Exercise Price (in USD)	Number of options Outstanding	Weighted Average remaining Contractual Life (in years)	Average Exercise Price (in USD)	Number of options Outstanding	Average Exercise Price (in USD)
10.00 - 19.99	**148,063**	**4.6**	**16.18**	364,316	16.20
20.00 - 29.99	**293,139**	**4.2**	**21.20**	387,510	21.20
30.00 - 39.99	**1,715,708**	**4.9**	**37.16**	523,600	31.70
40.00 - 69.99	**314,328**	**2.2**	**68.85**	485,040	68.85
Total	**2,471,238**			**1,760,466**	

Changes during the period in all CNH stock option plans are as follows:

	2007		2006	
	Number of shares	Average exercise price (in USD)	Number of shares	Average exercise price (in USD)
Outstanding at the beginning of the year	**1,760,466**	**36.42**	**2,041,070**	**34.62**
Granted	1,634,932	37.96	2,010,046	21.20
Forfeited	(377,997)	49.30	(1,814,131)	22.84
Exercised	(546,163)	24.59	(476,519)	16.20
Expired	-	-	-	-
Outstanding at the end of the year	**2,471,238**	**38.08**	**1,760,466**	**36.42**
Exercisable at the end of the year	**725,975**	**43.74**	**1,362,000**	**40.48**

Performance Share Grants

Under the CNH EIP, performance-based shares may also be granted to selected key employees and executive officers. CNH establishes the period and conditions of performance for each award and holds the shares during the performance period. Performance-based shares vest upon the attainment of specified performance objectives.

The following table reflects performance-based share activity under the CNH EIP:

	Number of shares	Weighted average grant date fair value (in USD)
Non-vested at the beginning of the year	2,362,052	26.45
Granted	240,500	61.14
Forfeited	(545,463)	26.25
Vested	(45,299)	18.77
Non-vested at the end of the year	**2,011,790**	**30.82**

The LTI awards issued prior to 2006 are subject to the achievement of certain performance criteria over a 3-year performance cycle. At the end of the 3-year performance cycle, any earned awards will be satisfied equally with cash and CNH common shares as determined at the beginning of the performance cycle, for minimum, target, and maximum award levels.

In 2004, a LTI award for which payout was tied to the achievement of specified performance objectives was approved under the CNH EIP for selected key employees and executive officers. This award for the 2004-2006 performance cycle provided an opportunity to receive an accelerated payment of 50% of the targeted award after the first two years of the performance cycle. Objectives for the first two years of the performance cycle were met and an accelerated payment of cash and 66,252 shares were issued in 2006. Ultimately, the cumulative results for the 2004-2006 performance cycle were achieved and the remaining award was issued in early 2007.

A second 3 year LTI award for the 2005-2007 performance cycle was granted in 2005. The results for the 2005-2007 performance cycle were partially achieved and the award was issued in early 2008 upon approval of the 2007 results by the Board of Directors of CNH.

In connection with the new performance-based plans which were approved in 2006, CNH granted approximately 2.2 million performance based, non-vested share awards under the CNH EIP to approximately 200 of the Sector's top executives. These performance shares, will vest if specified targets are achieved in 2008, 2009, or 2010. The number of shares that vest will decrease by 20% each year if the specified targets are not achieved. If specified targets are not achieved by 2010, the shares granted will not vest. The fair value of this award ranges from $26.27 to $27.35 per share depending on the service period over which the award ultimately vests. Depending on the period during which targets are achieved, the estimated expense over the service period can range from approximately $23 million to $44 million (current estimate is $33 million).

In 2007, CNH granted 240,500 performance based, non-vested share awards under the same terms as the 2006 award. The fair value of these awards ranges from $60.24 to $61.78 per share depending on the service period over which the award ultimately vests. Depending on the period during which targets are achieved, the estimated expense over the service period can range from approximately $8 million to $14 million (current estimate is $11 million).

The following table summarizes the outstanding performance shares under the CNH EIP as of December 31, 2007:

	2007 award	2006 award	2005 award	2004 award
Granted	240,500	4,325,000	195,946	235,134
Cancelled	-	(2,162,500)	-	-
Vested	-	-	-	(111,551)
Forfeited	-	(477,500)	(109,656)	(123,583)
Outstanding	**240,500**	**1,685,000**	**86,290**	**-**

As of December 31, 2007, there were 9,916,370 CNH Global N.V. common shares (10,642,793 CNH Global N.V. common stock shares at December 31, 2006) available for issue under the CNH EIP.

The Black-Scholes pricing model was used to calculate the fair value of stock options by CNH – Case New Holland Sector. The weighted-average assumptions used under the Black-Scholes pricing model were as follows:

	2007		2006	
	Directors' plan	Equity incentive plan	Directors' plan	Equity incentive plan
Option life (years)	**5**	**4**	5	3.25
Expected volatility of CNH Global N.V. shares (%)	**44.56**	**38.3**	71.0	34.7
Expected dividend yield (%)	**1.1**	**1.0**	1.3	1.3
Risk-free interest rate (%)	**4.3**	**4.4**	4.8	4.5

Based on this model, the weighted-average fair values of stock options awarded by CNH for the years ended December 31, 2007, and 2006 were as follows:

(in USD)	2007	2006
Directors' Plan	**21.66**	14.61
Equity incentive plan	**12.65**	5.78

The total cost recognised in the 2007 income statement for all share-based compensation linked to CNH Global N.V. ordinary shares amounted to 14 million euros (3 million euros in 2006).

Stock Option linked to Ferrari S.p.A. ordinary shares

Under this scheme, certain employees of Ferrari S.p.A., and the Chairman and the Chief Executive Officer of the company at the time, have the option to acquire respectively 207,200 and 184,000 Ferrari S.p.A. ordinary shares at a strike price of 175 euros per share. Under the scheme the options may be exercised until December 31, 2010, wholly or partially, and are subject to a limited extent to the company's listing process. At December 31, 2007 the employees and the Chairman held respective totals of 56,900 and 80,000 stock option rights under this scheme, all of whose exercise rights are subordinated to the listing of the company.

Cash-settled share-based payments

Various entities belonging to the former joint venture with General Motors reached agreements with certain employees in 2001, 2002, 2003 and 2004 over four cash-settled share-based payment schemes entitled Stock Appreciation Rights (SAR) plans. Under these plans, certain of the employees involved have the right to receive a payment corresponding to the increase in price between the grant date and the exercise date of General Motors $1 2/3 shares listed in New York and Fiat S.p.A. ordinary shares listed in Milan. The right is exercisable from the vesting date to the expiry date of the plans and is subordinated to certain conditions (*Non-Market Conditions "NMC"*). The contractual terms of these rights are as follows:

		Vesting date						
Plan	Grant date	From	Until	Outstanding rights on GM $1 2/3 shares at December 31, 2007	Outstanding rights on Fiat S.p.A. shares at December 31, 2007	Grant price GM $1 2/3 (in USD)	Grant price Fiat S.p.A. (in euros)	Vesting portion
2001	February 12, 2002	March 1, 2002	February 12, 2009	45,053	113,516	49.57	15.50	100%*NMC
2002	February 12, 2002	February 12, 2003	February 12, 2010	44,580	124,340	49.57	15.50	1/3*NMC
		February 12, 2004	February 12, 2010					1/3*NMC
		February 12, 2005	February 12, 2010					1/3*NMC
2003	February 11, 2003	February 11, 2004	February 11, 2011	46,644	72,828	36.26	7.95	1/3*NMC
		February 11, 2005	February 11, 2011					1/3*NMC
		February 11, 2006	February 11, 2011					1/3*NMC
2004	February 10, 2004	February 10, 2005	February 11, 2012	40,470	87,136	49.26	6.03	1/3*NMC
		February 10, 2006	February 11, 2012					1/3*NMC
		February 10, 2007	February 11, 2012					1/3*NMC

Changes during the period are as follows:

	rights on GM $1 2/3 shares	rights on Fiat S.p.A. shares
Outstanding at the beginning of the year	176,747	705,402
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	(307,582)
Expired during the year	-	-
Outstanding at December 31, 2007	**176,747**	**397,820**
Exercisable at December 31, 2007	**176,747**	**397,820**
Exercisable at December 31, 2006	176,747	705,402

In accordance with IFRS 2, the Group measures the liability arising from cash-settled share-based payment transactions at fair value at each reporting date and at the date of settlement; the changes in the fair value of these liabilities are recognised in the income statement for the period. At December 31, 2007 and 2006, the Group measured the fair value of the liabilities generated by these plans using the binomial method based on the following assumptions:

	At December 31, 2007		At December 31, 2006	
	GM $1 2/3 share	Fiat S.p.A. ordinary share	GM $1 2/3 share	Fiat S.p.A. ordinary share
Closing price	$ 24.89	€ 17.695	$ 30.72	€ 14.425
Expected volatility (%)	51.90	36.27	42.67	28.33
Expected dividend yield (%)	4.07	-	3.26	-

The dividends expected to be paid on the ordinary shares of Fiat S.p.A. and used in the binomial model for 2006 and 2007 are those referred to in statements made by the Group, consistent with the approach taken for the stock options granted by Fiat S.p.A. in 2006.

The *fair value* of the above mentioned rights at December 31, 2007 and at December 31, 2006 amounts to:

	Fair value at December 31, 2007		Fair value at December 31, 2006	
(in euros)	GM $1 2/3 share	Fiat S.p.A. ordinary share	GM $1 2/3 share	Fiat S.p.A. ordinary share
2001 Plan	**0.61**	**3.85**	2.33	2.18
2002 Plan	**1.57**	**4.60**	3.44	2.64
2003 Plan	**3.65**	**9.81**	6.37	6.95
2004 Plan	**3.17**	**11.67**	5.22	8.59

The liability arising on this plan at December 31, 2007 amounted to 3 million euros (5 million euros at December 31, 2006). The intrinsic value of these plans at December 31, 2007, amounted to 2 million euros.

Treasury Stock

Treasury stock consists of 21,851,458 Fiat S.p.A. ordinary shares for an amount of 419 million euros (3,773,458 ordinary shares for an amount of 24 million euros at December 31, 2006).

Sales and purchases of treasury stock in 2007 were as follows. Sales of 2.404 million ordinary shares (at a total price of 31 million euros) were made on the exercising of stock options. Purchases of 20.482 million ordinary shares (at a total price of 426 million euros) were made under the treasury stock buy-back programme (the "Programme") announced by the Board of Directors following the authorisation given by stockholders in General meeting on April 5, 2007. This authorisation is valid for a term of eighteen months and accordingly expires on October 5, 2008. In addition, pursuant to the regulations requiring that a stock buy-back programme be announced to the market, Fiat announced the following details on the day that the stockholders gave their authorisation to proceed with the Programme, the purpose of which is to service stock option plans and to invest surplus funds:

- the Program will end on April 30, 2008, or once the maximum amount of 1.4 billion euros or a number of shares equal to 10% of the capital stock is reached;

- maximum purchase price not being higher/lower than 10% of the reference price reported on the Stock Exchange on the day before the purchase is made;
- the maximum number of shares purchased daily not exceeding 20% of the total daily trading volume for each class of shares.

At February 15, 2008, the total number of ordinary shares purchased from the beginning of the programme amounted to 31.54 million, for a total invested amount of 603.4 million euros. The Group intends to continue its share buy-back programme throughout 2008 and it is the intention of the Board of Directors to request stockholders to renew their authorisation at their next General Meeting.

Treasury stock sales in 2006 refer to the exercising of stock options.

Capital reserve

At December 31, 2007, the Capital reserve, amounting to 682 million euros, refers to the Additional paid-in capital, consisting of part of the share premium paid by the subscribers of the capital increase made after the extinguishment of the Mandatory Convertible Facility on September 20, 2005; the remaining share premium of 859 million euros arising from this is into Earning reserves.

Earning reserves

The principal earning reserves are as follows:

- The legal reserve of Fiat S.p.A. of 536 million euros at December 31, 2007 (447 million euros at December 31, 2006);
- Retained earnings totalling 622 million euros at December 31, 2007 (retained earnings totalling 262 million euros at December 31, 2006);
- The net result before minority interest of 1,953 million euros for the year ended December 31, 2007 (net result of 1,065 million euros for the year ended December 31, 2006);
- The share based payments reserve of 93 million euros at December 31, 2007 (27 million euros at December 31, 2006).

Income (expense) recognised directly in equity

This item consists of accumulated other comprehensive income, changes for the two years then ended are as follows:

(in millions of euros)	Cash flow hedge reserve	Available-for-sale reserve	Cumulative translation differences	Income (expense) recognised directly in equity
Balances at January 1, 2006	(27)	136	846	955
Gains (losses) recognised directly in the cash flow hedge reserve	109	-	-	109
Gains (losses) recognised directly in the available-for-sale reserve	-	46	-	46
Gains (losses) on translation differences	-	-	(551)	(551)
Net (profit) loss	(6)	(12)	(1)	(19)
Balances at December 31, 2006	76	170	294	540
Gains (losses) recognised directly in the cash flow hedge reserve	**262**	**-**	**-**	**262**
Gains (losses) recognised directly in the available-for-sale reserve	**-**	**(32)**	**-**	**(32)**
Gains (losses) on translation differences	**-**	**-**	**(96)**	**(96)**
Net (profit) loss	**(187)**	**(123)**	**(2)**	**(312)**
Balances at December 31, 2007	**151**	**15**	**196**	**362**

Minority interest

The minority interest in stockholders' equity of 673 million euros (674 million euros at December 31, 2006) refers mainly to the following companies consolidated on a line-by-line basis:

	% held by minority stockholders	
	At December 31, 2007	At December 31, 2006
Italian companies:		
Ferrari S.p.A.	**15.0**	15.0
Teksid S.p.A.	**15.2**	15.2
Foreign companies:		
CNH Global N.V.	**10.7**	10.3

26. Provisions for employee benefits

Group companies provide post-employment benefits for their active employees and for retirees, either directly or by contributing to independently administered funds. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which the Group operates, the benefits generally being based on the employees' remuneration and years of service.

Group companies provide post-employment benefits under defined contribution and/or defined benefit plans.

In the case of defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The entity recognise the contribution cost when the employee has rendered his service and includes this cost by destination in Cost of sales, Selling, general and administrative costs and Research and development costs. In 2007, these expenses totalled 1,243 million euros (1,161 million euros in 2006).

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions by an entity, and sometimes by its employees, into an entity, or fund, that is legally separate from the employer and from which the employee benefits are paid.

Finally, the Group grants certain other long-term benefits to its employees; these benefits include those generally paid when an employee attains a certain level of seniority or when a specified event occurs. In this case the measurement of the obligation reflects the probability that payment will be required and the length of time for which payment is expected to be made.

Provisions for employee benefits are as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
- Employee severance indemnity	**1,180**	1,270
- Pension Plans	**711**	795
- Health care plans	**846**	986
- Other	**253**	259
Total post-employment benefits	**2,990**	3,310
Other provisions for employees	**437**	266
Other long-term employee benefits	**170**	185
Total provision for employee benefits	**3,597**	**3,761**
Defined benefit plan assets	**18**	11
Total Defined benefits plan assets	**18**	**11**

The item Other provisions for employees consists of the best estimate at the balance sheet date of short-term employee benefits payable by the Group within twelve months after the end of the period in which the employees render the related service.

In 2007 and in 2006 changes in Other provisions for employees and in Other long-term employee benefits are as follows:

(in millions of euros)	At December 31, 2006	Provision	Utilisation	Change in the scope of consolidation and other changes	At December 31, 2007
Other provisions for employees	266	419	(242)	(6)	**437**
Other long-term employee benefits	185	17	(16)	(16)	**170**
Total	451	436	(258)	(22)	**607**

(in millions of euros)	At December 31, 2005	Provision	Utilisation	Change in the scope of consolidation and other changes	At December 31, 2006
Other provisions for employees	216	209	(129)	(30)	**266**
Other long-term employee benefits	152	21	(14)	26	**185**
Total	368	230	(143)	(4)	**451**

Post-employment benefits and other long-term employee benefits are calculated on the basis of the following assumptions:

	At December 31, 2007				At December 31, 2006			
In %	Italy	USA	UK	Other	Italy	USA	UK	Other
Discount rate	**4.70**	**5.80**	**5.60**	**5-5.3**	3.98	5.80	5.00	4-5
Future salary increase	**4.60**	**0-4**	**4.00**	**0-3.75**	3.65	0-3	3.50	1.5-3.5
Inflation rate	**2.00**	**n/a**	**3.25**	**2.00**	2.00	n/a	3.00	2.00
Increase in health care costs	**n/a**	**5-9**	**n/a**	**n/a**	n/a	5-10	n/a	n/a
Expected return on plan assets	**n/a**	**8.00**	**7.25**	**n/a**	n/a	8.25	7.25	n/a

The expected long-term rate of return on plan assets reflects management's expectations on long-term average rates of return on funds invested to provide for benefits included in the projected benefit obligations. Beginning with the year-end December 31, 2005 valuations, the expected return is based on the outlook for inflation, fixed income returns and equity returns, while also considering asset allocation and investment strategy, premiums for active management to the extent asset classes are actively managed and plan expenses. Historical return patterns and correlations, consensus return forecasts and other relevant financial factors are analysed to check for reasonability and appropriateness.

Reserve for employee severance indemnity ("TFR")

The TFR consists of the residual obligation for severance indemnities which was required until December 31, 2006 under Italian legislation to be paid to employees of Italian companies with more than 50 employees when leaving the company, and accrued over the employee's working life for other companies. This provision is settled to retiree employees and may be partially paid in advance if certain conditions are met. This defined benefit post-employment plan is unfunded.

Pension plans

The item Pension plans consists principally of the obligations of Group companies operating in the United States (mainly to the CNH – Case New Holland Sector) and in the United Kingdom.

Under these plans a contribution is generally made to a separate fund (trust) which independently administers the plan assets. Under certain circumstances, the plan provides for a fixed contribution by employees and for a variable contribution by the employer necessary to, at a minimum, to satisfy the funding requirements as prescribed by the laws and regulations of each country. Prudently the Group makes discretionary contributions in addition to the funding requirements. If these funds are overfunded, that is if they present a surplus compared to the requirements of law, the Group companies concerned are not required to contribute to the plan in respect of the minimum performance requirement as long as the fund is in surplus.

The investment strategy for these assets depends on the features of the plan and on the maturity of the obligations. Typically, longer term plan benefit obligations are funded by investing in more equity securities; shorter term plan benefit obligations are funded by investing in more fixed income securities.

With regard to pension plans in the United States from January 1, 2003 CNH Global N.V. makes contributions to these plans by cash and ordinary shares.

In the United Kingdom the Group participates in a plan financed by various entities belonging to the Group, called the "Fiat Group Pension Scheme", amongst others. Under this plan, participating employers make contributions on behalf of their active employees (active), retirees and employees who have left the Group but have not yet retired (deferred).

Health care plans

The item Health care plans comprise obligations for health care and insurance plans granted to employees of the Group working in the United States and Canada. These plans generally cover all employees retiring on or after reaching the age of 55 who have had at least 10 years of service. Until December 31, 2006 these plans were fully unfunded; starting in 2007, the Group began making contributions on a voluntary basis to a separate and independently managed fund established to finance the North American health care plans. The regulations of this fund are similar to those applicable to the pension plans discussed previously.

Other

The item Other includes loyalty bonuses, which are due to employees who reach a specified seniority and are generally settled when an employee leaves the Group; and for French entities, the *Indemnité de depart à la retraite*, a plan similar to the Italian TFR. These schemes are unfunded.

The amounts recognised in the balance sheet for post-employment benefits are as follows:

	Employee severance indemnity		Pension Plans		Health care plans		Other	
(in millions of euros)	At December 31, 2007	At December 31, 2006	At December 31, 2007	At December 31, 2006	At December 31, 2007	At December 31, 2006	At December 31, 2007	At December 31, 2006
Present value of funded obligations	**-**	-	**2,274**	2,296	**779**	**-**	**-**	-
Fair Value of plan assets	**-**	-	**(2,036)**	(2,176)	**(47)**	**-**	**-**	-
	-	-	**238**	120	**732**	**-**	**-**	-
Present value of unfunded obligations	**1,133**	1,362	**456**	811	**38**	1,109	**279**	278
Unrecognised actuarial gains (losses)	**47**	(92)	**(4)**	(151)	**51**	(161)	**(14)**	(18)
Unrecognised past service cost	**-**	-	**(3)**	(1)	**25**	38	**(12)**	(1)
Unrecognised assets	**-**	-	**6**	5	**-**	-	**-**	**-**
Net liability	**1,180**	1,270	**693**	784	**846**	986	**253**	259
Amounts in the balance sheet:								
Liabilities	**1,180**	1,270	**711**	795	**846**	986	**253**	259
Assets	**-**	-	**(18)**	(11)	**-**	-	**-**	-
Net liability	**1,180**	1,270	**693**	784	**846**	986	**253**	259

The amounts recognised in the income statement for Post-employment benefits are as follows:

(in millions of euros)	Employee severance indemnity 2007	2006	Pension Plans 2007	2006	Health care plans 2007	2006	Other 2007	2006
Current service cost	**-**	91	**32**	37	**8**	12	**11**	13
Interest costs	**50**	49	**152**	149	**57**	67	**12**	11
Expected return on plan assets	**-**	-	**(155)**	(152)	**(1)**	-	**-**	-
Net actuarial losses (gains) recognised	**-**	3	**1**	(4)	**5**	22	**3**	(2)
Past service costs	**-**	-	**-**	1	**(9)**	(11)	**-**	-
Paragraph 58 adjustment	**-**	-	**2**	3	**-**	-	**-**	-
Losses (gains) on curtailments and settlements	**(26)**	-	**(4)**	-	**2**	-	**(3)**	(1)
Plan amendments	**-**	-	**-**	15	**-**	(31)	**-**	-
Other	**-**	1	**-**	-	**-**	-	**-**	-
Total Costs (gains)	**24**	144	**28**	49	**62**	59	**23**	21
Actual return on plan assets	**n/a**	n/a	**111**	198	**-**	n/a	**n/a**	n/a

Changes in the present value of Post-employment obligations are as follows:

(in millions of euros)	Employee severance indemnity 2007	2006	Pension Plans 2007	2006	Health care plans 2007	2006	Other 2007	2006
Present value of obligation at the beginning of the year	**1,362**	1,417	**3,107**	3,186	**1,109**	1,417	**278**	323
Current service cost	**-**	91	**32**	37	**8**	12	**11**	13
Interest costs	**50**	49	**152**	149	**57**	67	**12**	11
Contribution by plan participants	**-**	-	**7**	6	**3**	7	**-**	-
Actuarial losses (gains) generated	**(49)**	(39)	**(187)**	41	**(206)**	(156)	**(2)**	(4)
Exchange rate differences	**-**	-	**(209)**	(89)	**(97)**	(140)	**(1)**	(4)
Benefits paid	**(148)**	(141)	**(166)**	(158)	**(58)**	(67)	**(30)**	(37)
Past service cost	**-**	-	**-**	-	**-**	-	**11**	-
Change in scope of consolidation	**44**	(5)	**-**	(4)	**-**	-	**-**	(6)
(Gains) Losses on curtailments	**(117)**	-	**(1)**	-	**1**	-	**(3)**	-
(Gains) Losses on settlements	**-**	-	**(2)**	(72)	**-**	-	**-**	-
Plan amendments	**-**	-	**-**	15	**-**	(31)	**-**	-
Other changes	**(9)**	(10)	**(3)**	(4)	**-**	-	**3**	(18)
Present value of obligation at the end of the year	**1,133**	1,362	**2,730**	3,107	**817**	1,109	**279**	278

The changes in legislation introduced in 2007 regarding the employee severance indemnity led to a reduction in the present value of the obligation at January 1, 2007 by a total of 117 million euros; the income from this reduction has been offset by the immediate recognition in the income statement of the unrecognised actuarial losses at December 31, 2006, amounting to 91 million euros, with the result that net income of 26 million euros arising from the reduction has been recognised. The line Change in scope of consolidation relates mostly to the effect of the purchases made during the year, as discussed in the paragraph Scope of consolidation.

Following the introduction in France in 2007 of changes in the law regarding collective wage bargaining agreements, certain amendments have been made to the *Indemnité de départ à la retraite* due to employees. These changes are reflected as past service cost in the variations of the present value of the obligation and will be recognised in income as they accrue over a period of approximately 15 years.

In 2006, Plan amendments recognised in the income statement and in changes in the present value of the obligations mainly related to 1) the effect of the modifications made to the CNH U.S. Pension Plan during the year, following a reduction in the number of members of the plan and the granting of various benefits to employees and 2) the amendments to health care plans and included an effect of 25 million euros in 2006 arising from modifications to the "*CNH Health & Welfare Plan"* and the "*CNH Employee Group Insurance Plan*" The item (Gains) Losses on settlements (-72 million euros) related in addition to the settlement of a funded defined benefit pension plan in the Trucks and Commercial Vehicles Sector as a consequence of the disposal to an insurance company of a pension plan of a subsidiary being liquidated.

Changes in the fair value of plan assets are as follows:

	Pension Plans		Health care plans	
(in millions of euros)	2007	2006	2007	2006
Fair value of plan assets at the beginning of the year	**2,176**	2,115	**-**	-
Expected return on plan assets	**155**	152	**1**	-
Actuarial gains (losses) generated	**(44)**	46	**(1)**	-
Exchange rate differences	**(181)**	(74)	**(4)**	-
Contribution by employer	**75**	147	**106**	-
Contribution by plan participants	**7**	6	**3**	-
Benefits paid	**(152)**	(145)	**(58)**	-
(Gains) losses on settlements	**(1)**	(72)	**-**	-
Other changes	**1**	1	**-**	-
Fair value of plan assets at the end of the year	**2,036**	**2,176**	**47**	-

As discussed earlier, the Group, and in particular the companies of the CNH – Case New Holland Sector, began making contributions on a voluntary basis in 2007 to a separate and independently managed fund established to finance the North American health care plans.

Plan assets for Post-employment benefits and Health-care benefits mainly consist of listed equity instruments and fixed income securities; plan assets do not include treasury stock of Fiat S.p.A. or properties occupied by Group companies.

Plan assets may be summarised as follows:

In %	At December 31, 2007	At December 31, 2006
Third party equity instruments	**58**	56
Third party debt instruments	**39**	39
Properties occupied by third parties	**1**	1
Other assets	**2**	4

Assumed health care cost trend rates have a significant effect on the amount recognised in the 2007 income statement. A one percentage point change in assumed health care cost trend rates would have the following effects:

(in millions of euros)	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service costs and interest cost	**22**	**18**
Effect on defined benefit obligation	**76**	**65**

The present value of the defined benefit obligations in 2007 and at the end of the four previous years is as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006	At December 31, 2005	At December 31, 2004	At December 31, 2003
Present value of obligation:					
- Employee severance indemnity	1,133	1,362	1,417	1,243	1,265
- Pension plans	2,730	3,107	3,186	2,830	2,713
- Health care plans	817	1,109	1,417	1,186	1,095
- Others	279	278	323	278	275
Total	**4,959**	**5,856**	**6,343**	**5,537**	**5,348**

The best estimate of expected contribution to pension and health care plan for 2008 is as follows:

(in millions of euros)	2008
Pension plans	54
Health care plans	123
Total expected contribution	**177**

27. Other provisions

Changes in Other provisions are as follows:

(in millions of euros)	At December 31, 2006	Charge	Utilisation	Release to income	Other changes	At December 31, 2007
Warranty provision	1,254	1,254	(1,085)	(58)	(31)	**1,334**
Restructuring provision	561	115	(313)	(13)	(42)	**308**
Investment provision	67	-	-	-	23	**90**
Other risks	2,968	2,928	(2,434)	(221)	(8)	**3,233**
Total Other provisions	**4,850**	**4,297**	**(3,832)**	**(292)**	**(58)**	**4,965**

The effect of discounting provisions amounts to 7 million euros in 2007 and has been included in the Other changes as the negative effect of exchange rate differences amounting to 29 million euros.

The warranty provision represents management's best estimate of commitments given by the Group for contractual, legal or constructive obligations arising from product warranties given for a specified period of time which begins at the date of delivery to the customer. This estimate has been calculated considering, past experience and specific contractual terms.

The restructuring provision comprises the estimated amount of benefits payable to employees on termination in connection with restructuring plans amounting to 230 million euros at December 31, 2007 (456 million euros at December 31, 2006), other costs for exiting activities amounting to 51 million euros at December 31, 2007 (25 million euros at December 31, 2006) and other costs totalling 27 million euros at December 31, 2007 (80 million euros at December 31, 2006).

The total balance at December 31, 2007 relates to corporate restructuring programs of the following Sectors (in millions of euros): Fiat Group Automobiles 129 (137 at December 31, 2006); Agricultural and Construction equipment 55 (148 at December 31, 2006); FPT Powertrain Technologies 29 (61 at December 31, 2006), Trucks and Commercial Vehicles 23 (49 at December 31, 2006); Metallurgical Products 14 (18 at December 31, 2006); Components 8 (25 at December 31, 2006); Production Systems 28 (83 at December 31, 2006); Other sectors 22 (40 at December 31, 2006).

The provision for other risks represents the amounts set aside by the individual companies of the Group principally in connection with contractual and commercial risks and disputes. The more significant balances of these provisions are as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Sales Incentives	**873**	851
Legal proceedings and other disputes	**740**	630
Commercial risks	**922**	808
Environmental risks	**72**	95
Indemnities	**58**	49
Other reserves for risk and charges	**568**	535
Other risks	**3,233**	**2,968**

A description of these follows:

- *Sales Incentives* - these provisions relate to sales incentives that are offered on a contractual basis to the Group's dealer networks, primarily on the basis of the dealers achieving a specific cumulative level of revenue transactions during the calendar year. This provision is estimated based on the information available regarding the sales made by the dealers during the calendar year. The provision also includes sales incentives such as cash rebates announced by the Group and provided by dealers to customers, for which the dealers are reimbursed. The Group records these provisions when it is probable that the incentive will be provided and the Group's inventory is sold to its dealers. The Group estimates these provisions based on the expected use of these rebates with respect to the volume of vehicles that has been sold to the dealers.

- *Legal proceedings and other disputes* -this provision represents management's best estimate of the liability to be recognised by the Group with regard to:

  – Legal proceedings arising in the ordinary course of business with dealers, customers, suppliers or regulators (such as contractual or patent disputes).

  – Legal proceedings involving claims with active and former employees.

  – Legal proceedings involving different tax authorities.

None of these provisions is individually significant. Each Group company recognises a provision for legal proceedings when it is deemed probable that the proceedings will result in an outflow of resources. In determining their best estimate of the probable liability, each Group company evaluates their legal proceedings on a case-by-case basis to estimate the probable losses that typically arise from events of the type giving rise to the liability. Their estimate takes into account, as applicable, the views of legal counsel and other experts, the experience of the Group and others in similar situations and the Group's intentions with regard to further action in each proceeding. Fiat's consolidated provision aggregates these individual provisions established by each of the Group's companies.

- *Commercial risks* - this provision includes the amount of obligations arising in connection with the sale of products and services such as extended warranty agreements and maintenance contracts. An accrual is recorded when the expected costs to complete the services under these contracts exceed the revenues expected to be realised. This provision also includes management's best estimate of the costs that are expected to be incurred in connection with product defects that could result in a larger recall of vehicles. This provision for risks is developed through an assessment of reported damages or returns on a case-by-case basis.

- *Environmental risks* - based upon currently available information, the reserve represents management's best estimate of the Group's possible environmental obligations. Amounts included in the estimate comprise direct costs to be incurred in connection with environmental obligations associated with current or formerly owned facilities and sites. This provision also includes costs related to claims on environmental matters.

- *Indemnities* - the reserve for indemnities relates to contractual indemnities provided by the Group in connection with divestitures carried out in 2007 and prior years. These liabilities primarily arise from indemnities relating to contingent liabilities in existence at the time of the sale, as well as those covering any breach of the representations and warranties provided in the contract and, in certain instances, environmental or tax matters. These provisions were determined estimating the amount of the expected outflow of resources, taking into consideration the relevant level of probability of occurrence.

28. Debt

A breakdown of debt and an analysis by due date is as follows:

	At December 31, 2007				At December 31, 2006			
(in millions of euros)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Asset-backed financing	**4,070**	**2,707**	**43**	**6,820**	4,542	3,767	35	8,344
- Bonds	**431**	**4,101**	**2,534**	**7,066**	547	5,160	1,590	7,297
- Borrowings from banks	**1,559**	**993**	**170**	**2,722**	1,590	1,609	150	3,349
- Payables represented by securities	**149**	**14**	**-**	**163**	282	33	-	315
- Other	**809**	**155**	**216**	**1,180**	656	173	54	883
Total Other debt	**2,948**	**5,263**	**2,920**	**11,131**	3,075	6,975	1,794	11,844
Total Debt	**7,018**	**7,970**	**2,963**	**17,951**	**7,617**	**10,742**	**1,829**	**20,188**

The item Asset-backed financing represents the amount of financing received through both securitisation and factoring transactions which do not meet IAS 39 derecognition requirements and is recognised as an asset in the balance sheet under the item Current receivables (Note 19).

The bonds issued by the Group are governed by different terms and conditions according to their type as follows:

- *Global Medium Term Note (GMTN Program)*: a maximum of 15 billion euros may be used under this Program, of which notes of approximately 5 billion euros have been issued to date; the Program is guaranteed by Fiat S.p.A. The issuer taking part in the program is, among others, Fiat Finance & Trade Ltd. S.A. for an amount outstanding of 3,992 million euros. As a part of this Program, a new bond having a nominal value of 1 billion euros has been issued by Fiat Finance North America Inc. at a price of 99.232 bearing fixed interest at 5.625% and repayable on June 12, 2017.
- *Other bonds*, these refer to the following issues:
  - Fiat Finance & Trade Ltd. S.A. bond having a nominal value of 1 billion euros, issued at par, bearing fixed interest at 6.625% and repayable on February 15, 2013.
  - Case New Holland Inc. (“CNH Inc.”) bond having for an amount of 500 million of US dollars (equivalent to 339 million euros), issued in 2006 at par, bearing annual interest at 7.125% and repayable in 2014.
  - Bond issued by Case New Holland Inc. in 2004 (bearing coupon interest at 6.00% and repayable on June 1, 2009 for an amount of 500 million U.S. dollars, equivalent to 339 million euros).
  - Bonds issued by CNH America LLC for a total amount outstanding of 254 million US dollars, equivalent to 173 million euros.

In 2007, the increase in the item Bonds arising from the new issues made by Fiat Finance North America Inc. has been partially offset by the early redemption, in August 2007, of a Case New Holland Inc. bond originally due in August 2011 and amounting to 1,050 million US dollars, equivalent to 767 million euros; by the repayment at due date of a CNH Capital America Inc. bond amounting to 127 million US dollars, equivalent to 92 million euros; by the repayment at the due date of the first fixed amount annual instalment due in connection with the “Fiat Step-up amortizing” bond issued under the Global Medium Term Notes Program for 123 million euros; by the repayment at due date of other bonds by Fiat Finance & Trade Ltd. S.A. amounting to 58 million euros; by the repayment at the due date of the residual debt of 13 million euros arising from the 5 year bond convertible into General Motors Corporation common stock (the “Exchangeable bond”); by the effect of exchange rate differences amounting to 137 million euros; and by the effect of changes arising from hedging and measurement at amortised cost, amounting to 41 million euros.

The unaudited prospectuses and offering circulars, or their abstracts, relating to these 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 S.p.A. as the guarantor, that are common in international practice for bond issues of this type, by issuers in the same industrial segment as that in which the Group operates. In particular, these covenants may include (i) a negative pledge clause which, in certain circumstances, requires that the benefit of any real guarantees given as collateral on the assets of the issuer and/or Fiat and/or certain significant subsidiaries, should be extended to these bonds to the same degree, (ii) a *pari passu* clause, on the basis of which obligations cannot be undertaken which are senior to the bonds issued, (iii) an obligation to provide periodic disclosure, (iv) for certain of the bond issues 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 above-mentioned bonds issued by CNH Inc. 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, realise 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 cannot exceed a specific ratio of cash flows to dividend payments and financial expenses.

The above commitments and covenants are subject to various exceptions and limitations and, in particular, some of them would no longer be binding or would be less restrictive if the bonds were assigned an investment grade rating by Standard & Poor's Rating Services and/or Moody's Investors Service.

The major bond issues outstanding at December 31, 2007 are the following:

	Currency	Face value of outstanding bonds (in millions)	Coupon	Maturity	Outstanding amount (in millions of euros)
Global Medium Term Notes:					
Fiat Finance and Trade Ltd S.A.(1)	EUR	1,000	6.25%	February 24, 2010	**1,000**
Fiat Finance and Trade Ltd S.A.(1)	EUR	1,300	6.75%	May 25, 2011	**1,300**
Fiat Finance and Trade Ltd S.A.(1)	EUR	494	(2)	(2)	**494**
Fiat Finance and Trade Ltd S.A.(4)	EUR	1,000	5.625%	November 15, 2011	**1,000**
Fiat Finance North America Inc. (4)	EUR	1,000	5.625%	June 12, 2017	**1,000**
Others (3)		199			**199**
Total Global Medium Term Notes					**4,993**
Other bonds:					
Case New Holland Inc.	USD	500	6.00%	June 1, 2009	**339**
Fiat Finance and Trade Ltd S.A. (4)	EUR	1,000	6.625%	February 15, 2013	**1,000**
Case New Holland Inc.	USD	500	7.125%	March 1, 2014	**339**
CNH America LLC	USD	254	7.25%	January 15, 2016	**173**
Total Other bonds					**1,851**
Hedging effect and amortised cost valuation					222
Total Bonds					**7,066**

(1) Bonds listed on the Mercato Obbligazionario Telematico of the Italian Stock Exchange (EuroMot). and also on the Luxembourg Stock Exchange.

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

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

(4) Bond listed on the Irish Stock Exchange.

The Group intends to repay the issued bonds in cash at due date by utilising available liquid resources. At December 31, 2007, the Group also had unused committed credit lines expiring after 2008 of approximately 2 billion euros.

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

The annual interest rates and the nominal currencies of debt at December 31, 2007 are as follows:

(in millions of euros)	Interest rate less than 5%	from 5% to 7.5%	from 7.5% to 10%	from 10% to 12.5%	greater than 12.5%	Total
Euro	1,195	6,961	239	-	1	**8,396**
US dollar	64	5,722	71	6	-	**5,863**
Brazilian real	182	68	1,667	441	-	**2,358**
British pound	19	20	-	-	-	**39**
Canadian dollar	8	735	-	-	-	**743**
Other	15	142	353	28	14	**552**
Total Debt	**1,483**	**13,648**	**2,330**	**475**	**15**	**17,951**

Debt with annual nominal interest rates in excess of 12.5% relates principally to the entities in Argentina.

For further information on the management of interest rate and currency risk reference should be made to the previous section Risk Management and to Note 34.

The fair value of Debt at December 31, 2007 amounts approximately to 18,014 million euros (approximately 20,484 million euros at December 31, 2006), determined using the quoted market price of financial instruments, if available, or the related future cash flows. The amount is calculated using the interest rates stated in Note 19, suitably adjusted to take account of the Group's current creditworthiness.

At December 31, 2007 the Group has outstanding financial lease agreements for certain property, plant and equipment whose net carrying amount totalling 249 million euros (70 million euros at December 31, 2006) is included in the item Property, plant and equipment (Note 14). Payables for finance leases included in the item Other debt amount to 228 million euros at December 31, 2007 (57 million euros at December 31, 2006) and are analysed as follows:

	At December 31, 2007				At December 31, 2006			
(in millions of euros)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Minimum future lease payments	**56**	**118**	**58**	**232**	16	39	6	61
Interest expense	**(2)**	**(2)**	**-**	**(4)**	(1)	(3)	-	(4)
Present value of minimum lease payments	**54**	**116**	**58**	**228**	15	36	6	57

As discussed in Note 14, finance lease payables also relate to suppliers' assets recognised in the consolidated financial statements in accordance with IFRIC 4.

Debt secured by mortgages on assets of the Group amounts to 357 million euros at December 31, 2007 (190 million euros at December 31, 2006), of which 228 million euros (57 million euros at December 31, 2006) due to creditors for assets acquired under finance leases. The total carrying amount of assets acting as security for loans amounts to 411 million euros at December 31, 2007 (223 million euros at December 31, 2006). In addition, it is recalled that the group's assets include current receivables and set-aside cash to be used for settling asset-backed financing of 6,820 million euros (8,344 million euros at December 31, 2006).

Net financial position

In compliance with Consob Regulation issued on July 28, 2006 and in conformity CESR's *Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses* issued on February 10, 2005, the Net financial position of the Group is as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Liquidity (a):	6,932	7,965
- Cash and cash equivalents	6,639	7,736
- Cash and cash equivalents included as Assets held for sale	2	5
- Securities held for trading (Current securities)	291	224
Current financial receivables (Receivables from financing activities) (b):	12,268	11,743
- from jointly controlled financial services entities	81	143
- from other related parties	250	48
- from third parties	11,937	11,552
Current financial receivables included as Assets held for sale (c)	-	5
Other current financial assets (Other financial assets) (d)	703	382
Debt (e):	17,951	20,188
- due to related parties	617	734
- due to third parties	17,334	19,454
Debt included as Liabilities held for sale (f)	-	33
Other current financial liabilities (Other financial liabilities) (g)	188	105
Net financial position (h) = (a+b+c+d-e-f-g):	1,764	(231)
- due to related parties	(286)	(543)
- due to third parties	2,050	312

The item Receivables from financing activities includes the entire portfolio of the financial services entities, classified as current assets as they will be realised during the normal operating cycle of these companies.

The following is reconciliation between Net financial position as presented in the above table and Net debt as presented in the Report on Operations:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Consolidated net debt as presented in the Report on Operations	(10,423)	(11,836)
Less: Current financial receivables, excluding those due from jointly controlled financial services companies amounting to 81 million euros at December 31, 2007 (amounting to 143 million euros at December 31, 2006)	12,187	11,605
Net financial position	1,764	(231)

Reference should be made to Notes 19, 21, 22 and 23 and the information provided in Note 28 for a further analysis of the items in the table.

29. Trade payables

An analysis by due date of trade payables is as follows:

(in millions of euros)	At December 31, 2007 Due within one year	Due between one and five years	Due beyond five years	Total	At December 31, 2006 Due within one year	Due between one and five years	Due beyond five years	Total
Trade payables	**14,720**	**2**	**3**	**14.725**	12,602	1	-	12,603

The carrying amount of Trade payables is considered in line with their fair value at the balance sheet date.

30. Other payables

An analysis of Other payables is as follows:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Current tax payables	**631**	311
- Payables to personnel	**594**	496
- Tax payables	**879**	690
- Social security payables	**368**	341
- Advances on buy-back agreements	**2,513**	2,370
- Amounts due to customers for contract work	**383**	101
- Other minor	**752**	811
Total Others	**5,489**	4,809
Total Other payables	**6,120**	5,120

An analysis of Other payables by due date is as follows:

(in millions of euros)	At December 31, 2007 due within one year	due between one and five years	due beyond five years	Total	At December 31, 2006 due within one year	due between one and five years	due beyond five years	Total
Other payables	**5,222**	**836**	**62**	**6,120**	4,156	903	61	5,120

The item Advances on buy-back agreements refers to agreements entered into by the Group during the year or which still remain effective at the balance sheet date. An amount of 1,130 million euros relate to assets included in Property, plant and equipment, with the balance of 1,032 million euros relating to inventories. The item Advances on buy-back agreements represents the following:

- at the date of the sale, the price received for the product is recognised as an advance in liabilities;
- subsequently, since the difference between the original sales price and the repurchase price is recognised in the income statement as operating lease instalments on a straight line basis over the lease term, the balance represents the remaining lease instalments yet to be recognised in income plus the repurchase price.

The carrying amount of Other payables is considered in line with their fair value at the balance sheet date.

31. Accrued liabilities and deferred income

The item Accrued liabilities and deferred income includes public grants recognised as income over the useful lives of the assets to which they relate. Furthermore, the item comprises deferred income relating to service contracts, as well as accrued liabilities for costs that will be settled in the following year.

32. Guarantees granted, commitments and contingent liabilities

Guarantees granted

At December 31, 2007 the Group had outstanding guarantees granted on the debt or commitments of third parties or unconsolidated subsidiaries jointly controlled and associated entities totalling 725 million euros, in line with the 2006 balance of 726 million euros.

Other commitments and important contractual rights

The Group has important commitments and rights deriving from outstanding agreements, summarised in the following.

Ferrari

Fiat has a call option exercisable from January 1 to July 31, 2008 on a further 5% of the Ferrari shares held by Mubadala Development Company at a pre-determined price of 303 euros per share (amounting to a total of 121.2 million euros) less any dividends that may be distributed.

Teksid

Fiat S.p.A. is subject to a put contract with Renault in reference to the original investment of 33.5% in Teksid, now 15.2%. In particular, Renault would acquire the right to exercise a sale option to Fiat on its interest in Teksid, in the following cases:

- in the event of non-fulfilment in the application of the protocol of the agreement and admission to receivership or any other redressement 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 the original 6.5% of the capital stock of Teksid, the initial investment price as increased by a given interest rate;
- for the remaining amount of capital stock of Teksid, the share of the accounting net equity at the exercise date.

Sales of receivables

The Group has discounted receivables and bills without recourse having due dates after December 31, 2007 amounting to 7,044 million euros (5,697 million euros at December 31, 2006, with due dates after that date), which refer to trade receivables and other receivables for 5,524 million euros (4,489 million euros at December 31, 2006) and receivables from financing for 1,520 million euros (1,208 million euros at December 31, 2006). These amounts include receivables, mainly from the sales network, sold to jointly-controlled financial services companies (FAFS) for 3,817 million euros (3,400 million euros at December 31, 2006) and associated financial service companies (Iveco Financial Services, controlled by Barclays) for 869 million euros (661 million euros at December 31, 2006).

Operating lease contracts

The Group enters into operating lease contracts for the right to use industrial buildings and equipments with an average term of 10-20 years and 3-5 years, respectively. The total future minimum lease payments under non-cancellable lease contracts are as follows.

	At December 31, 2007				At December 31, 2006			
(in millions of euros)	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Future minimum lease payments under operating lease agreements	64	122	128	314	82	172	180	434

During 2007, the Group has recorded costs for lease payments for 67 million euros (71 million euros in 2006).

Contingent liabilities

As a global company with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, environmental risks and tax matters. The outcome of any current or future proceedings cannot be predicted with certainty. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group financial position and results. At December 31, 2007, contingent liabilities estimated by the Group amount to approximately 200 million euros (approximately 220 million euros at December 31, 2006), for which no provisions have been recognised since an outflow of resources is not considered to be probable. Furthermore, contingent assets and expected reimbursement in connection with these contingent liabilities for approximately 20 million euros have been estimated but not recognised.

Instead, when it is probable that an outflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, the Group recognises specific provision for this purpose.

Furthermore, in connection with significant asset divestitures carried out in prior years, the Group provided indemnities to purchasers with the maximum amount of potential liability under these contracts generally capped at a percentage of the purchase price. These liabilities primarily relate to potential liabilities arising from breach of representations and warranties provided in the contracts and, in certain instances, environmental or tax matters, generally for a limited period of time. At December 31, 2007, potential obligations with respect to these indemnities are approximately 866 million euros (approximately 860 million euros at December 31, 2006), against which provisions of 58 million euros (49 million euros December 31, 2006) have been made, classified as Other provisions. The Group has provided certain other indemnifications that do not limit potential payment; it is not possible to estimate a maximum amount of potential future payments that could result from claims made under these indemnities.

In February 2006, Fiat received a subpoena from the SEC with respect to a formal investigation entitled *In the Matter of Certain Participants in the Oil for Food Program*. Under this subpoena, the Group was required to provide the SEC with documents relating to certain Fiat-related entities, including certain CNH subsidiaries and Iveco, regarding matters relating to the United Nations Oil-for-Food Program (the "OFF Program"). A substantial number of companies were mentioned in the "Report of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme" issued in October 2005 (the "Report"). The Report alleged that these companies engaged in transactions under the OFF Program that involved inappropriate payments. Fiat provided documents and other information to the SEC which have, to some extent, been shared by the SEC with the United States Department of Justice ("DOJ").

Fiat subsequently began settlement discussions with the SEC and DOJ. The SEC initially communicated that in order to settle the allegations it would require disgorgement of profits relating to the applicable contracts, interest on such amounts, and the imposition of a civil fine. The DOJ has communicated that in order to settle the allegations it would require signature of a deferred prosecution agreement which would impose upon CNH and Iveco a payment of a fine. The total amount of the disgorgement and fines which the SEC and DOJ initially requested is over $20 million, and this risk has been taken into account in measuring provisions. Fiat intends to continue such discussions with the SEC and DOJ but management is currently unable to predict the outcome, if any, of such discussions.

33. Segment reporting

Information by business and geographical area is disclosed in accordance with IAS 14 – *Segment reporting*, and is prepared in conformity with the accounting policies adopted for preparing and presenting the Consolidated financial statements of the Group.

The primary reporting format is by business segment, while geographical segments represent the secondary reporting format.

This decision is based on the identification of the source and nature of the Group's risks and returns, which determine how the Group is organised and define its management structure and its internal financial reporting system.

Business segment information

The internal organisation and management structure of the Group throughout the world are based on the business segment to which entities and divisions belong. In addition, the Group has investments in holding entities and service providers whose activity is different from those of the industrial businesses. The following descriptions provide additional detail of this.

The Fiat Group Automobiles Sector operates internationally with the major brands Fiat, Abarth Lancia, Alfa Romeo and Fiat Professional, and manufactures and markets automobiles and light commercial vehicles. It also provides financial services through the Fiat Group Automobiles Financial Services joint venture with the Crédit Agricole group.

The Maserati Sector produces and markets luxury sports cars with the brand Maserati.

The Ferrari Sector consists of the manufacturing and marketing of luxury sports cars with the Ferrari brand and the management of the Formula One racing cars. It also provides financial services relating to the sale of automobiles.

The Agricultural and Construction Equipment Sector (CNH – Case New Holland) manufactures and sells tractors and Agricultural equipment under the CaseIH and the New Holland brands and Construction equipment under the Case and New Holland brands. The Sector also provides financial services to its end customers and dealers.

The Trucks and Commercial Vehicles Sector (Iveco) produces and sells trucks and commercial vehicles, mainly in Europe, (under the Iveco brand), buses (under the Iveco Irisbus brands) and special vehicles (under the Iveco, Magirus and Astra brands). In addition, Iveco provides financial services to its customers and dealers mainly through Iveco Finance Holdings Ltd., a company 51% owned by the Barclays group and 49% by Iveco.

The FPT Powertrain Technologies Sector manufactures and sells car engines and transmissions. Starting from 2006 the Sector also includes Iveco and C.R.F. powertrain activities.

The Components Sector (Magneti Marelli) produces and sells components for lighting systems, engine control units, suspension and shock absorbers systems, electronic systems and exhaust systems.

The Metallurgical Products Sector (Teksid) produces components for engines, cast-iron components for transmissions gearboxes and suspensions, and aluminum components.

The Production System Sector (Comau) designs and produces industrial automation systems and related products for the automotive industry.

The activities of the Publishing and Communications Sector (Itedi) mainly include publishing the newspaper *La Stampa* and selling advertising space in the print, television and internet media.

Total Net revenues presented by each Sector includes transactions with other Sectors carried out at arm's length prices.

Intersegment revenues and expenses are reconciled and are eliminated in the consolidated financial statements of the Group; intersegment receivables and payables are eliminated in a similar manner.

The item Segment Capital expenditure, Depreciation and amortisation, and Impairment concern intangible assets and property, plant and equipment.

Other Sector non-cash items comprise the Other provision for risks and charges.

The "Segment Result" arising under IAS 14 is equal to the Operating result. The Operating result and Trading profit include, respectively, Interest income and other financial income and Interest expenses and other financial expenses of financial services companies in Net revenues and Cost of Sales of the Sector.

Sector Assets are operating assets used by the Sector in its business and are directly attributed or allocated, in a reasonable manner, to the Sector. These assets do not include tax assets and investments accounted for using the equity method.

Sector Liabilities are operating liabilities used by the Sector in its business and are directly attributed or allocated, in a reasonable manner, to the Sector. These liabilities do not include tax liabilities.

As the Sector Result includes Interest income and other financial income and Interest expenses and other financial expenses of financial services companies, the Assets of the Fiat Group Automobiles, Ferrari, Agricultural and Construction equipment and Iveco Sectors include financial assets (primarily the investment portfolio) of financial services companies; similarly Sector Liabilities include the debt of financial services companies. As a result, the unallocated Group debt represents the debt of the industrial companies.

(in millions of euros)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Itedi	Other, Holdings and eliminations	FIAT Group
2007												
Total net revenues	26,812	694	1,668	11,843	11,196	7,075	5,000	783	1,089	391	(8,022)	58,529
Net revenues intersegment	(303)	(28)	(84)	(15)	(93)	(5,412)	(1,829)	(242)	(374)	(7)	8,387	-
Net revenues from third parties	26,509	666	1,584	11,828	11,103	1,663	3,171	541	715	384	365	58,529
Trading profit	803	24	266	990	813	271	214	47	(23)	12	(184)	3,233
Unusual income (expenses)	(168)	(2)	-	(37)	(10)	(14)	(5)	-	(10)	(1)	166	(81)
Operating result	635	22	266	953	803	257	209	47	(33)	11	(18)	3,152
Financial income (expenses)												(564)
Result from investments	76	-	4	71	12	1	1	3	-	-	17	185
Result before taxes												2,773
Income taxes												719
Result from continuing operations												2,054
Other information												
Capital expenditure	1,865	97	246	648	730	365	319	32	33	5	28	4,368
Depreciation and amortisation	(1,338)	(49)	(129)	(306)	(421)	(358)	(209)	(26)	(23)	(8)	(15)	(2,882)
Impairment	(25)	-	-	-	(23)	(15)	(11)	-	(1)	-	1	(74)
Other non-cash items	(1,649)	(72)	(42)	(1,720)	(556)	(53)	(62)	(15)	(40)	(1)	(87)	(4,297)

(in millions of euros)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Itedi	Other, Holdings and eliminations	FIAT Group
2006												
Total net revenues	23,702	519	1,447	10,527	9,136	6,145	4,455	979	1,280	401	(6,759)	51,832
Net revenues intersegment	(247)	(13)	(77)	(2)	(106)	(4,558)	(1,678)	(225)	(332)	(9)	7,247	-
Net revenues from third parties	23,455	506	1,370	10,525	9,030	1,587	2,777	754	948	392	488	51,832
Trading profit	291	(33)	183	737	546	168	190	56	(66)	11	(132)	1,951
Unusual income (expenses)	436	-	-	(145)	19	(66)	(15)	(30)	(206)	1	116	110
Operating result	727	(33)	183	592	565	102	175	26	(272)	12	(16)	2,061
Financial income (expenses)												(576)
Result from investments	37	-	-	45	32	1	(1)	3	(3)	-	42	156
Result before taxes												1,641
Income taxes												490
Result from continuing operations												1,151
Other information												
Capital expenditure	2,163	82	142	394	865	254	293	32	56	45	(14)	4,312
Depreciation and amortisation	(1,538)	(30)	(145)	(293)	(421)	(402)	(201)	(38)	(23)	(7)	(23)	(3,121)
Impairment	(2)	-	-	-	(36)	(7)	(12)	(23)	(26)	-	-	(106)
Other non-cash items	(1,037)	(60)	(35)	(1,504)	(507)	(105)	(73)	(19)	(85)	(1)	(108)	(3,534)

(in millions of euros)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Itedi	Other, Holdings and eliminations	FIAT Group
At December 31, 2007												
Sector operating assets	13,931	364	1,068	18,429	6,392	4,284	2,626	544	1,102	228	(915)	48,053
Sector operating assets held-for-sale	18	-	-	29	6	-	-	-	27	-	3	83
Investments	1,254	-	11	358	441	53	32	21	3	11	(152)	2,032
Unallocated Group assets:												
- Tax assets												3,045
- Receivables from financing activities, Non-current Other receivables and Securities of industrial companies												471
- Cash and cash equivalents, Current securities and Other financial assets of industrial companies												6,452
Total unallocated Group assets												9,968
Total assets												**60,136**
Sector operating liabilities	13,515	435	752	15,582	6,456	2,787	1,822	344	921	158	(1,313)	41,459
Sector operating liabilities held-for-sale	7	-	-	-	-	-	-	-	20	-	8	35
Provision for investments	35	-	-	-	45	3	5	-	2	-	-	90
Unallocated Group liabilities:												
- Tax liabilities												1,176
- Debt and Other financial liabilities of industrial companies net of Current financial receivables from jointly controlled financial services entities												6,097
Total unallocated Group liabilities												7,273
Total liabilities												**48,857**

(in millions of euros)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Itedi	Other, Holdings and eliminations	FIAT Group
At December 31, 2006												
Sector operating assets	12,920	300	918	17,727	6,125	4,103	2,294	424	1,034	243	(411)	45,677
Sector operating assets held-for-sale	28	-	-	29	6	-	-	192	-	-	57	312
Investments	1,131	-	3	347	426	18	16	17	3	11	106	2,078
Unallocated Group assets:												
- Tax assets												2,675
- Receivables from financing activities, Non-current Other receivables and Securities of industrial companies												450
- Cash and cash equivalents, Current securities and Other financial assets of industrial companies												7,212
Total unallocated Group assets												10,337
Total assets												**58,404**
Sector operating liabilities	12,396	367	634	14,653	5,784	2,444	1,625	292	813	188	(1,013)	38,183
Sector operating liabilities held-for-sale	50	-	-	-	-	-	-	73	-	-	146	269
Provision for investments	19	-	-	-	39	3	4	-	2	-	-	67
Unallocated Group liabilities:												
- Tax liabilities												864
- Debt and Other financial liabilities of industrial companies net of Current financial receivables from jointly controlled financial services entities												8,985
Total unallocated Group liabilities												9,849
Total liabilities												**48,368**

Geographical segment information

The following geographical segment information on Net Revenues is based on the geographical location of the Group's customers:

(in millions of euros)	2007	2006
Italy	**15,857**	14,851
Europe (Italy excluded)	**23,461**	20,298
North America	**5,842**	6,315
Mercosur	**8,318**	5,416
Other areas	**5,051**	4,952
Net revenues of the Group	**58,529**	**51,832**

The total amount of assets and capital expenditure by geographical segment are as follows:

	At December 31, 2007		At December 31, 2006	
(in millions of euros)	Assets	Capital expenditure	Assets	Capital expenditure
Italy	**23,241**	**2,232**	24,438	2,534
Europe (Italy excluded)	**14,582**	**1,236**	12,932	1,110
North America	**12,959**	**466**	13,396	321
Mercosur	**7,316**	**377**	5,581	299
Other areas	**2,038**	**56**	2,057	48
Total	**60,136**	**4,367**	**58,404**	**4,312**

34. Information on financial risks

The Group is exposed to the following financial risks connected with its operations:

- credit risk, regarding its normal business relations with customers and dealers, and its financing activities;
- liquidity risk, with particular reference to the availability of funds and access to the credit market and to financial instruments in general;
- market risk (principally relating to exchange rates, interest rates), since the Group operates at an international level in different currencies and uses financial instruments which generate interest. The Group is also exposed to the risk of changes in the price of certain listed shares.

As described in the section “Risk management”, the Group constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance and take the necessary action to mitigate them.

The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the Group.

The quantitative data reported in the following do not have any value of a prospective nature, in particular the sensitivity analysis on market risks, is unable to reflect the complexity of the market and its related reaction which may result from every change which may occur.

Credit risk

The maximum credit risk to which the Group is theoretically exposed at December 31, 2007 is represented by the carrying amounts stated for financial assets in the balance sheet and the nominal value of the guarantees provided on liabilities or commitments to third parties as discussed in Note 32.

Dealers and final customers are subject to specific assessments of their creditworthiness under a detailed scoring system; in addition to carrying out this screening process, the Group also obtains financial and non-financial guarantees for credit granted for the sale of cars, commercial vehicles and Agricultural and Construction equipment. These guarantees are further strengthened where possible by reserve of title clauses on financed vehicle sales to the sales network and on vehicles assigned under finance leasing agreements.

Balances which are objectively uncollectible either in part or for the whole amount are written down on a specific basis if they are individually significant. The amount of the write-down takes into account an estimate of the recoverable cash flows and the date of receipt, the costs of recovery and the fair value of any guarantees received. General provisions are made for receivables which are not written down on a specific basis, determined on the basis of historical experience and statistical information.

Out of Receivables for financing activities amounting to 12,268 million euros at December 31, 2007 (11,743 million euros at December 31, 2006), balances totalling 89 million euros (159 million euros at December 31, 2006) have been written down on an individual basis. Of the remainder, balances totalling 174 million euros (93 million euros at December 31, 2006) are past due up to one month, while balances totalling 277 million euros are past due by more than one month (360 million euros at December 31, 2006). In the event of instalment payments, even if only one instalment is overdue, the whole amount of the receivable is classified as such.

Out of Trade receivables and Other receivables totalling 7,587 million euros at December 31, 2007 (7,783 million euros at December 31, 2006), balances totalling 94 million euros (118 million euros at December 31, 2006) have been written down on an individual basis. Of the remainder, balances totalling 367 million euros (406 million euros at December 31, 2006) are past due up to one month, while balances totalling 476 million euros (554 million euros at December 31, 2006) are past due by more than one month.

Banco CNH Capital S.A. participates in various agricultural development/subsidy programs of the Brazilian government, provided through the Banco Nacional de Desenvolvimento Economico e Social (“BNDES”). Under such programs BNDES provides credit lines to Banco CNH, at subsidized interest rates, such that Banco CNH can provide subsidized financing to farmers for purchases of agricultural equipment. In 2005 and 2006, in support of the struggling agricultural sector, the Brazilian government granted a payment moratorium extending the loan payment terms by one year and rescheduling, at the same time, the maturity of payments due on the credit lines provided to Banco CNH and all other financial services participants in the program.

In 2007, the Brazilian government announced a new debt relief program that allowed an additional extension of credit terms and granted a 15% “bonus credit” to the farmers, subject to the payment of at least 15% of the amount due in 2007. As in previous moratorium, Banco CNH and other financial institutions participating in the program would receive a proportionate extension of amounts due to BNDES. BNDES would also grant a corresponding relief on the debt of Banco CNH in relation to the 15% bonus credit. As of December 31, 2007, the total remaining value of the outstanding financings and credit lines that was rescheduled under all renegotiation programs, was approximately 2.3 billion Reais (0.9 billion euros).

Liquidity risk

Liquidity risk arises if the Group is unable to obtain under economic conditions the funds needed to carry out its operations.

The two main factors that determine the Group’s liquidity situation are on one side the funds generated by or used in operating and investing activities and on the other the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

As described in the Risk management section, the Group has adopted a series of policies and procedures whose purpose is to optimise the management of funds and to reduce the liquidity risk, as follows:

- centralising the management of receipts and payments, where it may be economical in the context of the local civil, currency and fiscal regulations of the countries in which the Group is present;
- maintaining an adequate level of available liquidity;
- diversifying the means by which funds are obtained and maintaining a continuous and active presence on the capital markets;

- obtaining adequate credit lines; and
- monitoring future liquidity on the basis of business planning.

Details as to the repayment structure of the Group's financial assets and debt are provided in Notes 19 and 28, which are entitled respectively Current receivables and Debt.

Management believes that the funds and credit lines currently available, in addition to those funds that will be generated from operating and funding activities, will enable the Group to satisfy its requirements resulting from its investing activities and its working capital needs and to fulfil its obligations to repay its debts at their natural due date.

Currency risk

The group is exposed to risk resulting from changes in exchange rates, which can affect its result and its equity. In particular:

- Where a Group company incurs costs in a currency different from that of its revenues, any change in exchange rates can affect the operating result of that company. In 2007, the total trade flows exposed to currency risk amounted to the equivalent of 14% of the Group's turnover (13% in 2006). The principal exchange rates to which the Group is exposed are the following:
  - EUR/USD, relating to sales in dollars made by Italian companies (in particular Ferrari and Maserati) to the North American market and to other markets in which the dollar is the trading currency, and to the production and purchases of the Agricultural and Construction equipment Sector in the Euro area;
  - EUR/GBP, principally in relation to sales by Fiat Group Automobiles and Iveco on the UK market;
  - EUR/PLN, relating to local costs incurred in Poland regarding products sold in the Euro area;
  - USD/BRL and EUR/BRL, relating to Brazilian manufacturing operations and the related import and export flows, for which the company is a net exporter in US dollars.

  The trading flows exposed to changes in these exchange rates amounted in 2007 to about 72% of the total currency risk from trading transactions. Other significant exposures regard the exchange rates EUR/CHF, EUR/TRY, USD/CAD, AUD/USD, GBP/USD and USD/JPY. None of these exposures, taken individually, exceeded 5% of the Group's total transaction exchange risk exposure in 2007. It is the Group's policy to use derivative financial instruments to hedge a certain percentage, on average between 55% and 85%, of the trading transaction exchange risk exposure forecast for the coming 12 months (including such risk beyond that date where it is believed to be appropriate in relation to the characteristics of the business) and to hedge completely the exposure resulting from firm commitments.

- Group companies may find themselves with trade receivables or payables denominated in a currency different from the money of account of the company itself. In addition, in a limited number of cases, it may be convenient from an economic point of view or it may be required under local market conditions, for companies to obtain finance or use funds in a currency different from the money of account. Changes in exchange rates may result in exchange gains or losses arising from these situations.

  It is the Group's policy to hedge fully, whenever possible, the exposure resulting from receivables, payables and securities denominated in foreign currencies different from the company's money of account.

- Certain of the Group's subsidiaries are located in countries which are not members of the European monetary union, in particular the United States, Canada, United Kingdom, Switzerland, Brazil, Poland, Turkey, India, China, Argentina and South Africa. As the Group's reference currency is the Euro, the income statements of those countries are converted into euros using the average exchange rate for the period, and while revenues and margins are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs and the result in Euros.

- The assets and liabilities of consolidated companies whose money of account is different from the euros may acquire converted values in euros which differ as a function of the variations in exchange rates. The effects of these changes are recognised directly in the item "Cumulative translation differences" included in stockholders' equity (see Note 25).

The Group monitors its principal exposure to conversion exchange risk, although there was no specific hedging in this respect at the balance sheet date.

There have been no substantial changes in 2007 in the nature or structure of exposure to currency risk or in the Group's hedging policies.

Sensitivity analysis

The potential loss in fair value of derivative financial instruments held by the Group at December 31, 2007 for managing exchange risk (currency swaps/forward, currency options and interest rate and currency swaps), which would arise in the case of a hypothetical, unfavourable and instantaneous change of 10% in the exchange rates of the major foreign currencies with the Euro, amounts to approximately 580 million euros (460 million euros at December 31, 2006). The valuation model for currency options assumes that market volatility at year end remains unchanged. Receivables, payables and future trade flows whose hedging transactions have been analysed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

The increase over the prior year is mainly due to the derivatives hedging the 1 billon euros bond issued by Fiat Finance North America Inc.

Interest rate risk

The manufacturing companies and treasuries of the Group make use of external funds obtained in the form of financing and invest in monetary and financial market instruments. In addition, Group companies make sales of receivables resulting from their trading activities on a continuing basis. Changes in market interest rates can affect the cost of the various forms of financing, including the sale of receivables, or the return on investments, and the employment of funds, causing an impact on the level of net financial expenses incurred by the Group.

In addition, the financial services companies provide loans (mainly to customers and dealers), financing themselves using various forms of direct debt or asset-backed financing (e.g. securitisation of receivables). Where the characteristics of the variability of the interest rate applied to loans granted differ from those of the variability of the cost of the financing obtained, changes in the current level of interest rates can influence the operating result of those companies and the Group as a whole.

In order to manage these risks, the Group uses interest rate derivative financial instruments, mainly interest rate swaps and forward rate agreements, with the object of mitigating, under economically acceptable conditions, the potential variability of interest rates on the net result.

Sensitivity analysis

In assessing the potential impact of changes in interest rates, the Group separates out fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows).

The fixed rate financial instruments used by the Group consist principally of part of the portfolio of the financial services companies (basically customer financing and financial leases) and part of debt (including subsidised loans and bonds).

The potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivative financial instruments) held at December 31, 2007, resulting from a hypothetical, unfavourable and instantaneous change of 10% in market interest rates, would have been approximately 86 million euros (105 million euros at December 31, 2006).

Floating rate financial instruments include principally cash and cash equivalents, loans provided by the financial services companies to the sales network and part of debt. The effect of the sale of receivables is also considered in the sensitivity analysis as well as the effect of hedging derivative instruments.

A hypothetical, unfavourable and instantaneous change of 10% in short-term interest rates at December 31, 2007, applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivatives financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately 9 million euros (11 million euros at December 31, 2006)

This analysis is based on the assumption that there is a general and instantaneous change of 10% in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

Other risks on derivative financial instruments

As described in Note 22, the Group holds certain derivative financial instruments whose value is linked to the price of listed shares and stock market indices (principally Equity swaps on Fiat shares).

Although theses transactions were entered into for hedging purposes, they do not qualify for hedge accounting under IFRS. As a consequence, the variability of the underlying values could have an effect on the Group's results.

In addition in 2007 the Group entered derivatives contracts linked to commodity prices to hedge specific exposures on supply contracts.

Sensitivity analysis

In the event of a hypothetical, unfavourable and instantaneous change of 10% in the underlying values, the potential loss in fair value of outstanding derivative financial instruments at December 31, 2007 linked to the Fiat share price would be approximately 37 million euros.

In the event of a hypothetical, unfavourable and instantaneous change of 10% in the underlying raw materials prices, the potential loss in fair value of outstanding derivative financial instruments at December 31, 2007 linked to commodity prices would be approximately 4 million euros.

35. Related party transactions

The Group engages in transactions with unconsolidated subsidiaries, jointly controlled entities, associated companies and other related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

The effects of such transactions on the consolidated income statements for 2007 and 2006 are as follows:

		of which: with related parties					
(in millions of euros)	Total 2007	Unconsolidated Subsidiaries	Jointly controlled entities	Associated companies	Other related parties	Total related parties	Effect on Total (%)
Net revenues	58,529	52	2,213	372	2	**2,639**	**4.5%**
Cost of sales	48,924	16	3,145	54	49	**3,264**	**6.7%**
Selling, general and administrative costs	4,924	10	17	13	99	**139**	**2.8%**

(in millions of euros)	Total 2006	of which: with related parties Unconsolidated Subsidiaries	Jointly controlled entities	Associated companies	Other related parties	Total related parties	Effect on Total
Net revenues	51,832	17	1,767	402	3	2,189	4.2%
Cost of sales	43,888	-	3,037	-	14	3,051	7.0%
Selling, general and administrative costs	4,697	4	3	12	50	69	1.5%

The effects on the consolidated balance sheets at December 31, 2007 and 2006 are as follows:

(in millions of euros)	At December 31, 2007	of which: with related parties Unconsolidated Subsidiaries	Jointly controlled entities	Associated companies	Other related parties	Total related parties	Effect on Total
Other investments and non current financial assets	284	44	-	20	-	64	22.5%
Inventories	9,990	-	6	-	-	6	0.1%
Trade receivables	4,384	38	248	80	1	367	8.4%
Current receivables from financing activities	12,268	111	199	21	-	331	2.7%
Other current receivables	3,203	166	35	3	-	204	6.4%
Accrued income and prepaid expenses	241	-	1	-	-	1	0.4%
Asset-backed financing	6,820	-	141	155	-	296	4.3%
Other debt	11,131	40	217	64	-	321	2.9%
Trade payables	14,725	30	1,012	40	25	1,107	7.5%
Other payables	6,120	2	40	-	4	46	0.8%
Accrued liabilities and deferred income	1,083	-	4	-	-	4	0.4%

(in millions of euros)	At December 31, 2006	Of which: with related parties Unconsolidated Subsidiaries	Jointly controlled entities	Associated companies	Other related parties	Total related parties	Effect on Total
Other investments and non current financial assets	561	23	-	35	-	58	10.3%
Inventories	8,548	-	25	-	-	25	0.3%
Trade receivables	4,944	18	280	78	1	377	7.6%
Current receivables from financing activities	11,743	13	174	4	-	191	1.6%
Other current receivables	2,839	13	129	3	-	145	5.1%
Asset-backed financing	8,344	-	124	272	-	396	4.7%
Other debt	11,844	40	266	32	-	338	2.9%
Trade payables	12,603	3	947	55	-	1,005	8.0%
Other payables	5,120	1	45	-	5	51	1.0%

Transactions with jointly controlled entities

Significant transactions with jointly controlled entities are set out as follows:

- Net revenues: transactions consist principally of the sales of motor vehicles, production systems and components, including engines and gearboxes, and the provision of services, to the following companies:

(in millions of euros)	2007	2006
Tofas-Turk Otomobil Fabrikasi Tofas A.S., for the sale of motor vehicles	**942**	820
Società Europea Veicoli Leggeri-Sevel S.p.A., for the sale of engines, other components and production systems	**771**	607
Fiat Group Automobiles Financial Services S.p.A. for the sale of motor vehicles	**236**	-
Iveco Fiat-Oto Melara Società consortile, for the sale of vehicles and special transport	**90**	108
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme, for the sale of engines and other components and production systems	**73**	74
New Holland HFT Japan Inc., for the sale of Agricultural and construction equipment	**15**	26
New Holland Trakmak Traktor A.S., for the sale of Agricultural and construction equipment	**5**	36
Other minor amounts	**81**	96
Total Net revenues from jointly controlled entities	**2,213**	**1,767**

- Cost of sales: transactions have taken place principally with the following companies:

(in millions of euros)	2007	2006
Società Europea Veicoli Leggeri-Sevel S.p.A., for the purchase of motor vehicles	**1,435**	1,191
Tofas-Turk Otomobil Fabrikasi Tofas A.S., for the purchase of motor vehicles	**828**	804
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme, for the purchase of motor vehicles	**560**	378
Other minor amounts	**322**	664
Total Cost of sales for purchases from jointly controlled entities	**3,145**	**3,037**

- Current trade receivables: these relate to receivables resulting from the revenues discussed above and, starting from December 2007, those arising from the Group's trade relationships with FAFS, which mostly regard the sales of vehicles leased out by FAFS in its own turn under operating or financial lease arrangements. In particular:

(in millions of euros)	2007	2006
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	**66**	82
Società Europea Veicoli Leggeri-Sevel S.p.A.	**62**	110
Fiat Group Automobiles Financial Services S.p.A.	**60**	46
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	**2**	1
Other minor amounts	**58**	41
Total Current trade receivables due from jointly controlled entities	**248**	**280**

- Current receivables from financing activities of 199 million euros (174 million euros at December 31, 2006): these relate to receivables resulting from financial activities carried out by the Group with jointly controlled entities (Sevel) and receivables of 81 million euros at December 31, 2007 (143 million euros at December 31, 2006) from jointly controlled financial service companies (FAFS) resulting from the financing of the sales network.
- Other current receivables of 35 million euros (129 million euros at December 31, 2006): these relate mostly to other receivables of 16 million euros due from FAFS at December 31, 2007 (113 million euros at December 31, 2006). At December 31, 2006, this item included also 98 million euros relating to the extended term consideration due in connection with the transaction by which the joint venture was established.
- Asset-backed financing of 141 million euros (124 million euros at 31 December 31, 2006): these relate to amounts due to FAFS for sales of receivables which do not qualify as sales under IAS 39.
- Other financial payables of 217 million euros (266 million euros at December 31, 2006): this item includes 214 million euros of other payables of a financial nature due to FAFS (243 million euros at December 31, 2006).

- Trade payables: these relate to payables resulting from the costs discussed above and those arising from the Group's trade relationships with FAFS. In particular:

(in millions of euros)	2007	2006
Società Europea Veicoli Leggeri-Sevel S.p.A.	**525**	655
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	**269**	152
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	**106**	56
Fiat Group Automobiles Financial Services S.p.A.	**47**	76
Other minor amounts	**65**	8
Total Trade payables due to jointly controlled entities	**1,012**	**947**

Transactions with associated companies

The principal transactions are as follows:

- Revenues: transactions consist principally of the sales of motor vehicles, production systems and components, including engines and gearboxes, and the provision of services, to the following companies:

(in millions of euros)	2007	2006
Iveco Finance Holdings Ltd. (a subsidiary of the Barclays group), for the sale of industrial vehicles leased out by the associate	**219**	225
Otoyol Sanayi A.S., for the sale of industrial vehicles	**16**	72
Other minor amounts	**137**	105
Total Revenues from associated companies	**372**	**402**

- Current trade receivables of 80 million euros (78 million euros at December 31, 2006): these relate to receivables resulting from the revenues discussed above.

Transactions with other related parties

The principal transaction in this category relates to an amount of 49 million euros (14 million euros in 2006) classified in cost of sales; included in this balance is the purchase of steel from the Corus group, which is part of the Tata group, for an amount of 30 million euros, the purchase of goods of 11 million euros for the high range and deluxe upholstery of the Group's automobiles (12 million euros in 2006) from Poltrona Frau S.p.A., a company listed on the Italian Stock Exchange in which the chairman of the Board of Directors of Fiat S.p.A., Luca Cordero di Montezemolo, has an indirect investment.

Emoluments to Directors, Statutory Auditors and Key Management

The fees of the Director and Statutory Auditors of Fiat S.p.A. for carrying out their respective functions, including those in other consolidated companies, are as follows:

(in millions of euros)	2007	2006
Directors (a)	**53,147**	25,106
Statutory auditors	**192**	190
Total Emoluments	**53,339**	**25,296**

(a) This amount includes for both 2007 and 2006 the notional compensation cost arising from stock options granted to the Chief Executive Officer.

The aggregate expense incurred in 2007 and accrued at year end for the compensation of Executives with strategic responsibilities of the Group amounts to approximately 28 million euros. This amount is inclusive of the following:

- the notional compensation cost arising from stock options granted to certain Executives of approximately 3 million euros;
- the amount contributed by the Group to State and employer defined contribution pension funds of approximately 7 million euros;
- the amount contributed by the Group to a special defined benefit plan for certain senior Executives amounting to 0.3 million euros.

These costs consist of compensation for Executives with strategic responsibilities who were already working for the Group in 2006 and continue with the Group at present, as well as for management personnel who took on key responsibilities in 2007.

36. Acquisitions and Disposals of subsidiaries

Acquisitions

In 2007, the Group acquired the following subsidiaries:

- At the end of April 2007 Magneti Marelli reacquired control of Automotive Spare Parts Distribution Operations (After Market Parts and Services business line) following its acquisition of 60,54% of Concordia Finance S.A., leading to the recognition of a goodwill for 37 million euros. This goodwill continues to be recognised in the balance sheet at December 31, 2007 since the acquired company is capable of achieving a high level of profitability and additional benefits will arise from the purchase. The IFRS book value of the acquiree's assets and liabilities at the acquisition date and immediately after the acquisition were as follows:

(in millions of euros)	IFRS book value at the acquisition date	IFRS book value immediately after the acquisition
Non current assets	48	71
Current assets	88	88
Total assets	**136**	**159**
Liabilities	126	133
Contingent liabilities	-	-

- In May 2007 the Group acquired the entire ownership of the I.T.C.A. group which carries out its business in the automotive sector, leading to the recognition of a goodwill for 10 million euros. This goodwill continues to be recognised in the balance sheet at December 31, 2007 since the acquired group is capable of achieving a high level of profitability, synergies from the acquisition are expected to provide value and additional benefits will arise from the purchase. The IFRS book value of the acquiree's assets and liabilities at the acquisition date and immediately after the acquisition were as follows:

(in millions of euros)	IFRS book value at the acquisition date	IFRS book value immediately after the acquisition
Non current assets	182	133
Current assets	160	160
Total assets	**342**	**293**
Liabilities	335	335
Contingent liabilities	1	1

- In August 2007 the Group acquired the entire ownership of Teksid Aluminum S.r.l., leading to the recognition of a goodwill for 7 million euros. This goodwill continues to be recognised in the balance sheet at December 31, 2007 since the acquired company is capable of achieving a high level of profitability, synergies from the acquisition are expected to provide value and additional benefits will arise from the purchase. The IFRS book value of the acquiree's assets and liabilities at the acquisition date and immediately after the acquisition were as follows:

(in millions of euros)	IFRS book value at the acquisition date	IFRS book value immediately after the acquisition
Non current assets	67	74
Current assets	43	43
Total assets	**110**	**117**
Liabilities	117	117
Contingent liabilities	-	-

- On December 6, 2007, the Group acquired the entire ownership of the Ergom group which carries out its business in the automotive sector. The Ergom group has also been excluded from consolidation due to a lack of the information necessary to prepare these notes in a consistent manner. For the sake of completeness a summary balance sheet at December 31, of the Group, in which the Ergom Group is consolidated on a line-by-line basis, is provided in the following table and compared with the published balance sheet of the Group at the same date:

(in millions of euros)	Fiat Group balance sheet	Effect of the line-by-line consolidation of the Ergom group	FiatGroup balance sheet including the Ergom group
Non current assets	22,312	382	22,694
Current assets	37,741	(136)	37,605
Assets held for sale	83	-	83
Total assets	**60,136**	**246**	**60,382**
Stockholders' equity	11,279	1	11,280
Debt	10,425	20	10,445
Other liabilities	38,397	225	38,622
Liabilities held for sale	35	-	35
Total stockholders' equity and liabilities	**60,136**	**246**	**60,382**

As may be seen in the above table consolidating the Ergom group on a line-by-line basis in the consolidated financial statements of the Group would not have had any significant effect on the net result or stockholders' equity.

If the acquisition date for these transactions had been January 1, 2007, consolidated revenues would have increased by 118 million euros, while net income for the period would have remained substantially unchanged.

The Group did not acquire any significant subsidiary in 2006. It acquired instead minority interests in companies in which it already held control, leading to the recognition of the following cash outflows and goodwill:

(in millions of euros)	Purchased minority interest	Cash outflows on acquisition	Goodwill recognised at the acquisition date
Conversion of CNH Global N.V. privileged "Series A" shares	6%	-	-
Acquisition of Ferrari newly-issued shares and exercise of the call option on 28.6% of the Ferrari shares	29%	919	776
Total		**919**	**776**

In addition, the immaterial subsidiary Ferrari Financial Services AG was acquired in 2006, for a price paid by the Group which included goodwill amounting to 1 million euros. The IFRS book value of the acquiree's assets and liabilities at the acquisition date and immediately after the acquisition were as follows:

(in millions of euros)	IFRS book value at the acquisition date	IFRS book value immediately after the acquisition
Non current assets	1	1
Current assets	30	30
Total assets	**31**	**31**
Liabilities	31	31
Contingent liabilities	-	-

Disposals

As described in the section Scope of consolidation, the Group disposed of the following businesses in 2007:

- On February 28, 2006, the sale of subsidiary Ingest Facility S.p.A. was concluded.
- On March 2, 2007, the sale of Meridian Technologies Inc. was finalised.
- On December 28, 2007, the Group completed the steps being taken to establish an equal share joint venture with Tata Motors. On that date, therefore, the assets and liabilities of the Indian business of the Fiat Group Automobiles Sector, previously classified as assets and liabilities held for sale, were transferred to the joint venture and were no longer consolidated in that manner.

The book value at the disposal date of the net assets sold is summarised in the following table

(in millions of euros)	Total sales of consolidated subsidiaries	Ingest	Meridian	of which Fiat India
Non-current assets	343	3	124	215
Cash and cash equivalents	16	2	8	6
Other current assets	233	133	70	27
Total assets	**592**	**138**	**202**	**248**
Debt	111	-	32	79
Other liabilities	261	133	61	65
Total liabilities	**372**	**133**	**93**	**144**

The consideration received for these sales of consolidated subsidiaries and the related net cash inflows are as follows:

(in millions of euros)	Total sales of consolidated subsidiaries	Ingest	Meridian	of which Fiat India
Consideration received:				
- Consideration due	158	50	63	37
- Less: Deferred sales proceeds, net	(3)	-	-	(3)
Total Consideration received	**155**	**50**	**63**	**34**
Net cash inflows on disposals:				
- Consideration received	155	50	63	34
- Less: Cash and cash equivalents disposed of	(15)	(1)	(8)	(6)
Total Net cash inflows on disposals	**140**	**49**	**55**	**28**
- Reimbursement of loans extended by the Group's centralised cash management	9	-	9	-
Total Net cash inflows generated	**149**	**49**	**64**	**28**

For the sake of completeness details of the consideration received for the sales of other investments and the related net cash inflows are provided as follows:

(in millions of euros)	Total sales of other investments	of which Mediobanca
Total Consideration received	251	225
Total Net cash inflows generated	251	225

The Group disposed of the following businesses in 2006:

- The procedure for the sale of the subsidiary Atlanet S.p.A. to the British Telecom group was for the most part finalised in the first quarter of 2006 on receiving the approval of the Italian Guarantor Authority for Competition and the Market; the transaction was finally concluded with the sale of the Polish and Brazilian business in the second half of the year.

- Fiat sold its investment in Sestrieres S.p.A. to Via Lattea S.p.A. on June 29, 2006.
- On August 30, 2006, Teksid S.p.A. sold its holding in Société Bretonne de Fonderie et Mecanique.
- On August 31, 2006, Fiat sold its holding in Banca Unione di Credito (B.U.C.) to BSI (a company of the Generali group).
- The subsidiary Comau Pico sold its Autodie business to Mbtech Stuttgart on November 10, 2006.
- On December 28, 2006, Fiat Group Automobiles and Crédit Agricole finalised the formation of the 50/50 joint venture FAFS.

The book value at the disposal date of the net assets sold is summarised in the following table. Specific disclosure is made for the B.U.C. disposal and the formation of FAFS given the significance of the amounts involved. In particular, disclosures relating to the formation of FAFS are separated between those that relate to the business previously controlled by the Group which was therefore consolidated on a line-by-line basis, and those that relate to the business of financing the final customer (the retail business), which was previously headed by the associate Fidis Retail Italia.

(in millions of euros)	Total sales of consolidated subsidiaries	of which B.U.C.	of which FAFS
Non current assets	1,586	76	1,453
Cash and cash equivalents	653	196	442
Other current assets	5,119	1,005	3,957
Total assets	**7,358**	**1,277**	**5,852**
Debt	6,336	1,074	5,219
Other liabilities	590	34	395
Total liabilities	**6,926**	**1,108**	**5,614**

The consideration received for these sales of consolidated subsidiaries and the related net cash inflows are as follows:

(in millions of euros)	Total sales of consolidated subsidiaries	of which B.U.C.	of which FAFS
Consideration received:			
- Consideration due	593	254	277
- Less: Deferred sales proceeds, net	(85)	-	(85)
Total Consideration received	**508**	**254**	**192**
Net cash inflows on disposals:			
- Consideration received	508	254	192
- Less: Cash and cash equivalents disposed of	(461)	(196)	(247)
Total Net cash inflows on disposals	**47**	**58**	**(55)**
- Reimbursement of loans extended by the Group's centralised cash management	3,131	-	3,131
Total Net cash inflows generated	**3,178**	**58**	**3,076**

The consideration received for the sales of other investments and the related net cash inflows are as follows:

(in millions of euros)	Total sales of other investments	of which FAFS
Total Consideration received	1,157	998
- Less: consideration paid for exercising the call option on FRI and the subsequent capitalisation	(659)	(659)
Total Net cash inflows generated	**498**	**339**

37. Non-recurring transactions

No significant non-recurring operations as defined by Consob Communication of July 28, 2006, were carried out by the Group in 2007.

For disclosure purposes it is recalled that the Group has entered certain important targeted industrial and/or sales agreements during the year (in many cases these are still at the stage of the "Letter of intent") under which manufacturing and/or commercial joint ventures will be set up in foreign countries (including India and Russia), development and growth will be agreed with other operators in the automotive business and vehicles will be constructed on behalf of other manufacturers and/or the manufacturing know how will be sold. These agreements, which have by now become part of the Group's ordinary operations, had had no significant effect on the amounts stated in the consolidated financial statements through December 31, 2007.

38. Transactions resulting from unusual and/or abnormal operations

Pursuant to the Consob Communication of July 28, 2006, the Group has not taken part in any unusual and/or abnormal operations as defined in that Communication (reference should be made to the section Format of the financial statements for a definition of these).

39. Translation of financial statements denominated in a currency other than Euro

The principal exchange rates used in 2007 and 2006 to translate into euros the financial statements prepared in currencies other than the euros were as follows:

	Average 2007	At December 31, 2007	Average 2006	At December 31, 2006
U.S. dollar	**1.370**	**1.472**	1.256	1.317
Pound sterling	**0.684**	**0.733**	0.682	0.672
Swiss franc	**1.643**	**1.655**	1.573	1.607
Polish zloty	**3.784**	**3.594**	3.896	3.831
Brazilian real	**2.670**	**2.607**	2.734	2.815
Argentine peso	**4.309**	**4.667**	3.879	4.066

40. Other information

Personnel costs

The income statement includes personnel costs for 6,959 million euros in 2007 (6,741 million euros in 2006).

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

	2007	2006
Managers	**2,365**	2,432
White-collar	**53,888**	54,351
lue-collar	**123,348**	116,943
Average number of employees	**179,601**	**173,726**

41. Subsequent events

The principal events that have occurred after the balance sheet date are as follows:

- The share buy-back programme continued in the first 11 days of January, following the decision to extend the Programme from December 31, 2007 to April 30, 2008. At February 15, 2008, the total number of ordinary shares purchased from the beginning of the programme amounted to 31.54 million, for a total invested amount of 603.4 million euros. The Group intends to continue its share buy-back programme throughout 2008 and the Board of Directors intends to submit to the next Annual Stockholders Meeting the renewal of the related authority.

- On January 11 Magneti Marelli and Sumi Motherson Group signed an agreement for the creation of a joint venture in India aimed at the production of automotive components in the area of lighting and engine control systems. The joint venture's products will target the Indian market and local and international carmakers operating in the territory.

- On January 20, 2008 an agreement was reached between Federmeccanica (the national labour organisation representing the metallurgical and mechanical industries with which Group Companies are affiliated) and the Fim-Cisl, Fiom-Cgil, Uilm-Uil and Fismic labour unions for the renewal of the National Collective Labour Agreement for Metalworkers (white and blue collar) of metallurgical and mechanical industries for approximately 77,000 Fiat Group employees in Italy. The agreement will be valid for 30 months (until December 31, 2009) for the wage related provisions and until December 31, 2011 for the regulatory provisions. Wage increases were agreed to for a total of 127 euros gross per month (these amounts refer to a worker classified in category 5) granted in three instalments: 60 euros from January 1, 2008, another 37 euros from January 1, 2009 and a further 30 euros from September 1, 2009. Furthermore, a one-off payment of 300 euros gross will be made in March 2008 to cover the period between July and December 2007. The changes envisaged in the regulatory provisions include certain measures regarding working time aimed at improving flexibility (an 8-hour increase in the amount of overtime that companies may implement without having to obtain prior consent from worker representatives); the standardisation of regulatory provisions for blue and white collar workers that will come into effect on January 1, 2009; revision and reinforcement of the information and consultation system, particularly in regard to safety at work; the definition of employment stabilisation paths for fixed-term and supply contract workers.

- On January 28 FPT Powertrain Technologies, the Region of Piedmont, the Province of Biella and the Municipality of Verrone (Biella) signed a Protocol of Understanding aimed at boosting and developing the Verrone plant, where a new transmission named C635 will be produced for mid-sized cars. It will be offered in three versions: manual, Dual Dry Clutch (DDCT, robotised transmission with dual dry clutch) and robotised. It is estimated that Fiat Powertrain Technologies will invest approximately 500 million euros between fixed assets and research and development costs, which will permit achieving a production capacity of 800,000 transmission in 2012. Once it is in full operation, it could employ 1,100 workers, or about 600 more than current levels.

February 15, 2008

On behalf of the Board of Directors

/s/ LUCA CORDERO DI MONTEZEMOLO

Luca Cordero di Montezemolo

Chairman

Appendix I
The Companies of the Fiat Group

As required by Consob Resolution No. 11971 of May 14, 1999 as amended (Article 126 of the Regulations), a complete list of the companies and significant investments of the Group is provided below.
The companies on this list have been classified on the basis of the percentage of ownership and method of consolidation as well as in accordance with IAS 14 - Segment reporting.

The information provided for each company includes: name, registered office, country and capital stock stated in the original currency. The percentage of Group consolidation and the percentage held by Fiat S.p.A. or its subsidiaries are also shown.
A separate column shows the percentage held of the voting rights at the ordinary stockholders meeting, when this figure differs from the percentage interest held in the company.

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Controlling company								
■ Parent company								
Fiat S.p.A.	Turin	Italy	6,377,262,975	EUR	–	–	–	–
Subsidiaries consolidated on a line-by-line basis								
■ Fiat Group Automobiles								
Fiat Group Automobiles S.p.A.	Turin	Italy	745,031,979	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
ABARTH & C. S.p.A.	Chivasso	Italy	1,500,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Alfa Romeo Automobiles S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Banco Fidis de Investimento SA	Betim	Brazil	439,658,836	BRL	100.00	Fidis S.p.A.	75.000	
						Fiat Automoveis S.A. - FIASA	25.000	
Clickar Assistance S.R.L.	Turin	Italy	335,632	EUR	100.00	Fidis S.p.A.	100.000	
Customer Services Centre S.r.l.	Turin	Italy	2,500,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Easy Drive S.r.l.	Turin	Italy	10,400	EUR	100.00	Fiat Group Automobiles S.p.A.	99.000	
						Fiat Center Italia S.p.A.	1.000	
Fiat Auto Argentina S.A.	Buenos Aires	Argentina	476,464,366	ARS	100.00	Fiat Group Automobiles S.p.A.	72.495	
(business Fiat Group Automobiles)						Fiat Automoveis S.A. - FIASA	27.505	
Fiat Auto Dealer Financing SA	Brussels	Belgium	62,000	EUR	99.84	Fiat Group Automobiles Belgium S.A.	99.839	
Fiat Auto Poland S.A.	Bielsko-Biala	Poland	660,334,600	PLN	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Auto Var S.r.l.	Turin	Italy	7,370,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Automobil Vertriebs GmbH	Frankfurt	Germany	8,700,000	EUR	100.00	Fiat Group Automobiles Germany AG	100.000	
Fiat Automobiles S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Automotive Finance Co. Ltd.	Shanghai	People's Rep.of China	500,000,000	CNY	100.00	Fidis S.p.A.	100.000	
Fiat Automoveis S.A. - FIASA	Betim	Brazil	1,233,506,013	BRL	100.00	Fiat Group Automobiles S.p.A.	100.000	
(business Fiat Group Automobiles)								
Fiat Center (Suisse) S.A.	Meyrin	Switzerland	13,000,000	CHF	100.00	Fiat Group Automobiles Switzerland S.A.	100.000	
Fiat Center Italia S.p.A.	Turin	Italy	2,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat CR Spol. S.R.O.	Prague	Czech Republic	1,000,000	CZK	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Credito Compania Financiera S.A.	Buenos Aires	Argentina	142,630,748	ARS	100.00	Fidis S.p.A.	100.000	
Fiat Finance Netherlands B.V.	Amsterdam	Netherlands	690,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat France	Trappes	France	235,480,520	EUR	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Group Automobiles Austria GmbH	Vienna	Austria	37,000	EUR	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Group Automobiles Belgium S.A.	Brussels	Belgium	18,600,000	EUR	100.00	Fiat Finance Netherlands B.V.	99.998	
						Fiat Group Automobiles Switzerland S.A.	0.002	
Fiat Group Automobiles Denmark A/S	Glostrup	Denmark	55,000,000	DKK	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Group Automobiles Germany AG	Heilbronn	Germany	82,650,000	EUR	100.00	Fiat Finance Netherlands B.V.	99.000	
						Fiat Group Automobiles Switzerland S.A.	1.000	
Fiat Group Automobiles Hellas S.A.	Argyroupoli	Greece	62,033,499	EUR	100.00	Fiat Finance Netherlands B.V.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Fiat Group Automobiles Ireland Ltd.	Dublin	Ireland	5,078,952	EUR	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Group Automobiles Japan K.K.	Minatu-Ku. Tokyo	Japan	420,000,000	JPY	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Maroc S.A.	Casablanca	Morocco	1,000,000	MAD	99.95	Fiat Group Automobiles S.p.A.	99.950	
Fiat Group Automobiles Netherlands B.V.	Lijnden	Netherlands	5,672,250	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Fiat Group Automobiles Portugal, S.A.	Alges	Portugal	1,000,000	EUR	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Group Automobiles South Africa (Proprietary) Ltd	Johannesburg	South Africa	640	ZAR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Spain S.A.	Alcalá De Henares	Spain	8,079,280	EUR	100.00	Fiat Finance Netherlands B.V.	99.998	
						Fiat Group Automobiles Switzerland S.A.	0.002	
Fiat Group Automobiles Switzerland S.A.	Schlieren	Switzerland	21,400,000	CHF	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles UK Ltd	Slough Berkshire	United Kingdom	44,600,000	GBP	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat India Private Ltd.	Mumbai	India	8,363,617,700	INR	74.42	Fiat Group Automobiles S.p.A.	47.804	47.372
						Fiat India Automobiles Private Limited	52.196	52.628
Fiat Light Commercial Vehicles S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Magyarorszag Kereskedelmi KFT.	Budapest	Hungary	150,000,000	HUF	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Purchasing Italia S.r.l.	Turin	Italy	600,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
FIAT Purchasing Poland Sp. z o.o.	Bielsko-Biala	Poland	300,000	PLN	100.00	Fiat Purchasing Italia S.r.l.	100.000	
Fiat Real Estate Germany GmbH	Frankfurt	Germany	25,000	EUR	100.00	Fiat Automobil Vertriebs GmbH	100.000	
Fiat SR Spol. SR.O.	Bratislava	Slovack Republic	1,000,000	SKK	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Teamsys GmbH	Heilbronn	Germany	500,000	EUR	100.00	Fiat Group Automobiles Germany AG	100.000	
Fiat Versicherungsdienst GmbH	Heilbronn	Germany	26,000	EUR	100.00	Fiat Group Automobiles Germany AG	51.000	
						Rimaco S.A.	49.000	
Fidis S.p.A.	Turin	Italy	250,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
I.T.C.A. Produzione S.p.A.	Grugliasco	Italy	10,000,000	EUR	100.00	I.T.C.A. Tools S.p.A.	100.000	
I.T.C.A. S.p.A.	Grugliasco	Italy	2,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
I.T.C.A. Tools S.p.A.	Grugliasco	Italy	10,000,000	EUR	100.00	I.T.C.A. S.p.A.	100.000	
i-FAST Automotive Logistics S.r.l.	Turin	Italy	750,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
International Metropolitan Automotive Promotion (France) S.A.	Trappes	France	2,977,680	EUR	100.00	Fiat France	99.997	
Italian Automotive Center S.A.	Brussels	Belgium	8,500,000	EUR	100.00	Fiat Group Automobiles Belgium S.A.	99.988	
						Fiat Group Automobiles S.p.A.	0.012	
Italian Motor Village S.A.	Alges	Portugal	50,000	EUR	100.00	Fiat Group Automobiles Portugal, S.A.	100.000	
Italian Motor Village, S.L.	Alcalá De Henares	Spain	1,454,420	EUR	100.00	Fiat Group Automobiles Spain S.A.	100.000	
Lancia Automobiles S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Nuove Iniziative Finanziarie 2 S.r.l.	Turin	Italy	25,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Sata-Società Automobilistica Tecnologie Avanzate S.p.A.	Melfi	Italy	276,640,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
SCDR (Ireland) Limited	Dublin	Ireland	70,000	EUR	100.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
SCDR (Switzerland) S.A.	Schlieren	Switzerland	100,000	CHF	100.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A.	100.000	
SCDR Automotive Limited	Slough Berkshire	United Kingdom	50,000	GBP	100.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A.	100.000	
Società di Commercializzazione e Distribuzione Ricambi S.p.A.	Turin	Italy	100,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Targa Rent S.r.l.	Turin	Italy	310,000	EUR	100.00	Fidis S.p.A.	100.000	
Turinauto S.P.A.	Turin	Italy	510,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
■ Maserati								
Maserati S.p.A.	Modena	Italy	40,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Maserati (Suisse) S.A.	Nyon	Switzerland	250,000	CHF	100.00	Maserati S.p.A.	100.000	
Maserati Deutschland GmbH	Wiesbaden	Germany	500,000	EUR	100.00	Maserati S.p.A.	100.000	
Maserati GB Limited	Slough Berkshire	United Kingdom	20,000	GBP	100.00	Maserati S.p.A.	100.000	
Maserati North America Inc.	Englewood Cliffs	U.S.A.	1,000	USD	100.00	Maserati S.p.A.	100.000	
Maserati West Europe societé par actions simplifiée	Paris	France	37,000	EUR	100.00	Maserati S.p.A.	100.000	
■ Ferrari								
Ferrari S.p.A.	Modena	Italy	20,260,000	EUR	85.00	Fiat S.p.A.	85.000	
410 Park Display Inc.	New York	U.S.A.	100	USD	85.00	Ferrari N.America Inc.	100.000	
Charles Pozzi S.a.r.l.	Levallois-Perret	France	959,519	EUR	85.00	Ferrari West Europe S.A.	100.000	
Ferrari (Suisse) SA	Nyon	Switzerland	1,000,000	CHF	85.00	Ferrari International S.A.	100.000	
Ferrari Deutschland GmbH	Wiesbaden	Germany	1,000,000	EUR	85.00	Ferrari International S.A.	100.000	
Ferrari Financial Services AG	Munich	Germany	1,777,600	EUR	76.50	Ferrari Financial Services S.p.A.	100.000	
Ferrari Financial Services S.p.A.	Modena	Italy	5,100,000	EUR	76.50	Ferrari S.p.A.	90.000	
Ferrari Financial Services, Inc.	Wilmington	U.S.A.	1,000	USD	76.50	Ferrari Financial Services S.p.A.	100.000	
Ferrari GB Limited	Slough Berkshire	United Kingdom	50,000	GBP	85.00	Ferrari International S.A.	100.000	
Ferrari GE.D. S.p.A.	Modena	Italy	11,570,000	EUR	85.00	Ferrari S.p.A.	100.000	
Ferrari International S.A.	Luxembourg	Luxembourg	13,112,000	EUR	85.00	Ferrari S.p.A.	99.999	
						Ferrari N.America Inc.	0.001	
Ferrari N.America Inc.	Englewood Cliffs	U.S.A.	200,000	USD	85.00	Ferrari S.p.A.	100.000	
Ferrari San Francisco Inc.	Mill Valley	U.S.A.	100,000	USD	85.00	Ferrari N.America Inc.	100.000	
Ferrari West Europe S.A.	Levallois-Perret	France	280,920	EUR	85.00	Société Française de Participations Ferrari - S.F.P.F. S.A.R.L.	100.000	
GSA-Gestions Sportives Automobiles S.A.	Meyrin	Switzerland	1,000,000	CHF	85.00	Ferrari International S.A.	100.000	
Société Française de Participations Ferrari - S.F.P.F. S.A.R.L.	Levallois-Perret	France	6,000,000	EUR	85.00	Ferrari International S.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ **Agricultural and Construction Equipment**								
CNH Global N.V.	Amsterdam	Netherlands	533,979,412	EUR	89.33	Fiat Netherlands Holding N.V.	89.273	89.331
						CNH Global N.V.	0.065	0.000
Banco CNH Capital S.A.	Curitiba	Brazil	327,353,563	BRL	89.33	CNH Global N.V.	98.760	
						CNH Latin America Ltda.	1.240	
Bli Group Inc.	Wilmington	U.S.A.	1,000	USD	89.33	CNH America LLC	100.000	
Blue Leaf I.P. Inc.	Wilmington	U.S.A.	1,000	USD	89.33	Bli Group Inc.	100.000	
Case Brazil Holdings Inc.	Wilmington	U.S.A.	1,000	USD	89.33	CNH America LLC	100.000	
Case Canada Receivables, Inc.	Calgary	Canada	1	CAD	89.33	CNH Capital America LLC	100.000	
Case Construction Machinery (Shanghai) Co., Ltd	Shanghai	People's Rep.of China	5,000,000	USD	89.33	CNH Global N.V.	100.000	
Case Credit Holdings Limited	Wilmington	U.S.A.	5	USD	89.33	CNH Capital America LLC	100.000	
Case Equipment Holdings Limited	Wilmington	U.S.A.	5	USD	89.33	CNH America LLC	100.000	
Case Equipment International Corporation	Wilmington	U.S.A.	1,000	USD	89.33	CNH America LLC	100.000	
Case Europe S.a.r.l.	Le Plessis-Belleville	France	7,622	EUR	89.33	CNH America LLC	100.000	
Case Harvesting Systems GmbH	Berlin	Germany	281,211	EUR	89.33	CNH America LLC	100.000	
CASE IH Machinery Trading (Shanghai) Co. Ltd.	Shanghai	People's Rep.of China	2,250,000	USD	89.33	CNH America LLC	100.000	
Case India Limited	Wilmington	U.S.A.	5	USD	89.33	CNH America LLC	100.000	
Case International Marketing Inc.	Wilmington	U.S.A.	5	USD	89.33	CNH America LLC	100.000	
Case LBX Holdings Inc.	Wilmington	U.S.A.	5	USD	89.33	CNH America LLC	100.000	
Case New Holland Inc.	Wilmington	U.S.A.	5	USD	89.33	CNH Global N.V.	100.000	
Case United Kingdom Limited	Basildon	United Kingdom	3,763,618	GBP	89.33	CNH America LLC	100.000	
CNH America LLC	Wilmington	U.S.A.	0	USD	89.33	Case New Holland Inc.	100.000	
CNH Argentina S.A.	Buenos Aires	Argentina	29,611,105	ARS	89.33	New Holland Holdings Argentina S.A.	80.654	
						CNH Latin America Ltda.	19.346	
CNH Asian Holding Limited N.V.	Zedelgem	Belgium	34,594,401	EUR	89.33	CNH Global N.V.	100.000	
CNH Australia Pty Limited	St. Marys	Australia	306,785,439	AUD	89.33	CNH Global N.V.	100.000	
CNH Baumaschinen GmbH	Berlin	Germany	61,355,030	EUR	89.33	CNH Europe Holding S.A.	100.000	
CNH Belgium N.V.	Zedelgem	Belgium	27,268,300	EUR	89.33	CNH Europe Holding S.A.	100.000	
CNH Canada, Ltd.	Toronto	Canada	28,000,100	CAD	89.33	CNH Global N.V.	100.000	
CNH Capital (Europe) plc	Osbertown	Ireland	38,100	EUR	89.33	CNH Capital plc	99.984	
						CNH Europe Holding S.A.	0.003	
						CNH Financial Services A/S	0.003	
						CNH Global N.V.	0.003	
						CNH Trade N.V.	0.003	
						CNH Capital U.K. Ltd	0.002	
						CNH Financial Services S.A.S.	0.002	
CNH Capital America LLC	Wilmington	U.S.A.	0	USD	89.33	CNH Capital LLC	100.000	
CNH Capital Australia Pty Limited	St. Marys	Australia	83,248,874	AUD	89.33	CNH Australia Pty Limited	100.000	
CNH Capital Automotive Receivables LLC	Wilmington	U.S.A.	0	USD	89.33	CNH Capital America LLC	100.000	
CNH Capital Benelux	Zedelgem	Belgium	61,500	EUR	89.33	CNH Global N.V.	98.999	
						CNH Capital U.K. Ltd	1.001	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
CNH Capital Canada Insurance Agency Ltd.	Calgary	Canada	1	CAD	89.33	CNH Capital Canada Ltd.	100.000	
CNH Capital Canada Ltd.	Calgary	Canada	1	CAD	89.33	Case Credit Holdings Limited	99.500	
						CNH Canada, Ltd.	0.500	
CNH Capital Insurance Agency Inc.	Wilmington	U.S.A.	5	USD	89.33	CNH Capital America LLC	100.000	
CNH Capital LLC	Wilmington	U.S.A.	0	USD	89.33	CNH America LLC	100.000	
CNH Capital plc	Osbertown	Ireland	6,386,791	EUR	89.33	CNH Global N.V.	100.000	
CNH Capital RACES LLC	Wilmington	U.S.A.	1,000	USD	89.33	CNH Capital America LLC	100.000	
CNH Capital Receivables LLC	Wilmington	U.S.A.	0	USD	89.33	CNH Capital America LLC	100.000	
CNH Capital U.K. Ltd	Basildon	United Kingdom	10,000,001	GBP	89.33	CNH Global N.V.	100.000	
CNH Componentes, S.A. de C.V.	São Pedro	Mexico	135,634,842	MXN	89.33	CNH America LLC	100.000	
CNH Danmark A/S	Hvidovre	Denmark	12,000,000	DKK	89.33	CNH Europe Holding S.A.	100.000	
CNH Deutschland GmbH	Heilbronn	Germany	18,457,650	EUR	89.33	CNH Baumaschinen GmbH	90.000	
						CNH Europe Holding S.A.	10.000	
CNH Engine Corporation	Wilmington	U.S.A.	1,000	USD	89.33	CNH America LLC	100.000	
CNH Europe Holding S.A.	Luxembourg	Luxembourg	53,000,000	USD	89.33	CNH Global N.V.	100.000	
CNH Financial Services A/S	Hvidovre	Denmark	500,000	DKK	89.33	CNH Global N.V.	100.000	
CNH Financial Services GmbH	Heilbronn	Germany	1,151,000	EUR	89.33	CNH Europe Holding S.A.	100.000	
CNH Financial Services S.A.S.	Puteaux	France	45,860,639	EUR	89.33	CNH Global N.V.	98.766	
						CNH Capital Benelux	1.234	
CNH France S.A.	Morigny-Champigny	France	138,813,150	EUR	89.33	CNH Europe Holding S.A.	100.000	
CNH International S.A.	Paradiso	Switzerland	100,000	CHF	89.33	CNH Global N.V.	100.000	
CNH Italia s.p.a.	Modena	Italy	15,600,000	EUR	89.33	CNH Osterreich GmbH	75.000	
						CNH Global N.V.	25.000	
CNH Latin America Ltda.	Contagem	Brazil	355,332,946	BRL	89.33	CNH Global N.V.	85.658	
						Case Brazil Holdings Inc.	12.557	
						Case Equipment International Corporation	1.785	
CNH Maquinaria Spain S.A.	Coslada	Spain	21,000,000	EUR	89.33	CNH Europe Holding S.A.	100.000	
CNH Osterreich GmbH	St. Valentin	Austria	2,000,000	EUR	89.33	CNH Global N.V.	100.000	
CNH Polska Sp. z o.o.	Plock	Poland	162,591,660	PLN	89.33	CNH Belgium N.V.	100.000	
CNH Portugal-Comercio de Tractores e Maquinas Agricolas Ltda	Carnaxide	Portugal	498,798	EUR	89.33	CNH Europe Holding S.A.	99.980	
						CNH Italia s.p.a.	0.020	
CNH Receivables LLC	Wilmington	U.S.A.	0	USD	89.33	CNH Capital America LLC	100.000	
CNH Services S.r.l.	Modena	Italy	10,400	EUR	89.33	CNH Italia s.p.a.	100.000	
CNH Trade N.V.	Amsterdam	Netherlands	50,000	EUR	89.33	CNH Global N.V.	100.000	
CNH U.K. Limited	Basildon	United Kingdom	91,262,275	GBP	89.33	New Holland Holding Limited	100.000	
CNH Wholesale Receivables LLC	Wilmington	U.S.A.	0	USD	89.33	CNH Capital America LLC	100.000	
Fiatallis North America LLC	Wilmington	U.S.A.	32	USD	89.33	CNH America LLC	100.000	
Flexi-Coil (U.K.) Limited	Basildon	United Kingdom	3,291,776	GBP	89.33	CNH Canada, Ltd.	100.000	
Harbin New Holland Tractors Co., Ltd.	Harbin	People's Rep.of China	2,859,091	USD	89.33	CNH Asian Holding Limited N.V.	99.000	
						CNH Europe Holding S.A.	1.000	
HFI Holdings Inc.	Wilmington	U.S.A.	1,000	USD	89.33	CNH America LLC	100.000	
JV Uzcaseagroleasing LLC	Tashkent	Uzbekistan	0	USD	45.56	Case Credit Holdings Limited	51.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
JV UzCaseMash LLC	Tashkent	Uzbekistan	0	USD	53.60	Case Equipment Holdings Limited	60.000	
JV UzCaseService LLC	Tashkent	Uzbekistan	0	USD	45.56	Case Equipment Holdings Limited	51.000	
JV UzCaseTractor LLC	Tashkent	Uzbekistan	0	USD	45.56	Case Equipment Holdings Limited	51.000	
Kobelco Construction Machinery America LLC	Wilmington	U.S.A.	0	USD	58.07	New Holland Excavator Holdings LLC	65.000	
MBA AG	Bassersdorf	Switzerland	4,000,000	CHF	89.33	CNH Global N.V.	100.000	
New Holland Australia Pty Ltd	St. Marys	Australia	1	AUD	89.33	CNH Australia Pty Limited	100.000	
New Holland Credit Australia Pty Limited	St. Marys	Australia	0	AUD	89.33	CNH Capital Australia Pty Limited	100.000	
New Holland Credit Company, LLC	Wilmington	U.S.A.	0	USD	89.33	CNH Capital LLC	100.000	
New Holland Excavator Holdings LLC	Wilmington	U.S.A.	0	USD	89.33	CNH America LLC	100.000	
New Holland Holding Limited	London	United Kingdom	165,000,000	GBP	89.33	CNH Europe Holding S.A.	100.000	
New Holland Holdings Argentina S.A.	Buenos Aires	Argentina	23,555,415	ARS	89.33	CNH Latin America Ltda.	100.000	
New Holland Kobelco Construction Machinery S.p.A.	San Mauro Torinese	Italy	80,025,291	EUR	66.66	CNH Italia s.p.a.	74.625	
New Holland Ltd	Basildon	United Kingdom	1,000,000	GBP	89.33	CNH Global N.V.	100.000	
New Holland Tractor Ltd. N.V.	Antwerp	Belgium	9,631,500	EUR	89.33	New Holland Holding Limited	100.000	
New Holland Tractors (India) Private Ltd	New Delhi	India	1,949,835,804	INR	89.33	CNH Asian Holding Limited N.V.	100.000	
O & K - Hilfe GmbH	Berlin	Germany	25,565	EUR	89.33	CNH Baumaschinen GmbH	100.000	
One Earth Receivables Limited	Dublin	Ireland	100	EUR	89.33	CNH Capital plc	100.000	
Pryor Foundry Inc.	Oklahoma City	U.S.A.	1,000	USD	89.33	CNH America LLC	100.000	
Receivables Credit II Corporation	Calgary	Canada	1	CAD	89.33	CNH Capital America LLC	100.000	
Shanghai New Holland Agricultural Machinery Corporation Limited	Shanghai	People's Rep.of China	35,000,000	USD	53.60	CNH Asian Holding Limited N.V.	60.000	
■ Trucks and Commercial Vehicles								
Iveco S.p.A.	Turin	Italy	369,500,000	EUR	100.00	Fiat S.p.A.	60.563	
(business Trucks and Commercial Vehicles)						Fiat Partecipazioni S.p.A.	39.437	
Afin Bohemia s.r.o.	Prague	Czech Republic	1,000,000	CZK	100.00	Afin Leasing AG	100.000	
Afin Broker de Asigurare - Reasigurare S.r.l.	Bucharest	Romenia	25,000	RON	100.00	Afin Leasing Ifn s.a.	100.000	
Afin Bulgaria EAD	Sofia	Bulgaria	200,000	BGN	100.00	Afin Leasing AG	100.000	
Afin Hungary Kereskedelmi KFT.	Budapest	Hungary	24,000,000	HUF	100.00	Afin Leasing AG	100.000	
Afin Leasing AG	Vienna	Austria	1,500,000	EUR	100.00	Iveco International Trade Finance S.A.	100.000	
Afin Leasing Ifn s.a.	Bucharest	Romenia	618,960	RON	100.00	Afin Leasing AG	99.800	
						Afin Bohemia s.r.o.	0.050	
						Afin Bulgaria EAD	0.050	
						Afin Hungary Kereskedelmi KFT.	0.050	
						Afin Slovakia S.R.O.	0.050	
Afin Slovakia S.R.O.	Bratislava	Slovack Republic	1,200,000	SKK	100.00	Afin Leasing AG	100.000	
Afin Trade Bulgaria Eood	Sofia	Bulgaria	5,000	BGN	100.00	Afin Bulgaria EAD	100.000	
Afin Trade Vostok OOO	Moscow	Russia	345,000	RUB	100.00	Afin Leasing AG	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Amce-Automotive Manufacturing Co.Ethiopia	Addis Ababa	Ethiopia	3,000,000	ETB	70.00	Iveco S.p.A.	70.000	
AS Afin Baltica	Harjumaa	Estonia	800,000	EEK	100.00	Afin Leasing AG	100.000	
Astra Veicoli Industriali 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 d'Incendie, Voirie, Aviation S.A.	Saint-Alban-Leysse	France	1,870,169	EUR	99.99	Iveco Magirus Fire Fighting GmbH	99.994	
Effe Grundbesitz GmbH	Ulm	Germany	10,225,838	EUR	100.00	Iveco Investitions GmbH	90.000	
						Iveco S.p.A.	10.000	
Elettronica Trasporti Commerciali S.r.l. (Eltrac S.r.l.)	Turin	Italy	109,200	EUR	100.00	Iveco S.p.A.	100.000	
Fiat Automoveis S.A. - FIASA *(business Trucks and Commercial Vehicles)*	Betim	Brazil	1,233,506,013	BRL	100.00	Fiat Group Automobiles S.p.A.	100.000	
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	95.000	
						Iveco S.p.A.	5.000	
Ikarus Egyedi Autobusz GY	Budapest	Hungary	1,200,000,000	HUF	90.71	Iveco España S.L.	90.709	
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 (U.K.) Ltd	Watford	United Kingdom	200,000	GBP	100.00	Iveco España S.L.	100.000	
Irisbus Australia Pty. Ltd.	Dandenong	Australia	1,500,000	AUD	100.00	Iveco España S.L.	100.000	
Irisbus Benelux Ltd.	Leudelange	Luxembourg	594,000	EUR	100.00	Iveco France	99.983	
						Société Charolaise de Participations S.A.	0.017	
Irisbus Deutschland GmbH	Unterschliessheim	Germany	8,800,000	EUR	100.00	Iveco España S.L.	100.000	
Irisbus Italia S.p.A.	Turin	Italy	27,557,047	EUR	100.00	Iveco España S.L.	100.000	
IVC Brabant N.V. S.A.	Groot	Belgium	800,000	EUR	100.00	S.A. Iveco Belgium N.V.	75.000	
						Iveco Nederland B.V.	25.000	
Iveco (Schweiz) AG	Kloten	Switzerland	9,000,000	CHF	100.00	Iveco Nederland B.V.	100.000	
Iveco Argentina S.A.	Cordoba	Argentina	130,237,793	ARS	100.00	Iveco España S.L.	99.000	
						Astra Veicoli Industriali S.p.A.	1.000	
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 Contract Services Limited	Watford	United Kingdom	17,000,000	GBP	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Iveco Czech Republic A.S.	Vysoke Myto	Czech Republic	1,065,559,000	CZK	97.98	Iveco France	97.978	
Iveco Danmark A/S	Glostrup	Denmark	501,000	DKK	100.00	Iveco S.p.A.	100.000	
Iveco España S.L. *(business Trucks and Commercial Vehicles)*	Madrid	Spain	121,612,116	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Est Sas	Hauconcourt	France	305,600	EUR	100.00	Iveco France	100.000	
Iveco France	Vénissieux	France	92,856,130	EUR	100.00	Iveco España S.L.	50.326	
						Iveco S.p.A.	49.674	
Iveco Holdings Limited	Watford	United Kingdom	47,000,000	GBP	100.00	Iveco S.p.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Iveco International Trade Finance S.A.	Lugano	Switzerland	30,800,000	CHF	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Iveco Investitions GmbH	Ulm	Germany	2,556,459	EUR	100.00	Iveco Magirus AG	99.020	
						Iveco S.p.A.	0.980	
Iveco L.V.I. S.a.s.	Saint Priest	France	503,250	EUR	100.00	Iveco France	100.000	
Iveco Latin America Ltda	Vila da Serra	Brazil	784,700,000	BRL	100.00	Iveco España S.L.	99.999	
(business Trucks and Commercial Vehicles)						Astra Veicoli Industriali S.p.A.	0.001	
Iveco Limited	Watford	United Kingdom	117,000,000	GBP	100.00	Iveco Holdings Limited	100.000	
(business Trucks and Commercial Vehicles)								
Iveco Magirus AG	Ulm	Germany	50,000,000	EUR	100.00	Iveco S.p.A.	53.660	
(business Trucks and Commercial Vehicles)						Fiat Netherlands Holding N.V.	46.340	
Iveco Magirus Brandschutztechnik GmbH	Ulm	Germany	6,493,407	EUR	100.00	Iveco Magirus Fire Fighting GmbH	99.764	
						Iveco S.p.A.	0.236	
Iveco Magirus Fire Fighting GmbH	Weisweil	Germany	30,776,857	EUR	100.00	Iveco Magirus AG	90.032	
						Iveco S.p.A.	9.968	
Iveco Mezzi Speciali S.p.A.	Brescia	Italy	13,120,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Nederland B.V.	Breda	Netherlands	4,537,802	EUR	100.00	Fiat Netherlands Holding N.V.	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 Otomotiv Ticaret A.S.	Samandira-Kartal/Istanbul	Turkey	15,060,046	TRY	100.00	Iveco S.p.A.	99.995	
Iveco Partecipazioni Finanziarie S.r.l.	Turin	Italy	50,000,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Participations S.A.	Trappes	France	1,000,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Pension Trustee Ltd	Watford	United Kingdom	2	GBP	100.00	Iveco Holdings Limited	50.000	
						Iveco Limited	50.000	
Iveco Poland Ltd.	Warsaw	Poland	46,974,500	PLN	100.00	Iveco S.p.A.	100.000	
Iveco Portugal-Comercio de						Iveco S.p.A.	99.997	
Veiculos Industriais S.A.	Vila Franca de Xira	Portugal	15,962,000	EUR	100.00	Astra Veicoli Industriali S.p.A.	0.001	
Iveco Romania S.r.l.	Bucharest	Romenia	17,500	RON	100.00	Afin Leasing AG	100.000	
Iveco Slovakia, r.s.o.	Bratislava	Slovack Republic	200,000	SKK	97.98	Iveco Czech Republic A.S.	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	
(business Trucks and Commercial Vehicles)								
Iveco Trucks Australia Limited	Dandenong	Australia	47,492,260	AUD	100.00	Iveco S.p.A.	100.000	
Iveco Ukraine LLC	Kiev	Ukraine	55,961,760	UAH	99.97	Iveco S.p.A.	99.968	
Iveco Venezuela C.A.	La Victoria	Venezuela	2,498,644,000	VEB	100.00	Iveco S.p.A.	100.000	
Iveco West Nutzfahrzeuge GmbH	Cologne	Germany	1,662,000	EUR	100.00	Iveco Magirus AG	100.000	
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 España S.L.	100.000	
Officine Brennero S.p.A.	Trento	Italy	7,120,000	EUR	100.00	Iveco S.p.A.	100.000	
OOO Afin Leasing Vostok LLC	Moscow	Russia	50,000,000	RUB	100.00	Afin Leasing AG	100.000	
S.A. Iveco Belgium N.V.	Groot	Belgium	6,000,000	EUR	100.00	Iveco S.p.A.	99.983	
						Iveco Nederland B.V.	0.017	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
S.C.I. La Méditerranéenne	Vitrolles	France	248,000	EUR	100.00	Iveco France	50.000	
						Société de Diffusion de Vehicules Industriels-SDVI S.A.S.	50.000	
Seddon Atkinson Vehicles Ltd	Watford	United Kingdom	41,700,000	GBP	100.00	Iveco Holdings Limited	100.000	
Société Charolaise de Participations S.A.	Vénissieux	France	2,370,000	EUR	100.00	Iveco España S.L.	100.000	
Société de Diffusion de Vehicules Industriels-SDVI S.A.S.	Trappes	France	7,022,400	EUR	100.00	Iveco France	100.000	
Transolver Service S.A.	Madrid	Spain	610,000	EUR	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Transolver Service S.p.A.	Turin	Italy	214,763	EUR	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Transolver Services GmbH	Heilbronn	Germany	750,000	EUR	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
UAB Afin Baltica (Lithuania)	Vilnius	Lithuania	35,000	LTL	100.00	Afin Leasing AG	100.000	
Utilitaries & Véhicules Industriels Franciliens-UVIF SAS	La Garenne	France	1,067,500	EUR	100.00	Iveco France	100.000	
Zona Franca Alari Sepauto S.A.	Barcelona	Spain	520,560	EUR	51.87	Iveco España S.L.	51.867	
■ FPT Powertrain Technologies								
Fiat Powertrain Technologies SpA	Turin	Italy	397,500,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
2 H Energy S.A.S.	Fécamp	France	2,000,000	EUR	100.00	Iveco Participations S.A.	100.000	
C.R.F. Società Consortile per Azioni	Orbassano	Italy	45,000,000	EUR	99.28	Fiat Partecipazioni S.p.A.	52.061	
(business FPT Powertrain Technologies)						Fiat Group Automobiles S.p.A.	17.478	
						Iveco S.p.A.	9.987	
						Magneti Marelli Holding S.p.A.	7.490	
						Fiat Powertrain Technologies SpA	4.994	
						CNH Italia s.p.a.	2.497	
						Comau S.p.A.	2.497	
						Teksid S.p.A.	2.497	
						Ferrari S.p.A.	0.499	
Componentes Mecanicos S.A.	Barcelona	Spain	37,405,038	EUR	59.39	Iveco España S.L.	59.387	
European Engine Alliance S.c.r.l.	Turin	Italy	32,044,797	EUR	63.11	CNH Global N.V.	33.333	
						Iveco S.p.A.	33.333	
Fiat Auto Argentina S.A.	Buenos Aires	Argentina	476,464,366	ARS	100.00	Fiat Group Automobiles S.p.A.	72.495	
(business FPT Powertrain Technologies)						Fiat Automoveis S.A. - FIASA	27.505	
Fiat Automoveis S.A. - FIASA *(business FPT Powertrain Technologies)*	Betim	Brazil	1,233,506,013	BRL	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Powertrain Technologies of North America, Inc.	Wilmington	U.S.A.	1	USD	100.00	Iveco S.p.A.	100.000	
FPT - Powertrain Technologies France S.A.	Garchizy	France	73,444,960	EUR	100.00	Iveco France	97.200	
						Iveco Participations S.A.	2.800	
Fiat Powertrain Technologies (Shanghai) R&D Co. Ltd.	Shanghai	People's Rep.of China	10,000,000	EUR	100.00	Fiat Powertrain Technologies SpA	100.000	
FMA - Fabbrica Motori Automobilistici S.r.l.	Pratola Serra	Italy	150,000,000	EUR	100.00	Fiat Powertrain Technologies SpA	100.000	
FPT RACING S.r.l.	Cusago	Italy	100,000	EUR	100.00	Fiat Powertrain Technologies SpA	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Iveco España S.L.	Madrid	Spain	121,612,116	EUR	100.00	Iveco S.p.A.	100.000	
(business FPT Powertrain Technologies)								
Iveco Latin America Ltda	Vila da Serra	Brazil	784,700,000	BRL	100.00	Iveco España S.L.	99.999	
(business FPT Powertrain Technologies)						Astra Veicoli Industriali S.p.A.	0.001	
Iveco Limited	Watford	United Kingdom	117,000,000	GBP	100.00	Iveco Holdings Limited	100.000	
(business FPT Powertrain Technologies)								
Iveco Magirus AG	Ulm	Germany	50,000,000	EUR	100.00	Iveco S.p.A.	53.660	
(business FPT Powertrain Technologies)						Fiat Netherlands Holding N.V.	46.340	
Iveco Motorenforschung AG	Arbon	Switzerland	4,600,000	CHF	100.00	Iveco S.p.A.	60.000	
						Iveco France	40.000	
Iveco S.p.A.	Turin	Italy	369,500,000	EUR	100.00	Fiat S.p.A.	60.563	
(business FPT Powertrain Technologies)						Fiat Partecipazioni S.p.A.	39.437	
Iveco Sweden A.B.	Arlov	Sweden	600,000	SEK	100.00	Iveco S.p.A.	100.000	
(business FPT Powertrain Technologies)								
SAIC Fiat Powertrain Hongyan Co. Ltd.	Chongqing	People's Rep.of China	580,000,000	CNY	60.00	Fiat Powertrain Technologies SpA	30.000	
						SAIC IVECO Commercial Vehicle Investment Company Limited	60.000	

■ Components

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Magneti Marelli Holding S.p.A.	Corbetta	Italy	254,324,998	EUR	99.99	Fiat Partecipazioni 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 Italia S.p.A.	Venaria Reale	Italy	2,000,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	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	RUB	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	100.000	
Automotive Lighting Rear Lamps Espana S.A.	Llinares del Valles	Spain	638,476	EUR	99.99	Magneti Marelli Iberica S.A.	80.000	
						Automotive Lighting Rear Lamps Italia S.p.A.	20.000	
Automotive Lighting Rear Lamps France S.A.	Saint Julien du Saul	France	17,789,152	EUR	99.99	Automotive Lighting Rear Lamps Italia S.p.A.	100.000	
Automotive Lighting Rear Lamps Italia S.p.A.	Tolmezzo	Italy	10,000,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	El Marques Queretaro	Mexico	50,000	MXN	99.99	Magneti Marelli Holding U.S.A. Inc.	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. in liquidation	Corbetta	Italy	220,211	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Industrial Yorka de Mexico S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	98.000	
						Industrial Yorka de Tepotzotlan S.A. de C.V.	2.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Industrial Yorka de Tepotzotlan S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	99.000	
						Industrial Yorka de Mexico S.A. de C.V.	1.000	
Industrias Magneti Marelli Mexico S.A. de C.V.	Tepotzotlan	Mexico	50,000	MXN	99.99	Magneti Marelli Sistemas Electronicos Mexico S.A.	99.998	
						Servicios Administrativos Corp. IPASA S.A.	0.002	
Kadron S/A	Maua	Brazil	2,622,229	BRL	99.99	Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	100.000	
Magneti Marelli After Market Parts and Services S.p.A.	Corbetta	Italy	7,000,000	EUR	89.99	Magneti Marelli Parts and Services S.p.A.	100.000	
Magneti Marelli After Market S.p.A. in liquidation	Turin	Italy	0	EUR	99.99	Magneti Marelli Holding S.p.A.	99.999	100.000
Magneti Marelli After Market Sp. z o.o.	Katowice	Poland	2,000,000	PLN	89.99	Magneti Marelli Parts and Services S.p.A.	100.000	
Magneti Marelli Aftermarket GmbH	Heilbronn	Germany	100,000	EUR	89.99	Magneti Marelli Parts and Services S.p.A.	100.000	
Magneti Marelli Aftermarket S.a.s.	Nanterre	France	782,208	EUR	89.99	Magneti Marelli Parts and Services S.p.A.	100.000	
Magneti Marelli Aftermarket SL	Barcelona	Spain	5,255,000	EUR	89.99	Magneti Marelli After Market Parts and Services S.p.A.	100.000	
Magneti Marelli Argentina S.A.	Buenos Aires	Argentina	700,000	ARS	99.99	Magneti Marelli Holding S.p.A.	95.000	
						Magneti Marelli France S.a.s.	5.000	
Magneti Marelli Automotive Components (WUHU) Co. Ltd.	Anhui	People's Rep.of China	9,500,000	USD	99.99	Magneti Marelli Powertrain S.p.A.	100.000	
Magneti Marelli Cofap Autopecas Ltda	São Paulo	Brazil	7,554,539	BRL	89.99	Magneti Marelli After Market Parts and Services S.p.A.	100.000	
Magneti Marelli Cofap Companhia Fabricadora de Pecas	Santo Andre	Brazil	170,950,534	BRL	99.62	Magneti Marelli Holding S.p.A.	99.628	99.964
Magneti Marelli Components B.V. in liquidation	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	7,480,071	ARS	99.99	Magneti Marelli Sistemi di Scarico S.p.A.	95.000	
						Magneti Marelli Argentina S.A.	5.000	
Magneti Marelli do Brasil Industria e Comercio SA	Hortolandia	Brazil	40,568,427	BRL	99.86	Magneti Marelli Holding S.p.A.	99.872	99.990
Magneti Marelli Electronica SL	Barcelona	Spain	18,388,581	EUR	99.99	Magneti Marelli Iberica S.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 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.s.	Nanterre	France	42,672,960	EUR	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	99.999	
						Ufima S.A.S.	0.001	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
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 Hellas A.E.	Athens	Greece	587,000	EUR	89.99	Magneti Marelli Parts and Services 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.	Santpedor	Spain	24,499,771	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Motopropulsion France SAS	Argentan	France	884,058	EUR	99.99	Magneti Marelli Powertrain S.p.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 Parts and Services S.p.A.	Corbetta	Italy	13,137,000	EUR	89.99	Magneti Marelli Holding S.p.A.	89.998	
Magneti Marelli Poland S.A.	Sosnowiec	Poland	10,567,800	PLN	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Powertrain (Shanghai) Co. Ltd.	Shanghai	People's Rep.of China	17,500,000	USD	99.99	Magneti Marelli Powertrain 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 India Private Limited	New Delhi	India	90,000,000	INR	51.00	Magneti Marelli Powertrain S.p.A.	51.000	
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 Racing Ltd	Basildon	United Kingdom	10,000	GBP	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Repuestos S.A.	Buenos Aires	Argentina	2,012,000	ARS	89.99	Magneti Marelli After Market Parts and Services S.p.A.	51.000	
						Magneti Marelli Cofap Autopecas Ltda	48.000	
						Magneti Marelli Parts and Services S.p.A.	1.000	
Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	Contagem	Brazil	196,634,874	BRL	99.99	Magneti Marelli Powertrain S.p.A	66.111	
						Automotive Lighting Reutlingen GmbH	33.889	
Magneti Marelli Sistemas Electronicos Mexico S.A.	Tepotzotlan	Mexico	23,611,680	MXN	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	100.000	
Magneti Marelli Sistemi di Scarico S.p.A.	Corbetta	Italy	20,000,000	EUR	99.99	Magneti Marelli Holding S.p.A.	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 Slovakia s.r.o.	Bratislava	Slovack Republic	200,000	SKK	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	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 Bielsko Sp. z.o.o.	Bielsko-Biala	Poland	70,050,000	PLN	99.99	Magneti Marelli Holding 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 Tubos de Escape SL	Barcelona	Spain	10,154,256	EUR	99.99	Magneti Marelli Iberica S.A.	100.000	
Magneti Marelli U.K. Limited in liquidation	Cannock	United Kingdom	12,400,000	GBP	99.99	Magneti Marelli Holding S.p.A.	100.000	
Mako Elektrik Sanayi Ve Ticaret A.S.	Osmangazi Bursa	Turkey	16,500,000	TRY	94.99	Magneti Marelli Holding S.p.A.	95.000	
Malaysian Automotive Lighting SDN. BHD	Penang	Malaysia	8,000,000	MYR	79.99	Automotive Lighting Reutlingen GmbH	80.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Powertrain Mekanik Sanayi ve Ticaret Limited Sirketi	Demirtas-Bursa	Turkey	75,329,600	TRY	99.99	Magneti Marelli Holding S.p.A.	100.000	
Servicios Administrativos Corp. IPASA S.A.	Col. Chapultepec	Mexico	1,000	MXN	99.99	Magneti Marelli Sistemas Electronicos Mexico S.A.	99.990	
						Industrias Magneti Marelli Mexico S.A. de C.V.	0.010	
Sistemi Sospensioni S.p.A.	Corbetta	Italy	37,622,179	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	
Ufima S.A.S.	Nanterre	France	44,940	EUR	99.99	Magneti Marelli Holding S.p.A.	65.020	
						Fiat Partecipazioni S.p.A.	34.980	
■ Metallurgical Products								
Teksid S.p.A.	Turin	Italy	71,403,261	EUR	84.79	Fiat Partecipazioni S.p.A.	84.791	
Compania Industrial Frontera S.A. de C.V.	Frontera	Mexico	50,000	MXN	84.79	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	84.79	Teksid S.p.A.	100.000	
Funfrap-Fundicao Portuguesa S.A.	Cacia	Portugal	13,697,550	EUR	70.89	Fonderie du Poitou Fonte S.A.S.	83.607	
Teksid Aluminum S.r.l.	Carmagnola	Italy	5,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Teksid do Brasil Ltda	Betim	Brazil	59,899,570	BRL	84.79	Teksid S.p.A.	100.000	
Teksid Hierro De Mexico Arrendadora S.A. de C.V.	Frontera	Mexico	497,690,000	MXN	84.79	Teksid S.p.A.	100.000	
Teksid Hierro de Mexico S.A. de C.V.	Frontera	Mexico	418,874,300	MXN	84.79	Teksid S.p.A.	100.000	
Teksid Inc.	Wilmington	U.S.A.	100,000	USD	84.79	Teksid S.p.A.	100.000	
Teksid Iron Poland Sp. z o.o.	Skoczow	Poland	115,678,500	PLN	84.79	Teksid S.p.A.	100.000	
■ Production Systems								
Comau S.p.A.	Grugliasco	Italy	48,013,959	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 (Shanghai) Automotive Equipment Co. Ltd.	Shanghai	People's Rep.of China	5,000,000	USD	100.00	Comau S.p.A.	100.000	
Comau Argentina S.A.	Buenos Aires	Argentina	500,000	ARS	100.00	Comau S.p.A.	55.280	
						Comau do Brasil Industria e Comercio Ltda.	44.690	
						Fiat Argentina S.A.	0.030	
Comau Canada Inc.	Windsor	Canada	100	CAD	100.00	Comau Inc.	100.000	
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	29,312,653	BRL	100.00	Comau S.p.A.	99.999	
						Fiat do Brasil S.A.	0.001	
(*) Comau Estil Unl.	Luton	United Kingdom	103,165,056	USD	100.00	Comau S.p.A.	100.000	
Comau France S.A.	Trappes	France	11,900,000	EUR	100.00	Comau S.p.A.	100.000	
Comau Inc.	Southfield	U.S.A.	21,457	USD	100.00	Comau Pico Holdings Corporation	100.000	
Comau India Private Limited	Pune	India	161,935,020	INR	100.00	Comau S.p.A.	99.990	
						Comau Deutschland GmbH	0.010	

(*) Assets held for sale.

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Comau Pico Holdings Corporation	New York	U.S.A.	100	USD	100.00	Comau S.p.A.	100.000	
Comau Pico Iaisa S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau Pico Mexico S.de R.L. de C.V.	99.967	
						Comau S.p.A.	0.033	
Comau Pico Mexico S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau S.p.A.	99.967	
						Comau Deutschland GmbH	0.033	
Comau Pico Pitex S.de R.L. C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau Pico Mexico S.de R.L. de C.V.	99.967	
						Comau S.p.A.	0.033	
Comau Pico Resources, Inc.	Southfield	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Comau Pico Trebol S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau Pico Mexico S.de R.L. de C.V.	99.967	
						Comau S.p.A.	0.033	
Comau Poland Sp. z o.o.	Bielsko-Biala	Poland	2,100,000	PLN	100.00	Comau S.p.A.	100.000	
Comau Romania S.R.L.	Bihor	Romenia	10,315,170	RON	100.00	Comau S.p.A.	100.000	
Comau Russia OOO	Moscow	Russia	4,770,225	RUB	100.00	Comau S.p.A.	99.000	
						Comau Deutschland GmbH	1.000	
(*) Comau SA Body Systems (Pty) Ltd.	Uitenhage	South Africa	301	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 SA Body Systems (Pty) Ltd.	100.000	
(*) Comau SA Properties (Pty) Ltd.	Uitenhage	South Africa	100	ZAR	100.00	Comau SA Body Systems (Pty) Ltd.	100.000	
Comau Service Systems S.L.	Madrid	Spain	250,000	EUR	100.00	Comau S.p.A.	100.000	
(*) Comau South Africa (Pty) Ltd.	Uitenhage	South Africa	1,001,003	ZAR	100.00	Comau S.p.A.	100.000	
Comau Sverige AB	Trollhattan	Sweden	5,000,000	SEK	100.00	Comau S.p.A.	100.000	
German Intec GmbH	Heilbronn	Germany	25,000	EUR	100.00	Comau Deutschland GmbH	100.000	
Mecaner S.A.	Urdùliz	Spain	3,000,000	EUR	100.00	Comau S.p.A.	100.000	
Pico Europe, Inc.	Southfield	U.S.A.	1,000	USD	100.00	Comau 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	
BMI S.p.A.	Genoa	Italy	124,820	EUR	58.00	Itedi-Italiana Edizioni S.p.A.	58.004	
Editrice La Stampa S.p.A.	Turin	Italy	4,160,000	EUR	100.00	Itedi-Italiana Edizioni S.p.A.	100.000	
La Stampa Europe SAS	Trappes	France	18,600,000	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	
■ Holding companies and Other companies								
Business Solutions S.p.A.	Turin	Italy	4,791,396	EUR	100.00	Fiat S.p.A.	100.000	
C.R.F. Società Consortile per Azioni	Orbassano	Italy	45,000,000	EUR	99.28	Fiat Partecipazioni S.p.A.	52.061	
(business Other Activities)						Fiat Group Automobiles S.p.A.	17.478	
						Iveco S.p.A.	9.987	
						Magneti Marelli Holding S.p.A.	7.490	
						Fiat Powertrain Technologies SpA	4.994	
						CNH Italia s.p.a.	2.497	
						Comau S.p.A.	2.497	
						Teksid S.p.A.	2.497	
						Ferrari S.p.A.	0.499	

(*) Assets held for sale.

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Centro Ricerche Plast-Optica S.p.A.	Amaro	Italy	1,033,000	EUR	75.13	C.R.F. Società Consortile per Azioni	51.000	
						Automotive Lighting Rear Lamps Italia S.p.A.	24.500	
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	98.91	Fiat Group Automobiles S.p.A.	51.000	
						C.R.F. Società Consortile per Azioni	27.933	
						CNH Italia s.p.a.	6.800	
						Fiat Powertrain Technologies SpA	5.000	
						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	
eSPIN S.p.A.	Turin	Italy	120,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Fast Buyer France S.a.r.l.	Trappes	France	7,700	EUR	100.00	Fast-Buyer S.p.A.	100.000	
Fast-Buyer S.p.A.	Turin	Italy	500,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
FGI - Fiat Group International SA	Lugano	Switzerland	100,000,000	CHF	100.00	Fiat S.p.A.	100.000	
Fiat Argentina S.A.	Buenos Aires	Argentina	5,292,117	ARS	100.00	Fiat Partecipazioni S.p.A.	90.961	
						Fiat do Brasil S.A.	9.029	
						SGR-Sociedad para la Gestion de Riesgos S.A.	0.009	
						Fiat Auto Argentina S.A.	0.001	
Fiat Attività Immobiliari S.p.A.	Turin	Italy	65,700,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Auto Holdings B.V. in liquidatie	Amsterdam	Netherlands	1,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat do Brasil S.A.	Nova Lima	Brazil	28,513,780	BRL	100.00	Fiat Partecipazioni S.p.A.	99.998	
						Fiat Services S.p.A.	0.002	
Fiat Financas Brasil Ltda	Nova Lima	Brazil	2,469,701	BRL	100.00	Fiat Finance S.p.A.	99.994	
						Fiat do Brasil S.A.	0.006	
Fiat Finance and Trade Ltd S.A.	Luxembourg	Luxembourg	251,494,000	EUR	100.00	Fiat Finance S.p.A.	99.993	
						Fiat Finance Canada Ltd.	0.007	
Fiat Finance Canada Ltd.	Calgary	Canada	10,099,885	CAD	100.00	Fiat Finance S.p.A.	100.000	
Fiat Finance et Services S.A.	Trappes	France	3,700,000	EUR	100.00	Fiat Services S.p.A.	99.997	
Fiat Finance North America Inc.	Wilmington	U.S.A.	40,090,010	USD	100.00	Fiat Finance S.p.A.	60.526	
						Fiat S.p.A.	39.474	
Fiat Finance S.p.A.	Turin	Italy	224,440,000	EUR	100.00	Fiat S.p.A.	100.000	
Fiat GmbH	Ulm	Germany	200,000	EUR	100.00	Fiat Services S.p.A.	100.000	
Fiat Iberica S.A.	Madrid	Spain	2,797,054	EUR	100.00	Fiat Services S.p.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Fiat Information & Communication Services società consortile per azioni	Turin	Italy	800,000	EUR	98.03	Fiat S.p.A.	51.000	
						CNH Italia s.p.a.	10.000	
						Fiat Group Automobiles S.p.A.	10.000	
						Iveco S.p.A.	10.000	
						Comau S.p.A.	3.000	
						Ferrari S.p.A.	3.000	
						Fiat Services 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 Netherlands Holding N.V.	Amsterdam	Netherlands	2,610,397,295	EUR	100.00	Fiat S.p.A.	60.563	
						Fiat Partecipazioni S.p.A.	39.437	
Fiat Partecipazioni (U.K.) Limited in liquidation	Basildon	United Kingdom	860,000	GBP	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Partecipazioni S.p.A.	Turin	Italy	356,158,302	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 Services Belgium N.V.	Zedelgem	Belgium	62,500	EUR	100.00	Fiat U.K. Limited	99.960	
						Fiat Services S.p.A.	0.040	
Fiat Services Polska Sp. z o.o.	Bielsko-Biala	Poland	3,600,000	PLN	100.00	Fiat Services S.p.A.	100.000	
Fiat Services S.p.A.	Turin	Italy	3,600,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Fiat Servizi per l'Industria S.c.p.a.	Turin	Italy	1,652,669	EUR	99.36	Fiat Partecipazioni S.p.A.	51.000	
						Fiat Group Automobiles S.p.A.	25.500	
						Iveco S.p.A.	6.000	
						Fiat S.p.A.	5.000	
						CNH Italia s.p.a.	3.000	
						Teksid S.p.A.	2.000	
						C.R.F. Società Consortile per Azioni	1.500	
						Comau S.p.A.	1.500	
						Editrice La Stampa S.p.A.	1.500	
						Fiat Services S.p.A.	1.500	
						Magneti Marelli Holding S.p.A.	1.500	
Fiat U.K. Limited	Basildon	United Kingdom	750,000	GBP	100.00	Fiat Services 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	98.33	Fiat S.p.A.	51.000	
						Fiat Group Automobiles S.p.A.	15.000	
						CNH Global N.V.	10.000	
						Iveco S.p.A.	6.000	
						Comau S.p.A.	2.000	
						Ferrari S.p.A.	2.000	
						Fiat Powertrain Technologies SpA	2.000	
						Fiat Services S.p.A.	2.000	
						Itedi-Italiana Edizioni S.p.A.	2.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
						Magneti Marelli Holding S.p.A.	2.000	
						Maserati S.p.A.	2.000	
						Teksid S.p.A.	2.000	
						Fiat Finance S.p.A.	1.000	
						Fiat Partecipazioni S.p.A.	1.000	
Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	Turin	Italy	300,000	EUR	99.22	Fiat Partecipazioni S.p.A.	51.000	
						Fiat Group Automobiles S.p.A.	16.000	
						Iveco S.p.A.	12.000	
						CNH Italia s.p.a.	3.000	
						Comau S.p.A.	3.000	
						Fiat Powertrain Technologies SpA	3.000	
						Fiat S.p.A.	3.000	
						Fiat Services S.p.A.	3.000	
						Magneti Marelli Holding S.p.A.	3.000	
						Teksid S.p.A.	3,000	
(*) ITS GSA FiatGroup France S.A.S.	Trappes	France	1,737,440	EUR	100.00	Fiat Finance et Services S.A.	100.000	
(*) ITS-GSA Deutschland GmbH	Ulm	Germany	25,000	EUR	100.00	Fiat GmbH	100.000	
(*) ITS-GSA U.K. Limited	Watford	United Kingdom	50,000	GBP	100.00	Fiat U.K. Limited	100.000	
KeyG Consulting S.p.A.	Turin	Italy	167,352	EUR	60.00	Fiat Services S.p.A.	60.000	
Neptunia Assicurazioni Marittime S.A.	Lausanne	Switzerland	10,000,000	CHF	100.00	Rimaco S.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	Fiat Partecipazioni S.p.A.	100.000	
Rimaco S.A.	Lausanne	Switzerland	350,000	CHF	100.00	FGI - Fiat Group International SA	100.000	
Risk Management S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Partecipazioni 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	
Servizi e Attività Doganali per l'Industria S.p.A.	Turin	Italy	520,000	EUR	100.00	Fiat Services S.p.A.	100.000	
SIRIO - Sicurezza Industriale Società consortile per azioni	Turin	Italy	120,000	EUR	93.60	Fiat Partecipazioni S.p.A.	57.667	
						Fiat Group Automobiles S.p.A.	17.455	
						Iveco S.p.A.	4.583	
						Fiat Powertrain Technologies SpA	2.356	
						Magneti Marelli Powertrain S.p.A.	1.159	
						Comau S.p.A.	0.751	
						Fiat S.p.A.	0.751	
						Ferrari S.p.A.	0.729	
						Teksid S.p.A.	0.664	
						Irisbus Italia S.p.A.	0.622	
						Fiat Services S.p.A.	0.593	
						Sistemi Sospensioni S.p.A.	0.551	
						Teksid Aluminum S.r.l.	0.540	
						C.R.F. Società Consortile per Azioni	0.535	

(*) Assets held for sale.

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
						New Holland Kobelco Construction Machinery S.p.A.	0.535	
						Fiat Servizi per l'Industria S.c.p.a.	0.502	
						Fiat Finance S.p.A.	0.449	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.449	
						Magneti Marelli Sistemi Elettronici S.p.A.	0.438	
						Fidis S.p.A.	0.325	
						CNH Italia s.p.a.	0.237	
						Automotive Lighting Italia S.p.A.	0.233	
						Editrice La Stampa S.p.A.	0.233	
						Elasis-Società Consortile per Azioni	0.233	
						Magneti Marelli Sistemi di Scarico S.p.A.	0.197	
						Teksid Aluminum Getti Speciali S.r.l.	0.125	
						Astra Veicoli Industriali S.p.A.	0.103	
						Fiat Information & Communication Services società consortile per azioni	0.103	
						Servizi e Attività Doganali per l'Industria S.p.A.	0.103	
						Magneti Marelli Holding S.p.A.	0.091	
						Fiat Purchasing Italia S.r.l.	0.063	
						Fiat-Revisione Interna S.c.r.l.	0.061	
						Iveco Mezzi Speciali S.p.A.	0.061	
						Fiat Center Italia S.p.A.	0.045	
						eSPIN S.p.A.	0.040	
						Fast-Buyer S.p.A.	0.040	
						Turinauto S.P.A.	0.040	
						ABARTH & C. S.p.A.	0.039	
						Itedi-Italiana Edizioni S.p.A.	0.039	
						Maserati S.p.A.	0.039	
						Orione-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni	0.039	
						PDL Services S.r.l.	0.039	
						Risk Management S.p.A.	0.039	
						Sisport Fiat S.p.A. - Società sportiva dilettantistica	0.039	
						Magneti Marelli After Market Parts and Services S.p.A.	0.037	
						Automotive Lighting Rear Lamps Italia S.p.A.	0.022	
						Easy Drive S.r.l.	0.022	
						Fiat Attività Immobiliari S.p.A.	0.022	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Sisport Fiat S.p.A. - Società sportiva dilettantistica	Turin	Italy	889,049	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

Jointly-controlled entities accounted for using the proportional consolidation

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ **FPT Powertrain Technologies**								
Fiat-GM Powertrain Polska Sp. z o.o.	Bielsko-Biala	Poland	220,100,000	PLN	50.00	Fiat Powertrain Technologies SpA	50.000	

Jointly-controlled entities accounted for using the equity method

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ **Fiat Group Automobiles**								
Fiat Group Automobiles Financial Services S.p.A.	Turin	Italy	700,000,000	EUR	50.00	Fiat Group Automobiles S.p.A.	50.000	
FAL Fleet Services S.A.S.	Trappes	France	3,000,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
FC France S.A.	Trappes	France	11,360,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	99.999	
FGA Stock SA	Alcalá De Henares	Spain	5,108,799	EUR	50.00	Finplus Renting S.A.	100.000	
Fiat Auto Contracts Ltd	Slough Berkshire	United Kingdom	16,000,000	GBP	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Auto Financial Services (Wholesale) Ltd.	Slough Berkshire	United Kingdom	3,500,000	GBP	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Auto Financial Services Limited	Slough Berkshire	United Kingdom	10,250,000	GBP	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Bank GmbH	Heilbronn	Germany	39,600,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Bank Polska S.A.	Warsaw	Poland	125,000,000	PLN	50.00	Fiat Bank GmbH	100.000	
Fiat Credit Belgio S.A.	Evere	Belgium	3,718,500	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	99.999	
Fiat Credit Hellas Commercial S.A. of Vehicles	Argyroupoli	Greece	600,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Distribuidora Portugal S.A.	Alges	Portugal	500,300	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Finance Holding S.A.	Luxembourg	Luxembourg	2,300,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	99.995	
Fiat Finance S.A.	Luxembourg	Luxembourg	9,900,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	99.995	
Fiat Finansiering A/S	Glostrup	Denmark	13,000,000	DKK	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Handlerservice GmbH	Heilbronn	Germany	5,100,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fidis Credit Danmark A/S	Glostrup	Denmark	500,000	DKK	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fidis Finance (Suisse) S.A.	Schlieren	Switzerland	24,100,000	CHF	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	

Jointly-controlled entities accounted for using the equity method (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Fidis Finance Polska Sp. z o.o.	Warsaw	Poland	10,000,000	PLN	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fidis Insurance Consultants SA	Argyroupoli	Greece	60,000	EUR	49.99	Fiat Credit Hellas Commercial S.A. of Vehicles	99.975	
Fidis Leasing GmbH	Vienna	Austria	40,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fidis Leasing Polska Sp. z o.o.	Warsaw	Poland	12,500,000	PLN	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fidis Nederland B.V.	Utrecht	Netherlands	3,085,800	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fidis Retail Financial Services (Ireland) PLC	Dublin	Ireland	100,007	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	99.994	
Fidis Retail IFIC SA	Alges	Portugal	10,000,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Finplus Renting S.A.	Alcalá De Henares	Spain	25,145,299	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
FL Auto Snc	Trappes	France	8,954,581	EUR	50.00	FC France S.A.	99.998	
FL Location SNC	Paris	France	76,225	EUR	49.99	FC France S.A.	99.980	
Leasys S.p.A.	Fiumicino	Italy	77,979,400	EUR	49.69	Fiat Group Automobiles Financial Services S.p.A.	99.384	
Savarent Società per Azioni	Turin	Italy	21,000,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
TarCredit E.F.C. S.A.	Alcalá De Henares	Spain	16,671,569	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
FER MAS Oto Ticaret A.S.	Istanbul	Turkey	5,500,000	TRY	37.64	Tofas-Turk Otomobil Fabrikasi Tofas A.S.	99.418	
Fiat India Automobiles Private Limited *(business Fiat Group Automobiles)*	Ranjangaon	India	3,489,489,200	INR	51.00	Fiat Group Automobiles S.p.A.	51.000	
G.E.I.E. Gisevel	Paris	France	15,200	EUR	50.00	Fiat France	50.000	
G.E.I.E.-Sevelind	Paris	France	15,200	EUR	50.00	Fiat France	50.000	
Koc Fiat Kredi Tuketici Finansmani A.S.	Istanbul	Turkey	30,000,000	TRY	37.86	Tofas-Turk Otomobil Fabrikasi Tofas A.S.	100.000	
MEKATRO Arastirma-Gelistirme ve Ticaret A.S.	Kocaeli	Turkey	150,000	TRY	36.72	Tofas-Turk Otomobil Fabrikasi Tofas A.S.	97.000	
(*) Nan Jing Fiat Auto Co. Ltd.	Nanjing	People's Rep.of China	1,409,469,782	CNY	50.00	Fiat Group Automobiles S.p.A.	50.000	
PLATFORM Arastirma Gelistirme Tasarim ve Ticaret A.S.	Bursa	Turkey	1,000,000	TRY	37.48	Tofas-Turk Otomobil Fabrikasi Tofas A.S.	99.000	
Powertrain India Pvt. Ltd. in liquidation	Mumbai	India	101,000	INR	51.00	Fiat India Automobiles Private Limited	100.000	
Società Europea Veicoli Leggeri-Sevel S.p.A.	Atessa	Italy	68,640,000	EUR	50.00	Fiat Group Automobiles S.p.A.	50.000	
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	Paris	France	80,325,000	EUR	50.00	Fiat France	50.000	
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	Levent	Turkey	500,000,000	TRY	37.86	Fiat Group Automobiles S.p.A.	37.856	

(*) Assets held for sale.

Jointly-controlled entities accounted for using the equity method (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
■ **Agricultural and Construction Equipment**								
Case Mexico S.A. de C.V.	São Pedro	Mexico	810,000	MXN	44.67	CNH de Mexico SA de CV	100.000	
Case Special Excavators N.V.	Zedelgem	Belgium	1,100,000	EUR	44.67	CNH Global N.V.	50.000	
CNH Comercial, SA de C.V.	São Pedro	Mexico	160,050,000	MXN	44.67	CNH de Mexico SA de CV	100.000	
CNH de Mexico SA de CV	São Pedro	Mexico	165,276,000	MXN	44.67	CNH Global N.V.	50.000	
CNH Industrial S.A. de C.V.	São Pedro	Mexico	200,050,000	MXN	44.67	CNH de Mexico SA de CV	100.000	
CNH Servicios Comerciales, S.A. de C.V.	São Pedro	Mexico	50,000,000	MXN	43.77	CNH Global N.V.	49.000	
CNH Servicios Corporativos S.A. de C.V.	São Pedro	Mexico	375,000	MXN	44.67	CNH de Mexico SA de CV	99.999	
Consolidated Diesel Company	Whitakers	U.S.A.	100	USD	44.67	CNH Engine Corporation	50.000	
L&T-Case Equipment Private Limited	Mumbai	India	240,100,000	INR	44.67	CNH America LLC	50.000	
LBX Company LLC	Wilmington	U.S.A.	0	USD	44.67	Case LBX Holdings Inc.	50.000	
Megavolt L.P. L.L.L.P.	Wilmington	U.S.A.	500,000	USD	35.73	CNH America LLC	40.000	
New Holland HFT Japan Inc.	Sapporo	Japan	240,000,000	JPY	44.67	CNH Global N.V.	50.000	
New Holland Trakmak Traktor A.S.	Izmir	Turkey	800,000	TRY	33.50	CNH Global N.V.	37.500	
Turk Traktor Ve Ziraat Makineleri A.S.	Ankara	Turkey	47,000,000	TRY	33.50	CNH Global N.V.	37.500	
■ **Trucks and Commercial Vehicles**								
Iveco Fiat - Oto Melara Società consortile r.l.	Rome	Italy	40,000	EUR	50.00	Iveco S.p.A.	50.000	
Naveco Ltd.	Nanjing	People's Rep.of China	2,527,000,000	CNY	50.00	Iveco S.p.A.	50.000	
SAIC IVECO Commercial Vehicle Investment Company Limited	Shanghai	People's Rep.of China	160,000,000	USD	50.00	Iveco S.p.A.	50.000	
SAIC Iveco Hongyan Commercial Vehicles Co, Ltd.	Chongqing	People's Rep.of China	500,000,000	CNY	33.50	SAIC IVECO Commercial Vehicle Investment Company Limited	67.000	
Transolver Finance Establecimiento Financiero de Credito S.A.	Madrid	Spain	9,315,500	EUR	50.00	Iveco S.p.A.	50.000	
	■ **FPT Powertrain Technologies**							
Fiat India Automobiles Private Limited *(business FPT Powertrain Technologies)*	Ranjangaon	India	3,489,489,200	INR	51.00	Fiat Group Automobiles S.p.A.	51.000	
	■ **Components**							
Gestamp Marelli Autochasis S.L.	Barcelona	Spain	2,000,000	EUR	50.00	Sistemi Sospensioni S.p.A.	50.000	
tema.mobility	Turin	Italy	350,000	EUR	50.00	Magneti Marelli Sistemi Elettronici S.p.A.	50.000	
■ **Metallurgical Products**								
Hua Dong Teksid Automotive Foundry Co. Ltd.	Zhenjiang-Jangsu	People's Rep.of China	385,363,550	CNY	42.40	Teksid S.p.A.	50.000	

Subsidiaries accounted for using the equity method

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
■ **Fiat Group Automobiles**								
Alfa Romeo Inc.	Orlando	U.S.A.	3,000,000	USD	100.00	Fiat Group Automobiles S.p.A.	100.000	
Alfa Romeo Motors Ltd.	Bangkok	Thailand	160,000,000	THB	100.00	Fiat Group Automobiles S.p.A.	100.000	
Auto Italia Erfurt GmbH in liquidation	Erfurt	Germany	2,985,000	EUR	100.00	Fiat Automobil Vertriebs GmbH	100.000	

Subsidiaries accounted for using the equity method (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
F.A. Austria Commerz GmbH	Vienna	Austria	37,000	EUR	100.00	Fiat Group Automobiles Switzerland S.A.	100.000	
Fiat Auto Egypt Industrial Company SAE	Giza	Egypt	50,000,000	EGP	80.40	Fiat Group Automobiles S.p.A.	80.400	
Fiat Auto Egypt S.A.E.	Giza	Egypt	5,000,000	EGP	79.60	Fiat Auto Egypt Industrial Company SAE	99.000	
Fiat Auto S.A. de Ahorro para Fines Determinados	Buenos Aires	Argentina	24,535,149	ARS	100.00	Fiat Auto Argentina S.A.	100.000	
Fiat Auto Thailand Pvt. Ltd.	Bangkok	Thailand	276,000,000	THB	100.00	Fiat Group Automobiles S.p.A.	100.000	
Italcar SA	Casablanca	Morocco	28,000,000	MAD	99.94	Fiat Group Automobiles Maroc S.A.	99.986	
Sirio Polska Sp. z o.o.	Bielsko-Biala	Poland	1,350,000	PLN	100.00	Fiat Auto Poland S.A.	100.000	
■ Ferrari								
Ferrari Maserati Cars International Trading (Shanghai) Co. Ltd.	Shanghai	People's Rep.of China	3,000,000	USD	57.80	Ferrari S.p.A.	68.000	
■ Agricultural and Construction Equipment								
Farmers New Holland Inc.	Wilmington	U.S.A.	800,000	USD	89.33	CNH America LLC	100.000	
Jackson New Holland, Inc.	Wilmington	U.S.A.	371,000	USD	84.28	CNH America LLC	94.340	
Medicine Hat New Holland Ltd.	Ottawa	Canada	903,783	CAD	56.19	CNH Canada, Ltd.	62.900	
Mid State New Holland, Inc.	Wilmington	U.S.A.	400,000	USD	78.17	CNH America LLC	87.500	
Northside New Holland Inc.	Wilmington	U.S.A.	250,000	USD	62.25	CNH America LLC	69.680	
Ridgeview New Holland Inc.	Wilmington	U.S.A.	534,000	USD	61.53	CNH America LLC	68.876	
Southside New Holland Tractor & Equipment, Inc.	Wilmington	U.S.A.	325,000	USD	89.33	CNH America LLC	100.000	
Sunrise Tractor & Equipment Inc.	Wilmington	U.S.A.	875,000	USD	70.55	CNH America LLC	78.971	
Tri-County New Holland Inc.	Wilmington	U.S.A.	400,000	USD	89.33	CNH America LLC	100.000	
■ Trucks and Commercial Vehicles								
Altra S.p.A.	Genoa	Italy	516,400	EUR	100.00	Iveco S.p.A.	100.000	
F. Pegaso S.A.	Madrid	Spain	993,045	EUR	100.00	Iveco España S.L.	100.000	
Financière Pegaso France S.A.	Trappes	France	260,832	EUR	100.00	Iveco España S.L.	100.000	
Iveco Colombia Ltda.	Santa Fe' de Bogota	Colombia	7,596,249,000	COP	100.00	Iveco Venezuela C.A.	99.990	
						Iveco Latin America Ltda	0.010	
Iveco S.P.R.L.	Kinshasa	Congo (Dem. Rep. 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	62,838,291	BRL	68.26	Magneti Marelli do Brasil Industria e Comercio SA	68.350	
■ Production Systems								
Comau AGS s.r.l.	Grugliasco	Italy	103,100	EUR	100.00	Comau S.p.A.	100.000	
Comau Service U.K. Ltd	Watford	United Kingdom	260,000	GBP	100.00	Comau S.p.A.	100.000	

Subsidiaries accounted for using the equity method (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ Holding companies and Other companies								
Centro Studi sui Sistemi di Trasporto-CSST S.p.A.	Turin	Italy	120,000	EUR	99.85	Fiat Group Automobiles S.p.A.	49.000	
						Iveco S.p.A.	30.000	
						C.R.F. Società Consortile per Azioni	21.000	
Cromos Consulenza e Formazione S.r.l. in liquidation	Turin	Italy	13,000	EUR	76.00	Business Solutions S.p.A.	76.000	
European Engine Alliance EEIG	Basildon	United Kingdom	450,000	GBP	63.11	CNH U.K. Limited	33.333	
						Iveco S.p.A.	33.333	
Fiat (China) Business Co., Ltd.	Beijing	People's Rep.of China	3,000,000	USD	100.00	Fiat Partecipazioni S.p.A.	100.000	
Isvor Dealernet S.r.l. in liquidation	Turin	Italy	10,000	EUR	99.38	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	80.000	
						Fiat Group Automobiles S.p.A.	20.000	
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	

Subsidiaries valued at cost

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ Fiat Group Automobiles								
Aeroporto Valle d'Aosta S.p.A.	Saint-Christophe	Italy	1,000,000	EUR	50.94	Air Vallée S.p.A. - Services Aériens du Val d'Aoste	51.000	
Air Vallée Helicopter Opérations & Services S.r.l.	Saint-Christophe	Italy	82,633	EUR	99.89	Air Vallée S.p.A. - Services Aériens du Val d'Aoste	100.000	
Air Vallée S.p.A. - Services Aériens du Val d'Aoste	Saint-Christophe	Italy	4,000,000	EUR	99.89	Ergom Holding S.p.A.	99.885	
Ergom Automotive S.p.A.	Borgaro Torinese	Italy	154,500,000	EUR	100.00	Ergom Holding S.p.A.	100.000	
Ergom do Brasil Ltda	Itauna	Brazil	5,000,000	BRL	100.00	Ergom Automotive S.p.A.	100.000	
Ergom France S.A.S.	Limas	France	3,474,540	EUR	100.00	Ergom Holding S.p.A.	100.000	
Ergom Holding S.p.A.	Borgaro Torinese	Italy	38,688,000	EUR	100.00	Nuove Iniziative Finanziarie 2 S.r.l.	100.000	
Ergom Poland Sp. z o.o.	Sosnowiec	Poland	20,711,000	PLN	100.00	Ersi Poland S.A.	100.000	
Ergom Soffiaggio S.r.l.	Leno	Italy	45,900	EUR	85.00	Ergom Automotive S.p.A.	85.000	
Ergomec S.r.l. in liquidation	Borgaro Torinese	Italy	765,000	EUR	100.00	Ergom Holding S.p.A.	100.000	
Ergomoulds Sp. z o.o.	Sosnowiec	Poland	8,554,000	PLN	100.00	Ersi Poland S.A.	100.000	
Ersi Poland S.A.	Sosnowiec	Poland	21,000,000	PLN	100.00	Ergom Automotive S.p.A.	100.000	
Fiat Auto Espana Marketing Instituto Agrupacion de Interes Economico	Alcalá De Henares	Spain	30,051	EUR	95.00	Fiat Group Automobiles Spain S.A.	95.000	
Fiat Auto Marketing Institute (Portugal) ACE	Alges	Portugal	15,000	EUR	80.00	Fiat Group Automobiles Portugal, S.A.	80.000	
Fiat Motor Sales Ltd	Slough Berkshire	United Kingdom	1,500,000	GBP	100.00	Fiat Group Automobiles UK Ltd	100.000	
I.D.L.P. S.R.L. in liquidation	Paliano	Italy	50,000	EUR	51.00	Ergom Holding S.p.A.	51.000	
Innomatec Società Consortile a r.l.	Melfi	Italy	516,000	EUR	100.00	Ergom Automotive S.p.A.	95.000	
						Ergom Holding S.p.A.	5.000	
Italian Motor Village Ltd.	Slough Berkshire	United Kingdom	1,500,000	GBP	100.00	Fiat Group Automobiles UK Ltd	100.000	
New Business 19 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Parco Scientifico e Tecnologico della Basilicata - S.p.A. in liquidation	Pisticci	Italy	120,000	EUR	100.00	Ergom Holding S.p.A.	100.000	

Subsidiaries valued at cost (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Plastiform A.S.	Bursa	Turkey	715,000	TRY	94.00	Ergom Automotive S.p.A.	94.000	
Sistemas de Comandos Mecanicos - S.C.M. Industria e Comercio LTDA.	Sete Lagoas	Brazil	141,362,320	BRL	100.00	Fiat Automoveis S.A. - FIASA	100.000	
Sniaricerche S.C.P.A.	Pisticci	Italy	704,000	EUR	100.00	Ergom Holding S.p.A.	100.000	
Travels & Hotel S.r.l.	Saint-Christophe	Italy	92,970	EUR	99.89	Air Vallée S.p.A. - Services Aériens du Val d'Aoste	100.000	
■ Ferrari								
Ferrari Management Consulting (Shanghai) CO., LTD	Shanghai	People's Rep.of China	2,100,000	USD	85.00	Ferrari S.p.A.	100.000	
Ferrari Maserati Cars Sales and Services (Shanghai) Co.,Ltd.	Shanghai	People's Rep.of China	2,500,000	USD	85.00	Ferrari S.p.A.	100.000	
Scuderia Ferrari Club S.c. a r.l.	Maranello	Italy	105,000	EUR	81.28	Ferrari S.p.A.	95.619	
■ Agricultural and Construction Equipment								
Austoft Industries Limited	St. Marys	Australia	0	AUD	89.33	CNH Australia Pty Limited	100.000	
Case Construction Equipment, Inc.	Wilmington	U.S.A.	1,000	USD	89.33	CNH America LLC	100.000	
Case Credit Australia Investments Pty Ltd	St. Marys	Australia	0	AUD	89.33	CNH Australia Pty Limited	100.000	
Case Credit Wholesale Pty. Limited	St. Marys	Australia	0	AUD	89.33	CNH Australia Pty Limited	100.000	
Case IH Agricultural Equipment, Inc.	Wilmington	U.S.A.	1,000	USD	89.33	CNH America LLC	100.000	
Fermec North America Inc.	Wilmington	U.S.A.	5	USD	89.33	CNH America LLC	100.000	
International Harvester Company	Wilmington	U.S.A.	1,000	USD	89.33	CNH America LLC	100.000	
J.I. Case Company Limited	Basildon	United Kingdom	2	GBP	89.33	Case United Kingdom Limited	100.000	
Mass-Conn Equipment, Inc.	Wilmington	U.S.A.	750,000	USD	89.33	CNH America LLC	100.000	
New Holland Agricultural Equipment S.p.A.	Turin	Italy	120,000	EUR	89.33	CNH Italia s.p.a.	100.000	
New Holland Construction Equipment S.p.A.	Turin	Italy	120,000	EUR	89.33	CNH Italia s.p.a.	100.000	
RosCaseMash	Saratov	Russia	0	RUB	34.17	Case Equipment Holdings Limited	38.250	51.000
■ Trucks and Commercial Vehicles								
Consorzio per la Formazione Commerciale Iveco-Coforma	Turin	Italy	51,646	EUR	59.92	Iveco S.p.A.	50.000	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	10.000	
Irisbus North America Limited Liability Company	Las Vegas	U.S.A.	20,000	USD	100.00	Iveco France	100.000	
M.R. Fire Fighting International S.A.	Brasov	Romenia	35,000,000	RON	75.88	Iveco Magirus Brandschutztechnik GmbH	74.000	
						Brandschutztechnik Gorlitz GmbH	1.000	
						Iveco Magirus Fire Fighting GmbH	1.000	
OOO "CABEKO"	Nizhniy Novgorod	Russia	3,500,000	RUB	51.00	Iveco S.p.A.	51.000	
Saveco Partecipazioni S.r.l.	Turin	Italy	50,000	EUR	100.00	Iveco S.p.A.	100.000	
■ FPT Powertrain Technologies								
Iveco Motors of China Limited	Shanghai	People's Rep.of China	300,000	USD	100.00	Iveco S.p.A.	100.000	

Subsidiaries valued at cost (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ **Components**								
Automotive Lighting Japan K.K.	KohoKu-Ku-Yokohama	Japan	10,000,000	JPY	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Fast Buyer Middle East A.S.	Bursa	Turkey	350,230	TRY	93.95	Mako Elektrik Sanayi Ve Ticaret A.S.	98.900	
Magneti Marelli Automotive Components (India) Limited in liquidation	Pune	India	125,000,000	INR	99.99	Magneti Marelli Components B.V. in liquidation	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.	99.990	
						Magneti Marelli France S.a.s.	0.010	
Magneti Marelli Japan K.K.	KohoKu-Ku-Yokohama	Japan	60,000,000	JPY	99.99	Magneti Marelli Holding S.p.A.	100.000	
Sistemi Comandi Meccanici Otomotiv Sanayi Ve Ticaret A.S.	Bursa	Turkey	90,000	TRY	99.95	Magneti Marelli Holding S.p.A.	99.956	
Sistemi Comandi Meccanici S.C.M. S.p.A.	Corbetta	Italy	1,800,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
■ **Metallurgical Products**								
(*) Teksid Aluminum Getti Speciali S.r.l.	Carmagnola	Italy	500,000	EUR	100.00	Teksid Aluminum S.r.l.	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	
Consorzio Fermag in liquidation	Milan	Italy	144,608	EUR	68.00	Comau S.p.A.	68.000	
Synesis	Modugno	Italia	20.000	EUR	75,00	Comau S.p.A.	75,000	
■ **Holding companies and Other companies**								
Fiat Common Investment Fund Limited	London	United Kingdom	2	GBP	100.00	Fiat U.K. Limited	100.000	
Fiat Gra.De EEIG	Watford	United Kingdom	0	GBP	97.39	Fiat Group Automobiles 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	
						C.R.F. Società Consortile per Azioni	1.000	
						Comau S.p.A.	1.000	
						Magneti Marelli Holding S.p.A.	1.000	
						Teksid S.p.A.	1.000	
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 Fiat India Private Ltd. in liquidation	New Delhi	India	1,750,000	INR	99.22	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	100.000	
MC2 - Media Communications S.p.A.	Turin	Italy	219,756	EUR	51.00	Fiat Partecipazioni S.p.A.	51.000	
New Business 18 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 20 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 25 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 26 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

(*) Assets held for sale.

Subsidiaries valued at cost (continued))

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Nuova Immobiliare nove S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Nuova Immobiliare Otto 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 5 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Orione-Società Industriale per la Sicurezza						Fiat Partecipazioni S.p.A.	77.822	
e la Vigilanza Consortile per Azioni	Turin	Italy	120,000	EUR	98.85	Fiat S.p.A.	18.003	
						Editrice La Stampa S.p.A.	0.439	
						Fiat Group Automobiles S.p.A.	0.439	
						CNH Italia s.p.a.	0.220	
						Comau S.p.A.	0.220	
						Ferrari S.p.A.	0.220	
						Fiat Finance S.p.A.	0.220	
						Fiat Powertrain Technologies SpA	0.220	
						Fiat Services S.p.A.	0.220	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.220	
						Iveco S.p.A.	0.220	
						Magneti Marelli Holding S.p.A.	0.220	
						Sisport Fiat S.p.A. - Società sportiva dilettantistica	0.220	
PDL Services S.r.l.	Turin	Italy	105,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

Associated companies accounted for using the equity method

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ **Fiat Group Automobiles**								
Fiat Auto Kreditbank GmbH	Vienna	Austria	5,000,000	EUR	25.00	Fidis S.p.A.	25.000	
Fidis Bank G.m.b.H.	Vienna	Austria	4,740,000	EUR	25.00	Fidis S.p.A.	25.000	
Targasys S.r.l.	Turin	Italy	4,322,040	EUR	40.00	Fidis S.p.A.	40.000	
Utymat S.A.	Santa Margarita I Els Monjos	Spain	2,644,453	EUR	40.00	I.T.C.A. S.p.A.	40.000	
■ **Ferrari**								
Senator Software Gmbh	Munich	Germany	25,565	EUR	37.49	Ferrari Financial Services AG	49.000	
■ **Agricultural and Construction Equipment**								
Al-Ghazi Tractors Ltd	Karachi	Pakistan	214,682,226	PKR	38.56	CNH Global N.V.	43.169	
CNH Capital Europe S.a.S.	Puteaux	France	88,482,297	EUR	44.58	CNH Global N.V.	49.900	
Employers Health Initiatives LLC	Wilmington	U.S.A.	790,000	USD	44.67	CNH America LLC	50.000	
Kobelco Construction Machinery Co. Ltd.	Tokyo	Japan	16,000,000,000	JPY	17.87	CNH Global N.V.	20.000	
New Holland Finance Ltd	Basingstoke	United Kingdom	2,900,001	GBP	43.77	CNH Global N.V.	49.000	
Rathell Farm Equipment Company Inc.	Wilmington	U.S.A.	640,000	USD	38.65	CNH America LLC	43.266	
■ **Trucks and Commercial Vehicles**								
GEIE V.IV.RE	Boulogne	France	0	EUR	50.00	Iveco S.p.A.	50.000	

Associated companies accounted for using the equity method (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Iveco Finance Holdings Limited	Basingstoke	United Kingdom	1,000	EUR	49.00	Iveco Partecipazioni Finanziarie S.r.l.	49.000	
Iveco Uralaz Ltd.	Miass	Russia	65,255,056	RUB	33.33	Iveco S.p.A.	33.330	
Otoyol Sanayi A.S.	Samandira-Kartal/Istanbul	Turkey	52,674,386	TRY	27.00	Iveco S.p.A.	27.000	
V.IVE.RE Gruppo Europeo di Interesse Economico	Turin	Italy	0	EUR	50.00	Iveco S.p.A.	50.000	
■ FPT Powertrain Technologies								
Hangzhou IVECO Automobile Transmission Technology Co., Ltd.	Hangzhou	People's Rep.of China	240,000,000	CNY	33.33	Iveco S.p.A.	33.333	
Haveco Automotive Transmission Co. Ltd.	Zhajiang	People's Rep.of China	200,010,000	CNY	33.33	Iveco S.p.A.	33.330	
Iveco-Motor Sich, Inc.	Zaporozhye	Ukraine	26,568,000	UAH	38.62	Iveco S.p.A.	38.618	
Powertrain Industrial Services S.C.R.L. in liquidation	Turin	Italy	100,000	EUR	50.00	Fiat Powertrain Technologies SpA	25.000	
						FMA - Fabbrica Motori Automobilistici S.r.l.	25.000	
■ Production Systems								
G.P. Properties I L.L.C.	Pontiac	U.S.A.	10,000	USD	49.00	Comau Pico Holdings Corporation	49.000	
Gonzalez Production Systems Inc.	Pontiac	U.S.A.	10,000	USD	49.00	Comau Pico Holdings Corporation	49.000	
■ Publishing and Communications								
Editalia S.r.l.	Caserta	Italy	2,833,050	EUR	45.00	Editrice La Stampa S.p.A.	45.000	
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.E.M. S.R.L.	Genoa	Italy	3,000,000	EUR	40.00	Editrice La Stampa S.p.A.	40.000	
To-dis S.r.l.	Turin	Italy	510,000	EUR	45.00	Editrice La Stampa S.p.A.	45.000	
■ Holding companies and Other companies								
Rizzoli Corriere della Sera MediaGroup S.p.A.	Milan	Italy	762,019,050	EUR	10.09	Fiat Partecipazioni S.p.A.	10.093	10.497

Associated companies valued at cost

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ Fiat Group Automobiles								
Consorzio per la Reindustrializzazione Area di Arese S.r.l. in liquidation	Arese	Italy	1,020,000	EUR	30.00	Fiat Group Automobiles S.p.A.	30.000	
Fidis Rent GmbH	Frankfurt	Germany	50,000	EUR	49.00	Fiat Teamsys GmbH	49.000	
Servizi Elicotteristici Valdostani - S.E.V. s.r.l. in liquidation	Aosta	Italy	50,000	EUR	24.97	Air Vallée Helicopter Opérations & Services S.r.l.	25.000	
Turin Auto Private Ltd. in liquidation	Mumbai	India	43,300,200	INR	50.00	I.T.C.A. S.p.A.	50.000	
■ Ferrari								
Iniziativa Fiorano S.r.l.	Modena	Italy	90,000	EUR	28.33	Ferrari S.p.A.	33.333	
■ Agricultural and Construction Equipment								
Nido Industria Vallesina	Ancona	Italy	53,903	EUR	34.60	CNH Italia s.p.a.	38.728	

Associated companies valued at cost (continued)

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ Trucks and Commercial Vehicles								
Sotra S.A.	Abidjan	Ivory Coast	3,000,000,000	XOF	39.80	Iveco France	39.800	
Trucks & Bus Company	Tajoura	Libya	96,000,000	LYD	25.00	Iveco España S.L.	25.000	
Zastava-Kamioni D.O.O.	Kragujevac	Serbia	1,673,505,893	YUM	33.68	Iveco S.p.A.	33.677	
■ Components								
Bari Servizi Industriali S.c.r.l.	Modugno	Italy	12,000	EUR	50.00	Magneti Marelli Powertrain S.p.A.	50.000	
Flexider S.p.A.	Turin	Italy	4,131,655	EUR	25.00	Magneti Marelli Holding S.p.A.	25.000	
Mars Seal Private Limited	Mumbai	India	400,000	INR	24.00	Magneti Marelli France S.a.s.	24.000	
Matay Otomotiv Yan Sanay Ve Ticaret A.S.	Istanbul	Turkey	2,400,000	TRY	28.00	Magneti Marelli Holding S.p.A.	28.000	
■ Production Systems								
Consorzio Generazione Forme-CO.GE.F.	San Mauro Torinese	Italy	15,494	EUR	33.33	Comau S.p.A.	33.333	
■ Publishing and Communications								
Le Monde Europe S.A.S.	Paris	France	5,024,274	EUR	48.44	La Stampa Europe SAS	48.443	
Le Monde Presse S.A.S.	Paris	France	7,327,930	EUR	27.28	La Stampa Europe SAS	27.277	
■ Holding companies and Other companies								
Ascai Servizi S.r.l. in liquidation	Rome	Italy	73,337	EUR	25.77	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	25.970	
Ciosa S.p.A. in liquidation	Milan	Italy	516	EUR	25.00	Fiat Partecipazioni S.p.A.	25.000	
Consorzio Parco Industriale di Chivasso	Chivasso	Italy	51,650	EUR	38.60	Fiat Partecipazioni S.p.A.	23.100	
						Ergom Automotive S.p.A.	11.200	
						ABARTH & C. S.p.A.	4.300	
Consorzio per lo Sviluppo delle Aziende Fornitrici in liquidation	Turin	Italy	241,961	EUR	30.88	CNH Italia s.p.a.	10.672	
						Fiat Group Automobiles S.p.A.	10.672	
						Iveco S.p.A.	10.672	
Consorzio Prode	Naples	Italy	51,644	EUR	19.78	Elasis-Società Consortile per Azioni	20.000	
Consorzio Scire	Pomigliano d'Arco	Italy	51,644	EUR	49.45	Elasis-Società Consortile per Azioni	50.000	
Consorzio Scuola Superiore per l'Alta Formazione Universitaria Federico II in liquidation	Naples	Italy	127,500	EUR	19.78	Elasis-Società Consortile per Azioni	20.000	
FMA-Consultoria e Negocios Ltda	São Paulo	Brazil	1	BRL	50.00	Fiat do Brasil S.A.	50.000	
Interfinanziaria S.A. in liquidation	Paradiso	Switzerland	1,000,000	CHF	33.33	FGI - Fiat Group International SA	33.330	
MB Venture Capital Fund I Participating Company F N.V.	Amsterdam	Netherlands	50,000	EUR	45.00	Fiat Partecipazioni S.p.A.	45.000	
Nuova Didactica S.c. a r.l.	Modena	Italy	112,200	EUR	24.87	Ferrari S.p.A.	16.364	
						CNH Italia s.p.a.	12.273	
Tecnologie per il Calcolo Numerico-Centro Superiore di Formazione S.c. a r.l.	Trento	Italy	100,000	EUR	24.82	C.R.F. Società Consortile per Azioni	25.000	
Zetesis S.p.A. in liquidation	Milan	Italy	283,150	EUR	40.00	Fiat Partecipazioni S.p.A.	40.000	

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights

Other companies valued at cost

■ Agricultural and Construction Equipment

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Polagris S.A.	Pikieliszki	Lithuania	1,133,400	LTL	9.88	CNH Polska Sp. z o.o.	11.054	

■ Trucks and Commercial Vehicles

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Consorzio Spike	Genoa	Italy	90,380	EUR	15.00	Iveco S.p.A.	15.000	

■ Holding companies and Other companies

Name	Registered office	Country	Capital stock	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Centro di Eccellenza su Metodi e Sistemi per le Aziende Competitive	Fisciano	Italy	225,000	EUR	15.83	Elasis-Società Consortile per Azioni	16.000	
Consorzio Calef (Consorzio per la ricerca e lo sviluppo delle applicazioni industriali laser e del fascio elettronico)	Rotondella	Italy	83,445	EUR	10.44	Elasis-Società Consortile per Azioni	5.319	
						C.R.F. Società Consortile per Azioni	5.213	
Consorzio Lingotto	Turin	Italy	9,612	EUR	16.90	Fiat Attività Immobiliari S.p.A.	11.500	
						Fiat S.p.A.	5.400	
Consorzio Technapoli	Naples	Italy	1,626,855	EUR	10.99	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	
Expo 2000 - S.p.A.	Turin	Italy	2,205,930	EUR	18.95	Fiat Partecipazioni S.p.A.	18.949	
Fin.Priv. S.r.l.	Milan	Italy	20,000	EUR	14.29	Fiat S.p.A.	14.285	
Sorore Ricerche per Santa Maria della Scala	Siena	Italy	9,296	EUR	16.66	Fiat Partecipazioni S.p.A.	16.663	
Team Consorzio Italiano per la Trazione Elettrica Alternata Monofase	Milan	Italy	45,900	EUR	11.11	Fiat Partecipazioni S.p.A.	11.111	
Torino Zerocinque Trading S.p.A.	Milan	Italy	2,425,000	EUR	15.04	Fiat Partecipazioni S.p.A.	15.040	

Appendix II
Information requested by Art. 149-duodecies of the "Regolamento Emittenti" issued by Consob

The following table, prepared in accordance with Art. 149-duodecies of the "Regolamento Emittenti" issued by Consob, reports the amount of fees charged in 2007 for the audit and audit related services provided by the Audit Firm and by entities that are part of the Audit Firm network.

(in thousands of euros)	Service provider	Fiat Group entity		2007 fees
Audit	Deloitte & Touche S.p.A.	Parent company – Fiat S.p.A.		172
	Deloitte & Touche S.p.A	Subsidiaries		4,781
	Deloitte Network	Subsidiaries		12,106
Attestation	Deloitte & Touche S.p.A.	Parent company – Fiat S.p.A	(1)	395
	Deloitte & Touche S.p.A	Subsidiaries	(2)	103
	Deloitte Network	Subsidiaries	(3)	1,381
Other services	Deloitte & Touche S.p.A.	Parent company – Fiat S.p.A	(1)	795
	Deloitte & Touche S.p.A	Subsidiaries	(4)	1,012
	Deloitte Network	Subsidiaries	(5)	1,496
Total				**22,241**

(1) See corresponding table attached to Fiat S.p.A separate accounts.

(2) Attestation of tax forms (Unico and 770).

(3) Sarbanes Oxley Act §404 certification for CNH.

(4) Due diligences, depth analysis related to the treatment of significant transactions.

(5) Tax and other services.

Certification of the Consolidated Financial Statements pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended

- The undersigned, Sergio Marchionne (as Chief Executive Officer), and Alessandro Baldi and Maurizio Francescatti (as the Managers responsible for preparing Fiat S.p.A.'s financial reports), hereby certify, having also taken into consideration the provisions of Article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24 1998, that:

the administrative and accounting procedures for the preparation of the consolidated financial statements for the 2007 fiscal year:

- are adequate with respect to the company structure and
- have been effectively applied.

- The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at December 31, 2007 was based on a process defined by Fiat in accordance with the *Internal Control – Integrated Framework* model issued by the *Committee of Sponsoring Organizations of the Treadway Commission,* an internationally-accepted reference framework.

- The undersigned also certify that the consolidated financial statements at December 31, 2007:
- correspond to the results documented in the books, accounting and other records;
- have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (as well as with the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005) and based on their knowledge, fairly and correctly present the financial condition, results of operations and cash flows of the issuer and of the Group companies included in the scope of consolidation.

February 15, 2008

/s/ SERGIO MARCHIONNE

Sergio Marchionne
Chief Executive Officer

/s/ ALESSANDRO BALDI
/s/ MAURIZIO FRANCESCATTI
Alessandro Baldi
Maurizio Francescatti
Managers responsible for preparing Fiat S.p.A.'s financial reports

Fiat S.p.A. Financial Statements at December 31, 2007

Financial Review of Fiat S.p.A.

The financial statements illustrated and commented on in the following pages have been prepared on the basis of the company's statutory financial statements at December 31, 2007 to which reference should be made. These financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and with the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005.

Operating performance

In 2007, the Parent Company reported a net income of 2,069 million euros, 274 million euros lower than in 2006.

The company's Income Statement is summarised in the following table:

(in millions of euros)	2007	2006
Investment income	**2,188**	2,461
- Reversals (impairment losses)	**1,247**	2,099
- Dividends	**823**	362
- Gains (losses) on disposals	**118**	-
Personnel and operating costs net of other revenues	**(98)**	(120)
Financial income (expenses)	**(149)**	(24)
Income before taxes	**1,941**	2,317
Income taxes	**128**	26
Net income for the year	**2,069**	2,343

Investment income totalled 2,188 million euros and consisted of the reversal of impairment losses on investments, dividends received during the period, and gains on disposals. It is lower by 273 million euros with respect to the previous year (2,461 million euros in 2006), when the figure included higher reversals of impairment losses. Specifically:

- **Impairment loss reversals (net of write-downs)** of 1,247 million euros resulted from the write-up of the investment in the subsidiary Fiat Partecipazioni S.p.A. (1,308 million euros mainly connected to Fiat Group Automobiles S.p.A.), written-down in previous years, net of the impairment loss recognised on the investment in Comau S.p.A. (61 million euros).

  In 2006, impairment loss reversals (net of write-downs) of 2,099 million euros resulted from the revaluation of the investments in the subsidiaries Fiat Partecipazioni S.p.A. (1,388 million euros mainly connected to Fiat Group Automobiles S.p.A.), Iveco S.p.A. (946 million euros) and Fiat Netherlands Holding N.V. (96 million euros connected to CNH), all written-down in previous years, net of the impairment loss recognised on the investment in Comau S.p.A. (330 million euros);

- **Dividends** totalled 823 million euros, for the most part received from subsidiaries: FGI - Fiat Group International S.A., formerly IHF – Internazionale Holding Fiat S.A. (271 million euros), Fiat Partecipazioni S.p.A. (250 million euros), Fiat Netherlands Holding N.V. (151 million euros), Ferrari S.p.A. (64 million euros) and Fiat Finance S.p.A. (60 million euros). In 2006, dividends totalled 362 million euros, mainly from FGI - Fiat Group International S.A. (259 million euros) and Fiat Finance S.p.A. (75 million euros).

- **Gains on the disposal of investments** regarded the gain realised in September on the sale of the Company's 1.83% interest in Mediobanca S.p.A.

Personnel and operating costs net of other revenues totalled 98 million euros, compared with 120 million euros in 2006.

Specifically:

- **Personnel and operating costs,** totalling 218 million euros, comprised 56 million euros in personnel costs (49 million euros in 2006), and 162 million euros in other operating costs (150 million euros in 2006), which included the costs for services, amortisation and depreciation and other operating costs. The increase of 19 million euros over the figure for the previous year was attributable for 33 million euros to the recognition of higher notional costs for stock options linked to the most recently approved plan, net of non-recurring costs recorded in 2006 and not in 2007. There was an average headcount in 2007 of 143 employees compared with an average of 140 employees in 2006.
- **Other revenues,** totalling 120 million euros (79 million euros in 2006), principally referred to royalties for the use of the Fiat trademark, calculated as a percentage of the revenues generated by the Group companies that use it, the services provided, also through executives, at the premises of the principal companies of the Group, as well as to the change in contract work in progress (agreements between Fiat S.p.A. and Treno Alta Velocità – T.A.V. S.p.A.), which is measured by applying the percentage of completion to the total contractual value of the work. The increase of 41 million euros from 2006 was mainly attributable to higher charges for the use of the trademark.

In 2007, there were **net financial expenses** of 149 million euros (24 million euros in 2006), arising from the interest charges on the Company's debt, which were partially offset by the gains resulting from equity swaps on Fiat S.p.A. shares entered into to hedge stock option plans. The increase of 125 million euros in net expenses was attributable mostly to the interest income on the liquid funds held by the Company in the first half of 2006 which was subsequently utilised to recapitalise subsidiaries.

The **income tax** revenue of 128 million euros (26 million euros in 2006) was essentially the remuneration for the tax loss related to the 2007 fiscal year brought into the Fiat Group Italian tax consolidation by Fiat S.p.A. to offset taxable income reported by other Group's Italian companies.

Balance sheet

Highlights of the Parent Company's Balance Sheet are illustrated in the following table:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Non-current assets	**13,367**	14,559
- of which: Investments	**13,311**	14,500
Working capital	**204**	167
Total net invested capital	**13,571**	**14,726**
Stockholders' equity	**11,691**	**10,374**
Net debt	**1,880**	**4,352**

Non-current assets mainly included investments in the relevant subsidiaries of the Group.

The decrease of 1,189 million euros in investments with respect to December 31, 2006 resulted mostly from the distribution of capital reserves of 2,050 million euros by Fiat Partecipazioni S.p.A. and the repayment of capital for 273 million euros by Iveco S.p.A., both of these payments forming part of measures being taken to rebalance the financial positions within the Group, net of the balance of impairment loss reversals discussed previously.

Working capital, which totalled 204 million euros, consisted of trade, tax and employee receivables and payables, work in progress on contracts net of advances received and provisions. The increase of 37 million euros with respect to December 31, 2006 was mainly due to the rise in the balance of receivables/payables with subsidiaries for consolidated IRES taxation.

Stockholders' equity at December 31, 2007 totalled 11,691 million euros, reflecting an increase of 1,317 million euros as compared to December 31, 2006 due mainly to the income of the year (2,069 million euros), net of decreases connected to the distribution of dividends (274 million euros), and the purchase of treasury stock (426 million euros).

For a more detailed analysis of the changes in stockholders' equity, reference should be made to the relevant table set out in the following pages as part of the statutory financial statements of the Parent Company Fiat S.p.A.

Net debt of 1,880 million euros at December 31, 2007 was lower by 2,472 million euros compared with the balance at December 31, 2006, a decrease caused mainly by the repayment of capital and the distribution of capital reserves by the subsidiaries discussed previously, the cash flows arising from the result for the year and the proceeds from the sale of the investment in Mediobanca S.p.A., partially offset by the distribution of dividends by the Company and the purchase of treasury stock. A breakdown of net debt is reported in the following table:

(in millions of euros)	At December 31, 2007	At December 31, 2006
Current financial receivables, cash and cash equivalents	**(1,224)**	(85)
Current financial payables	**295**	1,627
Non-current financial payables	**2,809**	2,810
Net debt (net liquid funds)	**1,880**	**4,352**

Current financial receivables comprised a short-term loan of 900 million euros made to the subsidiary Fiat Finance S.p.A. as a temporary investment of surplus funds, the balance on the current account with Fiat Finance S.p.A. and receivables from the subsidiary Fiat Netherlands Holding N.V. represented by the fair value of the above mentioned stock-option related equity swaps on Fiat S.p.A. shares. Current financial payables mainly consisted of payables to factoring companies for advances on receivables sold, while non-current financial payables consisted almost entirely of loans granted at market rates by the subsidiary Fiat Finance S.p.A. and repayable in the 2010-2013 period.

For a more detailed analysis of cash flows, reference should be made to the Statement of Cash Flows set out on the following pages as part of the statutory financial statements of the Parent Company Fiat S.p.A.

Reconciliation between the Parent Company's equity and its result for the year with those of the Group

Pursuant to the Consob Communication of July 28, 2006, set out below is a reconciliation between the Parent Company's equity at December 31, 2007 and its result for the year then ended with those of the Group (Group interest).

(in millions of euros)	Stockholders' equity at December 31, 2007	2007 Net result	Stockholders' equity at December 31, 2006	2006 Net result
Financial statements of Fiat S.p.A.	**11,691**	**2,069**	**10,374**	**2,343**
Elimination of the carrying amounts of consolidated investments and the respective dividends from the financial statements of Fiat S.p.A.	**(13,278)**	**(822)**	(14,211)	(346)
Elimination of the reversal of impairment losses (net of recognised impairment losses) of consolidated investments	**-**	**(1,247)**	-	(2,099)
Equity and results of consolidated subsidiaries	**12,444**	**2,027**	13,404	1,229
Consolidation adjustments :				
Elimination of intercompany profits and losses on the sale of investments	**-**	**(33)**	-	(41)
Elimination of intercompany profits and losses in inventories and fixed assets and other adjustments	**(251)**	**(41)**	(205)	(21)
Consolidated Financial Statements (Group interest)	**10,606**	**1,953**	**9,362**	**1,065**

Income Statement (*)

(in euros)	Note	2007	2006
Dividends and other income from investments	(1)	**823,248,147**	362,418,522
Reversal of impairment losses (impairment losses) of investments	(2)	**1,247,068,762**	2,099,350,000
Gains (losses) on the disposal of investments	(3)	**118,470,663**	425,380
Other operating income	(4)	**120,321,883**	79,238,202
Personnel costs	(5)	**(55,982,600)**	(48,799,405)
Other operating costs	(6)	**(163,102,898)**	(150,106,365)
Financial income (expenses)	(7)	**(149,004,117)**	(24,846,809)
Result before taxes		**1,941,019,840**	**2,317,679,525**
Taxes	(8)	**(127,839,062)**	(25,695,447)
Result from continuing operations		**2,068,858,902**	**2,343,374,972**
Result from discontinued operations		**-**	-
Net result		**2,068,858,902**	**2,343,374,972**

(*) Pursuant to Consob resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the Income Statement of Fiat S.p.A. are included in the specific income statement schedule reported in the following pages and also provided in the comments on the single items and in Note 28.

Balance Sheet (*)

(in euros)	Note	At December 31, 2007	At December 31, 2006
ASSETS			
Non-current assets			
Intangible assets	(9)	**811,118**	771,530
Property, plant and equipment	(10)	**34,664,232**	37,252,689
Investments	(11)	**13,311,484,271**	14,499,594,748
Other financial assets	(12)	**19,493,464**	20,134,319
Other non-current assets	(13)	**115,652**	1,573,473
Deferred tax assets	(8)	**-**	-
Total Non-current assets		**13,366,568,737**	**14,559,326,759**
Current assets			
Inventories	(25)	**-**	-
Trade receivables	(14)	**180,980,765**	154,692,452
Current financial receivables	(15)	**1,223,431,224**	84,173,202
Other current receivables	(16)	**892,160,645**	626,428,489
Cash and cash equivalents	(17)	**523,747**	608,105
Total Current assets		**2,297,096,381**	**865,902,248**
Assets held for sale		**-**	-
TOTAL ASSETS		**15,663,665,118**	**15,425,229,007**
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' equity	(18)		
Capital stock		**6,377,262,975**	6,377,257,130
Additional paid-in capital		**1,540,884,892**	1,540,856,410
Legal reserve		**536,059,918**	446,561,763
Other reserves and retained earnings		**1,587,248,228**	(310,383,070)
Treasury stock		**(419,309,657)**	(24,138,811)
Net result		**2,068,858,902**	2,343,374,972
Total Stockholders' equity		**11,691,005,258**	**10,373,528,394**
Non-current liabilities			
Provisions for employee benefits and other non-current provisions	(19)	**21,301,993**	18,104,487
Non-current financial payables	(20)	**2,809,388,000**	2,810,029,000
Other non-current liabilities	(21)	**15,852,305**	20,000,576
Deferred tax liabilities	(8)	**4,256,709**	3,438,000
Total Non-current liabilities		**2,850,799,007**	**2,851,572,063**
Current liabilities			
Provisions for employee benefits and other current provisions	(22)	**127,628**	26,790,951
Trade payables	(23)	**246,495,446**	184,660,883
Current financial payables	(24)	**294,695,310**	1,627,429,902
Other payables	(25)	**580,542,469**	361,246,814
Total Current liabilities		**1,121,860,853**	**2,200,128,550**
Liabilities held for sale		**-**	-
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**15,663,665,118**	**15,425,229,007**

(*) Pursuant to Consob resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the Balance Sheet of Fiat S.p.A. are included in the specific balance sheet schedule reported in the following pages and are also provided in the comments on the single items and in Note 28.

Statement of Cash Flows (*)

(in thousands of euros)

			2007	2006
A)	**Cash and cash equivalents at beginning of the year**		**608**	495
B)	**Cash flows from (used in) operating activities during the year:**			
	Net result for the year		**2,068,859**	2,343,375
	Amortisation and depreciation		**2,506**	2,882
	Non-cash stock option costs		**43,988**	11,297
	(Reversals of impairment losses) impairment losses of investments		**(1,247,069)**	(2,099,350)
	Capital losses/gains on the disposal of investments		**(118,391)**	(329)
	Change in provisions for employee benefits and other provisions		**(23,466)**	7,990
	Change in deferred taxes		**819**	3,438
	Change in working capital		**(13,581)**	151,872
	Total		**713,665**	421,175
C)	**Cash flows from (used in) investment activities:**			
	Investments:			
	Recapitalisations of subsidiaries		**(120,000)**	(6,361,126)
	Acquisitions	(a)	**-**	(919,412)
	Divestitures of investments relating to:			
	Capital reductions and distribution of capital reserves by subsidiaries		**2,322,545**	-
	Proceeds from sale	(b)	**225,142**	2,670
	Other (investments) divestitures, net		**605**	(15,529)
	Total		**2,428,292**	(7,293,397)
D)	**Cash flows from (used in) financing activities:**			
	Change in current financial receivables		**(1,139,258)**	2,991,721
	Change in non-current financial payables		**(641)**	2,804,767
	Change in current financial payables		**(1,332,735)**	1,070,047
	Proceeds from the increase in capital stock		**35**	-
	Purchase of treasury stock		**(426,023)**	-
	Sale of treasury stock		**30,523**	5,800
	Dividend distribution		**(273,942)**	-
	Total		**(3,142,041)**	6,872,335
E)	**Total change in cash and cash equivalents**		**(84)**	113
F)	**Cash and cash equivalents at end of the year**		**524**	608

(*) Pursuant to Consob resolution no. 15519 of July 27, 2006 the effects of transactions with related parties on the Statement of Cash Flows of Fiat S.p.A. are included in the specific statement of the cash flows schedule reported in the following pages.

(a) In 2006, this item consisted almost entirely of the repurchase of a 28.6% stake of Ferrari S.p.A.'s capital stock.
(b) 224,847 thousand euros of which related to the sale of the investment in Mediobanca S.p.A.

Statement of Changes in Stockholders' Equity

(in thousands of euros)	Capital stock	Additional paid-in capital	Legal reserve	Reserve under law no. 413/1991	Reserve for treasury stock in portfolio	Extraordinary reserve	Retained earnings (losses)	Gains (losses) recognised directly in equity	Stock option reserve	Treasury stock (*)	Net result for the period	Total Stockholders' equity
Balances at December 31, 2005	6,377,257	681,856	446,562	22,591	27,710	335	(811,737)	134,267	16,103	(27,710)	1,117,325	7,984,559
Allocation of prior year profits		859,000					258,325				(1,117,325)	-
Net changes in Income (expenses) recognised directly in equity								28,497				28,497
Valuation of stock option plans					(3,571)	5,800			11,297	3,571		17,097
Net result											2,343,375	2,343,375
Balances at December 31, 2006	6,377,257	1,540,856	446,562	22,591	24,139	6,135	(553,412)	162,764	27,400	(24,139)	2,343,375	10,373,528

(*) Treasury stock at December 31, 2006 consisted of 3,773,458 ordinary shares for a total nominal value of 18,867 thousand euros.

(in thousands of euros)	Capital stock	Additional paid-in capital	Legal reserve	Reserve under law no. 413/1991	Reserve for the purchase of treasury stock	Reserve for treasury stock in portfolio	Extraordinary reserve	Retained earnings (losses)	Gains (losses) recognised directly in equity	Stock option reserve	Treasury stock (*)	Net result	Total Stockholders' equity
Balances at December 31, 2006	6,377,257	1,540,856	446,562	22,591	-	24,139	6,135	(553,412)	162,764	27,400	(24,139)	2,343,375	10,373,528
Capital increases	6	29											35
Allocation of prior year profits:													
- to fully offset accumulated losses								553,412				(553,412)	-
- to the legal reserve			89,498									(89,498)	-
- distribution of dividends to stockholders												(273,942)	(273,942)
- balance to retained earnings								1,426,523				(1,426,523)	-
Establishment of a reserve for the purchase of treasury stock					1,378,602			(1,378,602)					-
Purchases of treasury stock					(426,023)	426,023					(426,023)		(426,023)
Sale of treasury stock						(30,852)	21,909	8,614			30,852		30,523
Net changes in Income (expenses) recognised directly in equity									(147,842)				(147,842)
Valuation of stock option plans										65,867			65,867
Net result												2,068,859	2,068,859
Balances at December 31, 2007	6,377,263	1,540,885	536,060	22,591	952,579	419,310	28,044	56,535	14,922	93,267	(419,310)	2,068,859	11,691,005

(*) Treasury stock at December 31, 2007 consisted of 21,851,458 ordinary shares for a total nominal value of 109,257 thousand euros.

Statement of total recognised income and expenses

(in thousands of euros)	2007	2006
Gains (losses) recognised directly in the fair value reserve (investments in other companies)	(32,180)	28,497
Gains (losses) recognised directly in equity	**(32,180)**	**28,497**
Transfers from the fair value reserve (investments in other companies)	(115,662)	-
Net result for the period	2,068,859	2,343,375
Recognised income (expense) for the year	**1,921,017**	**2,371,872**

Income Statement
pursuant to Consob Resolution No. 15519 of July 27, 2006

(in thousands of euros)	Note	2007	of which Related parties (Note 28)	2006	of which Related parties (Note 28)
Dividends and other income from investments	(1)	**823,248**	**821,857**	362,419	345,967
Reversal of impairment losses (impairment losses) of investments	(2)	**1,247,069**		2,099,350	
Gains (losses) on the disposal of investments	(3)	**118,471**		425	
Other operating income	(4)	**120,322**	**71,471**	79,238	33,200
Personnel costs	(5)	**(55,983)**	**(23,730)**	(48,800)	(20,304)
Other operating costs	(6)	**(163,103)**	**(90,832)**	(150,106)	(70,014)
Financial income (expenses)	(7)	**(149,004)**	**(139,917)**	(24,847)	(17,765)
Result before taxes		**1,941,020**		**2,317,679**	
Income taxes	(8)	**(127,839)**		(25,696)	
Result from continuing operations		**2,068,859**		**2,343,375**	
Result from discontinued operations		**-**		-	
Net result		**2,068,859**		**2,343,375**	

Balance Sheet

pursuant to Consob Resolution No. 15519 of July 27, 2006

(in thousands of euros)	Note	At December 31, 2007	of which Related parties (Note 28)	At December 31, 2006	of which Related parties (Note 28)
ASSETS					
Non-current assets					
Intangible assets	(9)	**811**		772	
Property, plant and equipment	(10)	**34,664**		37,253	
Investments	(11)	**13,311,484**	**13,277,641**	14,499,595	14,211,238
Other financial assets	(12)	**19,493**	**9,388**	20,134	10,029
Other non-current assets	(13)	**116**		1,573	
Deferred tax assets	(8)	**-**		-	
Total Non-current assets		**13,366,568**		**14,559,327**	
Current assets					
Inventories	(25)	**-**		-	
Trade receivables	(14)	**180,981**	**10,167**	154,692	2,408
Current financial receivables	(15)	**1,223,431**	**1,223,431**	84,173	84,173
Other current receivables	(16)	**892,161**	**436,482**	626,429	146,908
Cash and cash equivalents	(17)	**524**		608	
Total Current assets		**2,297,097**		**865,902**	
Assets held for sale		**-**		-	
TOTAL ASSETS		**15,663,665**		**15,425,229**	
STOCKHOLDERS' EQUITY AND LIABILITIES					
Stockholders' equity	(18)				
Capital stock		**6,377,263**		6,377,257	
Additional paid-in capital		**1,540,885**		1,540,856	
Legal reserve		**536,060**		446,562	
Other reserves and retained earnings		**1,587,248**		(310,383)	
Treasury stock		**(419,310)**		(24,139)	
Net result		**2,068.859**		2,343,375	
Total Stockholders' equity		**11,691,005**		**10,373,528**	
Non-current liabilities					
Provisions for employee benefits and other non-current provisions	(19)	**21,302**	**11,516**	18,104	8,693
Non-current financial payables	(20)	**2,809,388**	**2,809,388**	2,810,029	2,810,029
Other non-current liabilities	(21)	**15,852**		20,001	
Deferred tax liabilities	(8)	**4,257**		3,438	
Total Non-current liabilities		**2,850,799**		**2,851,572**	
Current liabilities					
Provisions for employee benefits and other current provisions	(22)	**128**		26,791	
Trade payables	(23)	**246,495**	**6,305**	184,661	17,801
Current financial payables	(24)	**294,695**	**73,687**	1,627,430	1,405,554
Other payables	(25)	**580,543**	**551,948**	361,247	323,531
Total Current liabilities		**1,121,861**		**2,200,129**	
Liabilities held for sale		**-**		-	
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**15,663,665**		**15,425,229**	

Statement of Cash Flows

pursuant to Consob Resolution No. 15519 of July 27, 2006

(in thousands of euros)	2007	of which Related Parties
A) Cash and cash equivalents at beginning of the year	**608**	
B) Cash flows from (used in) operating activities during the year:		
Net result for the year	**2,068,859**	
Amortisation and depreciation	**2,506**	
Non-cash stock option costs	**43,988**	39,664
(Reversals of impairment losses) impairment losses of investments	**(1,247,069)**	
Capital losses/gains on the disposal of investments	**(118,391)**	
Change in provisions for employee benefits and other provisions	**(23,466)**	2,823
Change in deferred taxes	**819**	
Change in working capital	**(13,581)**	(80,412)
Total	**713,665**	
C) Cash flows from (used in) investment activities:		
Investments:		
Recapitalisations of subsidiaries	**(120,000)**	(120,000)
Acquisitions	**-**	
Divestitures of investments relating to:		
Capital reductions and distribution of capital reserves by subsidiaries	**2,322,545**	2,322,545
Proceeds from sale	**225,142**	
Other (investments) divestitures, net	**605**	
Total	**2,428,292**	
D) Cash flows from (used in) financing activities:		
Change in current financial receivables	**(1,139,258)**	(1,139,258)
Change in non-current financial payables	**(641)**	(641)
Change in current financial payables	**(1,332,735)**	(1,331,867)
Proceeds from the increase in capital stock	**35**	
Purchase of treasury stock	**(426,023)**	
Sale of treasury stock	**30,523**	3,480
Dividend distribution	**(273,942)**	(61,255)
Total	**(3,142,041)**	
E) Total change in cash and cash equivalents	**(84)**	
F) Cash and cash equivalents at end of the year	**524**	

Notes to the Financial Statements

Principal activities

Fiat S.p.A. (the "Company") is a corporation organised under the laws of the Republic of Italy and is the Parent Company of the Fiat Group, holding investments, either directly or indirectly through sub-holdings, in the capital of the parent companies of business Sectors in which the Fiat Group operates.

The head office of the company is in Turin, Italy.

The financial statements of Fiat S.p.A. are prepared in euros which is the currency of the economic environment in which the company operates.

The Balance Sheet and Income Statement are presented in euros, while the Statement of Cash Flows, the Statement of Changes in Stockholders' Equity, the Statement of Total Recognised Income and Expenses and the amounts stated in the Notes are presented in thousands of euros, unless otherwise stated.

As the Parent Company, Fiat S.p.A. has additionally prepared the consolidated financial statements of the Fiat Group at December 31, 2007.

Significant accounting policies

Basis of preparation

The 2007 financial statements are the separate financial statements of the Parent Company, Fiat S.p.A., and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, as well as the provisions issued in implementation of Article 9 of Legislative Decree no.38/2005. The designation "IFRS" also includes all the revised International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

In compliance with European Regulation no. 1606 of July 19, 2002, starting from 2005 the Fiat Group has adopted the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") for the preparation of its consolidated financial statements. On the basis of national legislation implementing that Regulation, the annual statutory accounts of the Parent Company Fiat S.p.A. as of December 31, 2006 have been prepared for the first time also using those accounting standards. The information required by IFRS 1 *First-time Adoption of International Financial Reporting Standards* relating to the effects of the transition to IFRS was reported in an Appendix to the statutory financial statements for the year ended December 31, 2006, to which reference should be made.

The financial statements have been prepared on a historical cost basis, modified as required for measuring certain financial instruments.

Format of the financial statements

Fiat S.p.A. presents an Income Statement using a classification based on the nature of its revenues and expenses given the type of business it performs. The Fiat Group presents a consolidated Income Statement using a classification based on function, as this is believed to be more representative of the format selected for managing the business sectors and for internal reporting purposes and is coherent with international practice in the automotive sector. Fiat S.p.A. has elected to present current and non-current assets and liabilities as separate classifications on the face of the Balance Sheet. A mixed format has been selected by the Fiat Group for the consolidated Balance Sheet, as permitted by IAS 1, presenting only current and non-current assets separately. This decision has been taken in view of the fact that both companies carrying out industrial activities and those carrying out financial services activities are consolidated in the Group's financial statements. The investment portfolios of financial services companies are included in current assets in the consolidated balance sheet, as the investments will be realised in their normal operating cycle. Financial services companies, though, obtain funds only partially from the market: the remaining are obtained through the Group's treasury companies (included in industrial companies), which lend funds both to industrial Group companies and to financial services companies as the need arises. This financial service structure within the Group means that any attempt to separate current and non-current debt in the consolidated Balance Sheet cannot be meaningful. This has no effect on the presentation of the liabilities of Fiat S.p.A.

The Statement of Cash Flows has been prepared using the indirect method.

In connection with the requirements of the Consob Resolution No. 15519 of July 27, 2006 as to the format of the financial statements, specific supplementary Income Statement, Balance Sheet and Statement of Cash Flows formats have been added for related party transactions, so as not to compromise an overall reading of the statements.

Intangible assets

Purchased or internally-generated intangible assets are recognised as assets in accordance with IAS 38 - *Intangible Assets*, where it is probable that the use of the asset will generate future economic benefits and where the cost of the asset can be determined reliably.

Intangible assets with finite useful lives are measured at purchase or manufacturing cost, net of amortisation charged on a straight-line basis over their estimated useful lives and net of any impairment losses.

Property, plant and equipment

Cost

Property, plant and equipment is measured at purchase or manufacturing cost, net of accumulated depreciation and any impairment losses, and is not revalued.

Subsequent expenditures are capitalised only if they increase the future economic benefits embodied in the asset to which they relate. All other expenditures are expensed as incurred.

Assets are depreciated using the policies and rates described below.

Lease arrangements in which the lessor maintains substantially all the risks and rewards incidental to the ownership of an asset are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Depreciation

Depreciation is charged on a straight-line basis over the estimated useful lives of assets as follows:

	Annual depreciation rate
Buildings	**3%**
Plant	**10%**
Furniture	**12%**
Fixtures	**20%**
Vehicles	**25%**

Land is not depreciated.

Impairment of assets

The company reviews at least annually the recoverability of the carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associated companies, in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the carrying amount of an asset is written down to its recoverable amount.

The recoverable amount of an asset is the higher of fair value less costs to sell and its value in use.

In particular, in assessing whether investments in subsidiaries and associated companies have been impaired, their recoverable amount has been taken as their value in use, as the investments are not listed and a market value (fair value less costs to sell) cannot be reliably measured. The value in use of an investment is determined by estimating the present value of the estimated cash flows expected to arise from the results of the investment and from the estimated value of its ultimate disposal, in line with the requirements of paragraph 33 of IAS 28.

When an impairment loss on assets subsequently reverses or decreases, the carrying amount of the asset is increased up to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recognised had no impairment loss been recorded. The reversal of an impairment loss is recognised immediately in income.

Financial instruments

Presentation

Financial instruments held by the company are presented in the balance sheet as described in the following:

- Non-current assets: Investments, Other financial assets, Other non-current assets.
- Current assets: Trade receivables, Current financial receivables, Other current receivables, Cash and cash equivalents.
- Non-current liabilities: Non-current financial payables, Other non-current liabilities.
- Current liabilities: Trade payables, Current financial payables (including payables for advances on the sale of receivables), Other payables.

The item “Cash and cash equivalents” consists of cash and deposits with banks, units with liquidity funds and other highly traded securities that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

The liability relating to financial guarantee contracts is included in Non-current financial payables. The term financial guarantee contracts refers to contracts under which the company guarantees to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The present value of the related receivable for any outstanding commissions is classified in Non-current financial assets.

Measurement

Investments in subsidiaries and associated companies are stated at cost adjusted for any impairment losses.

The excess on acquisition of the purchase cost and the share acquired by the company of the investee company's net assets measured at fair value is, accordingly, included in the carrying value of the investment.

Investments in subsidiaries and associated companies are tested for impairment annually and if necessary more often. If there is any evidence that these investments have been impaired, the impairment loss is recognised directly in the income statement. If the company's share of losses of the investee exceeds the carrying amount of the investment and if the company has an obligation or intends to respond for these losses, the company's interest is reduced to zero and a liability is recognised for its share of the additional losses. If the impairment loss subsequently no longer exists it is reversed and the reversal is recognised in the income statement up to the limit of the cost of the investment.

Investments in other companies, comprising non-current financial assets that are not held for trading (available-for-sale financial assets), are initially measured at fair value. Any subsequent profits and losses resulting from changes in fair value, arising from quoted prices, are recognised directly in equity until the investment is sold or is impaired; when the asset is disposed of, the cumulative gains or losses, including those previously recognised in equity, are reclassified into the income statement for the period; when the asset is impaired, accumulated losses are recognised in the income statement.

Investments in other minor companies for which a market price is not available are measured at cost, adjusted for any impairment losses.

Other financial assets for which the company has the intent to hold to maturity are recognised on the trade date and are measured at purchase price (being representative of fair value) on initial recognition in the balance sheet, inclusive of transaction costs other than in respect of assets held for trading. These assets are subsequently measured at amortised cost using the effective interest method.

Other non-current assets, Trade receivables, Current financial receivables and Other current receivables, excluding assets deriving from derivative financial instruments and all financial assets for which quotations on an active market are not available and whose fair value cannot be reliably determined are measured at amortised cost using the effective interest method if they have a pre-determined maturity. If financial assets do not have a pre-determined maturity they are measured at cost. Receivables with a due date beyond one year that are non-interest bearing or on which interest accrues at below market rate are discounted to present value using market rates.

Valuations are performed on a regular basis with the purpose of verifying if there is objective evidence that a financial asset, taken on its own or within a group of assets, may have been impaired. If objective evidence exists, the impairment loss is recognised as a cost in the income statement for the period.

Non-current financial payables, Other non-current liabilities, Trade payables, Current financial payables and Other payables are measured on initial recognition at fair value (normally represented by the cost of the transaction), including any additional transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for derivative financial instruments and liabilities for financial guarantee contracts. Financial liabilities hedged by derivative instruments are measured according to the hedge accounting criteria applicable to fair value hedges; gains and losses resulting from subsequent measurement at fair value, caused by fluctuations in interest rates, are recognised in the income statement and are set off by the effective portion of the gain or loss resulting from the respective valuation of the hedging instrument at fair value.

Liabilities for financial guarantee contracts are measured at the higher of the estimate of the contingent liability (determined in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*) and the amount initially recognised less any amount released to income over time.

Derivative financial instruments

Derivative financial instruments are used for hedging purposes, for the purpose of reducing foreign exchange rate risk, interest rate risk and the risk of fluctuations in market prices.

In accordance with the conditions of IAS 39, derivative financial instruments qualify for hedge accounting only when, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, the effectiveness can be reliably measured and the hedge is actually highly effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are measured at fair value, in accordance with IAS 39.

When financial instruments have the characteristics to qualify for hedge accounting the following accounting treatment is adopted:

- *Fair value hedge* – If a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognised asset or liability that is attributable to a particular risk that could affect the income statement, the gain or loss resulting from remeasuring the hedging instrument at fair value is recognised in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in the income statement.

- *Cash flow hedge* – If a derivative financial instrument is designated as a hedge of the exposure to variability in the future cash flows of a recognised asset or liability or a highly probable forecast transaction that could affect the income statement, the effective portion of the gain or loss on the derivative financial instrument is recognised directly in equity. The cumulative gain or loss is reversed from equity and reclassified into the income statement in the period in which the hedged transaction is recognised. Gains or losses associated with a hedge (or part of a hedge) which is no longer effective are immediately recognised in the income statement. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realised to the point of termination remains in stockholders' equity and is recognised in the income statement at the same time as the related transaction occurs. If a hedged transaction is no longer considered probable, the unrealised gains and losses that remain in equity are immediately recognised in the income statement.

If hedge accounting cannot be used, the gains and losses resulting from changes in the measurement of the derivative financial instrument at fair value are immediately recognised in the income statement.

Inventory

Inventory consists of work in progress on specific contracts and in particular relates to long-term construction contracts signed by Fiat S.p.A. with Treno Alta Velocità – T.A.V. S.p.A. under which Fiat S.p.A. as general contractor performs the coordination, organisation and management of the work.

Work in progress refers to activities carried out directly and is measured by applying the percentage of completion to the contract fee, thereby recognising the margins deriving from the work performed to date. The cost to cost method is used to determine the percentage of completion of a contract (by dividing the costs incurred by the total costs forecast for the whole construction).

Any losses expected to be incurred on contracts are fully recognised in the income statement and as a reduction in contract work in progress when they become known.

Any advances received from customers for services performed are presented as a reduction in inventory. If the amount of advances exceeds inventory, the excess is recognised as Advances in the item Other payables.

Sales of receivables

Receivables sold in factoring operations are derecognised from assets if and only if the risks and rewards relating to their ownership have been substantially transferred to the buyer. Receivables sold with recourse and without recourse that do not satisfy this condition remain in the company's balance sheet even if they have been sold from a legal point of view; in this case, an obligation of the same amount is recognised as a liability for the advances received.

Assets held for sale

Any amounts in this item will consist of non-current assets (or assets included in disposal groups) whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale (or disposal groups) are measured at the lower of their carrying amount and fair value less disposal costs.

Employee benefits

Post-employment plans

The company provides pension plans and other post-employment plans to its employees. The pension plans for which the company has an obligation under Italian law are defined contribution plans, while the other post-employment plans, for which the company generally has an obligation under national collective bargaining agreements, are defined benefit plans. The payments made by the company for defined contribution plans are recognised in the income statement as a cost when incurred. Defined benefit plans are based on the employees' working lives and on the salary or wage received by the employee over a pre-determined period of service.

The scheme underlying the employee severance indemnity of the Italian Group companies (the TFR) was classified as a defined benefit plan until December 31, 2006. The legislation regarding this scheme and leading to this classification was amended by Law no. 296 of December 27, 2006 (the "2007 Finance Law") and subsequent decrees and regulations issued in the first part of 2007. In view of these changes, and with specific reference to those companies with at least 50 employees, this scheme only continues to be classified as a defined benefit plan in the consolidated financial statements for those benefits accruing up to December 31, 2006 (and not yet settled by the balance sheet date), while after that date the scheme is classified as a defined contribution plan. The effects of the introduction of the new legislation from an accounting standpoint are discussed in Note 19.

The company's obligation to fund defined benefit plans and the annual cost recognised in the income statement are determined by independent actuaries using the projected unit credit method. The portion of net actuarial gains and losses at the end of the previous reporting period that exceeds the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of the plan assets at that date is deferred and recognised over the remaining working lives of the employees (the "corridor method"); the portion of actuarial gains and losses that does not exceed this threshold is deferred.

In the context of IFRS first-time adoption, the company elected to recognise all cumulative actuarial gains and losses at January 1, 2004 (date of first-time adoption of IFRS by the Fiat Group), although it has adopted the corridor method for those arising subsequently.

The expense related to the reversal of discounting pension obligations for defined benefit plans are reported separately as part of the Group's financial expense.

The liability for obligations arising under defined benefit plans and due on termination of the employment contract represents the present value of the obligation adjusted by actuarial gains and loses deferred as the result of applying the corridor approach and by past service costs for employee service in prior periods that will be recognised in future years.

Other long-term benefits

The accounting treatment of other long-term benefits is the same as that for post-employment benefit plans except for the fact that actuarial gains and losses and past service costs are fully recognised in the income statement in the year in which they arise and the corridor method is not applied.

Equity compensation plans

The company provides additional benefits to certain members of senior management and to certain employees through equity compensation plans. Under IFRS 2 - *Share-based Payment*, these plans are a component of employee remuneration whose cost is measured by the fair value of the stock options at the grant date recognised in the income statement on a straight-line basis from the grant date to the vesting date, with the offsetting credit recognised directly in equity. Any subsequent changes to fair value do not have any effect on the initial measurement.

The company has applied the transitional provisions of IFRS 2 and as a result the Standard is applicable to all stock option plans granted after November 7, 2002 but which had not yet vested by January 1, 2005, the effective date of the Standard. Detailed disclosures are also provided for plans granted before that date.

The compensation component of the stock option plans based on Fiat S.p.A. shares but regarding employees of other Group companies is recognised as a capital contribution to the subsidiaries for whom the employees beneficiaries of the stock option plans work, in accordance with Interpretation IFRIC 11, and as a result is recorded as an increase in the carrying amount of the investment, with the offsetting credit being recognized directly in equity.

Provisions

The company recognises provisions when it has a legal or constructive obligation to third parties, when it is probable that the settlement of the obligation will require the outflow of resources and when a reliable estimate can be made for the amount of the obligation.

Changes in estimates are recognised in the income statement for the period in which the change occurs.

Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

Dividends received and receivable

Dividends received and receivable from investments are recognised in the income statement when the right to receive the payment of this income is established and only if declared from post-acquisition net income.

If dividends are declared from pre-acquisition net income, those dividends are deducted from the cost of the investment.

Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and when the amount of revenue can be measured reliably. Revenue is presented net of any adjusting items.

Revenues from services and revenue from construction contracts are recognised by reference to the stage of completion (the percentage of completion method) described in the item Inventories. Revenues arising from royalties are recognised on an accrual basis in accordance with the terms of the relevant agreement.

Financial income and expenses

Financial income and expenses are recognised and measured in the income statement on an accrual basis.

Taxes

The tax charge for the period is determined on the basis of prevailing laws and regulations. Income taxes are recognised in the income statement other than those relating to items credited or charged directly to equity, in which case income taxes are also recognised directly in equity.

Deferred tax assets and liabilities are determined on the basis of all the temporary differences between the carrying amount of an asset or liability in the balance sheet and its corresponding tax basis. Deferred tax assets resulting from unused tax losses and temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised. Current and deferred income taxes and liabilities are offset when there is a legally enforceable right to offset. Deferred tax assets and liabilities are measured by using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Fiat S.p.A. and almost all its Italian subsidiaries have elected to take part in the national tax consolidation programme pursuant to articles 117/129 of the Consolidated Income Tax Act (T.U.I.R.); the election has been made for a three year period beginning in 2004. This option was renewed during 2007 for at least another three year period.

Fiat S.p.A. acts as the consolidating company in this programme and calculates a single taxable base for the group of companies taking part, thereby enabling benefits to be realised from offsetting taxable income and tax losses in a single tax return. Each company participating in the consolidation transfers its taxable income or tax loss to the consolidating company. Fiat S.p.A. recognises receivables from companies contributing taxable incomes, corresponding to the amount of IRES corporate income tax paid over on its behalf. In the case of a company bringing a tax loss into the consolidation Fiat S.p.A. recognises a payable to that company for the amount of the loss actually set off at a group level.

Dividends

Dividends payable are recognised as a change in stockholders' equity in the period in which their distribution is approved by stockholders.

Earnings per share

Earnings per share are calculated exclusively with reference to the Group's net profit.

Use of estimates

The preparation of financial statements and related notes that conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Estimates are used in accounting for depreciation and amortisation, impairment losses and reversals of impairment losses on investments, the margins earned on construction contracts, employee benefits, taxes and provisions. Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting principles, amendments and interpretations adopted from January 1, 2007

On November 2, 2006, the IFRIC issued IFRIC Interpretation 11 – *IFRS 2-Group and Treasury Share Transactions* in order to address the accounting treatment of share-based payment arrangements under which an entity chooses or is required to buy treasury stock to satisfy its obligations and those under which the employees of a Group company are granted rights to the shares of another (such as the parent company). Fiat S.p.A. started applying this interpretation to the new stock option plan for which rights were granted in November 2006. The effects arising on the adoption of this interpretation are discussed in Note 5 and Note 11.

In August 2005, the IASB issued IFRS 7 – *Financial Instruments: Disclosures* and a complementary amendment to IAS 1 – *Presentation of Financial Statements – Capital Disclosures*, which became effective January 1, 2007. IFRS 7 requires disclosures about the significance of financial instruments for an entity's financial position and performance and was early adopted by the Group for the annual period beginning January 1, 2005. The amendment to IAS 1 introduces requirements for disclosures about an entity's capital, without any effect on classification or measurement of capital items. The Group adopted this amendment for the annual period beginning January 1, 2007.

Interpretations effective from January 1, 2007 but not applicable to the Company

The following interpretations, effective for the annual period beginning January 1, 2007, relate to matters that are not applicable to the Company.

- IFRIC 7 – *Applying the Restatement approach under IAS 29 – Financial reporting in Hyperinflationary economies;*
- IFRIC 8 – *Scope of IFRS 2;*
- IFRIC 9 – *Reassessment of Embedded Derivatives.*

Accounting principles, amendments and interpretations not applicable and not early adopted by the Company

On March 29, 2007 the IASB issued a revised version of IAS 23 – Borrowing costs. The standard shall be applied for annual periods beginning after 1 January, 2009. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The standard shall be applied to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after January 1, 2009. At the date of this report this document has not yet been endorsed by the European Union.

On July 5, 2007 IFRIC issued the interpretation IFRIC 14 – IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The interpretation is mandatory from January 1, 2008. The interpretation provides general guidance on how to assess the limit in IAS 19 *Employee Benefits* on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. At the balance sheet date, this interpretation had not yet been endorsed by the European Union.

On September 6, 2007 the IASB issued a revised version of IAS 1 - *Presentation of Financial Statements* that is effective for annual periods beginning on or after 1 January 2009. The revised standard requires an entity to present changes in its equity resulting from transactions with owners in a statement of changes in equity. All non-owner changes (meaning changes in comprehensive income) are required to be presented either in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Transactions with non-owners may not be presented in the statement of changes in equity. This standard had not yet been endorsed by the European Union at the balance sheet date.

The following standards and interpretations have also been issued, but are not applicable to the Company:

- IFRIC 12 – *Service Concession Arrangements* (effective from January 1, 2008 but not yet endorsed by the European Union);

- IFRC 13 – *Customer Loyalty Programmes* (effective from January 1, 2009 but not yet endorsed by the European Union).

Risk management

The risks to which Fiat S.p.A. is exposed, either directly or indirectly through its subsidiaries, are the same as those of the companies of which it is the Parent. Reference should therefore be made to the note on Risk Management included as part of the Notes to the Consolidated Financial Statements of the Fiat Group as well as to Note 27.

Other information

The notional costs for stock option plans included in the 2006 Income Statement and presented in these Financial Statements for comparative purposes, formerly entirely reported as Personnel costs, have been partially reclassified as "Other operating costs", consistent with the treatment used for the compensation owed to the relevant beneficiaries. This reclassification, of 9,100 thousand euros, has no effect on the Company's net result or equity.
Additionally, the following equity accounts: Reserve under Law no. 413/1991, Reserve for treasury stock in portfolio, Extraordinary reserve, Retained earnings (losses), Gains (losses) recognised directly in equity and Stock option reserve, presented individually in the published financial statements at December 31, 2006, have now been grouped together in the account Other reserves and retained earnings. The previous level of detail may however continue to be found in the Statement of Changes in Stockholders' Equity and the Notes to the Financial Statements. This reclassification has no effect on the Company's net result or equity.

Composition and principal changes

Income Statement

1. Dividends and other income from investments

Dividends and other income from investments can be analysed as follows:

(in thousands of euros)	2007	2006
Dividends distributed by subsidiaries:		
- FGI - Fiat Group International S.A. (formerly IHF-Internazionale Holding Fiat S.A.)	**271,200**	258,967
- Fiat Partecipazioni S.p.A.	**250,000**	-
- Fiat Netherlands Holding N.V.	**151,407**	-
- Ferrari S.p.A.	**63,750**	-
- Fiat Finance S.p.A.	**60,000**	75,000
- Business Solutions S.p.A.	**17,000**	-
- Itedi-Italiana Edizioni S.p.A.	**8,500**	12,000
Total dividends distributed by subsidiaries	**821,857**	345,967
Dividends distributed by other companies	**1,391**	16,452
Total Dividends and other income from investments	**823,248**	**362,419**

Dividends distributed by other companies in 2007 consist of dividends paid by Fin.Priv. S.r.l. (1,268 thousand euros) and by Assicurazioni Generali S.p.A. (123 thousand euros).

2. Reversals of impairment losses (impairment losses) of investments

Reversals of impairment losses and impairment losses of investments can be analysed as follows:

(in thousands of euros)	2007	2006
Reversals of impairment losses:		
- Fiat Partecipazioni S.p.A.	**1,308,000**	1,388,000
- Iveco S.p.A.	**-**	945,814
- Fiat Netherlands Holding N.V.	**-**	95,536
Total Reversals of impairment losses	**1,308,000**	2,429,350
Impairment losses:		
- Comau S.p.A.	**(60,931)**	(330,000)
Total Impairment losses	**(60,931)**	(330,000)
Total Reversals of impairment losses (impairment losses)	**1,247,069**	**2,099,350**

This item consists of the reversals of impairment losses or impairment losses arising from the application of the cost method in accordance with IAS 27 and IAS 36.

In particular as the investments are not listed and a market value (fair value less costs to sell) cannot be reliably measured, their recoverable amount in measuring impairment losses and the reversal of impairment losses has been taken as their value in use. The value in use of an investment has been identified as the present value of the estimated cash flows expected to arise from the results of the investment and from the estimated value of a hypothetical "ultimate disposal", in line with the requirements of IAS 28 (paragraph 33). In calculating this value in use, the forecast included in the business plans of the individual Group Sectors are taken into consideration, as attributed to the investments, and increased by their terminal value, adjusted to take into account the risks and uncertainties inherent in the assumptions on which these plans are based. These results and the terminal value are then discounted to present value by applying a rate that is representative of the cost of equity, which varies between 11% and 15% (between 11% and 16% in 2006) depending on the characteristics of the Sector under consideration.

With reference to the investment in Fiat Partecipazioni S.p.A., the historical cost was impaired in previous years until 2005 mainly as a result of the losses incurred by Fiat Group Automobiles S.p.A. (at the time named Fiat Auto S.p.A.) which is held as an investment by Fiat Partecipazioni S.p.A. The residual part of the accumulated impairment loss which were available for reversal amounted to 4,015,000 thousand euros at December 31, 2006. Given the results achieved and the confirmed positive outlook for the coming years, taking into consideration the above-mentioned adjustments, at December 31, 2007 the value in use of the investment in Fiat Group Automobiles S.p.A. was estimated at 4.7 billion euros, which was then compared with the corresponding figure at December 31, 2006 of approximately 3.3 billion euros. The difference of approximately 1.4 billion euros, taken together with the operating cash flows generated during the year by Fiat Partecipazioni S.p.A. and net of the dividend distributed to Fiat S.p.A. in 2007, gave rise to a reversal of a total amount of 1,308,000 thousand euros of the previous impairment losses. The residual part of the accumulated impairment loss recognised in prior years which is available for reversal in future years amounts to 2,707,000 thousand euros at December 31, 2007, as reported in Note 11.

Considerations similar to those for Fiat Group Automobiles S.p.A. in 2007 were made in 2006 with regard to the investments in Iveco S.p.A. and Fiat Netherlands Holding N.V. (and the investment of the latter company in CNH Global N.V.) and, as a result, historic cost was fully reinstated and the impairment losses recognised in previous years for those investments were reversed.

The write-down of the investment in Comau S.p.A. has been determined using the same method.

3. Gains (losses) on the disposal of investments

Net gains amount to 118,471 thousand euros in 2007, representing an increase of 118,046 thousand euros compared to 2006 and relate, for 118,462 thousand euros, to the gain realised on the sale of the Company's 1.83% investment in Mediobanca S.p.A. in September 2007, as discussed further in Note 11.

Net gains of 425 thousand euros in 2006 were realised from the sale of minor investments within the Group.

4. Other operating income

Other operating income can be analysed as follows:

(in thousands of euros)	2007	2006
Revenues from services rendered to Group companies	**67,855**	29,513
Changes in construction contract work in progress	**28,770**	44,376
Other revenues and income from Group companies	**3,616**	3,687
Other revenues and income from third parties	**20,081**	1,662
Total Other operating income	**120,322**	**79,238**

Revenues from services rendered to Group companies refer to managerial services and other services provided by Fiat S.p.A. at the premises of various Group companies and fee income for the use of the Fiat trademark for licences granted to Fiat Group Automobiles S.p.A. and Fiat Automoveis S.A. – FIASA. The increase is mainly due to higher fees on the use of the trademark.

Changes in construction contract work in progress relate to the portion attributable to the year of the fees due to Fiat S.p.A. for the activities performed directly by the company (management, coordination and organisation) as part of the agreements signed with Treno Alta Velocità - T.A.V. S.p.A. (see Note 25).

Other revenues and income from Group companies mostly relates to rental income from real estate properties and to directors' fees paid by companies for duties performed by Fiat S.p.A. employees.

Other revenues and income from third parties refers to sundry income, the recovery of expenses and prior year income. In 2007 this item also includes the reversal of accruals made to provisions during the previous year for 18,000 thousand euros since the contingent liability no longer existed at the balance sheet date, as reported in Note 22.

5. Personnel costs

Personnel costs can be analysed as follows:

(in thousands of euros)	2007	2006
Wages and salaries	**31,560**	22,589
Defined contribution plans and social security contributions	**13,039**	8,094
Employee severance indemnity and other defined benefit plans	**2,477**	1,821
Other long-term employee benefits	**211**	314
Compensation component of stock option plans	**7,235**	2,197
Restructuring costs	**-**	4,255
Other personnel costs	**1,461**	9,530
Total Personnel costs	**55,983**	**48,800**

The average number of employees for the year rose from 140 in 2006 (63 managers, 70 white-collar workers and 7 blue-collar workers) to 143 in 2007 (64 managers, 69 white-collar workers and 10 blue-collar workers).

As described in Note 4, certain of the company's managers (an average of 13 managers in 2007 and 10 in 2006) performed their duties at the premises of Group's principal subsidiaries with their costs then being recharged to those companies.

The increase in costs for wages and salaries and for social security contributions is mainly due to the allocation to these line items in 2007 of variable components of compensation previously reported under the item Other personnel costs, with a counter entry to the Provision for employee bonuses as discussed in Note 22.

Defined contribution plans consist of the amounts paid by the company to the Italian insurance bodies (INPS) and other social security and assistance organisations for post-employment benefit defined contribution plans (pension plans and medical care) on behalf of all categories of employees. Following the introduction of Law no. 296/06, the employee severance indemnity accruing from January 1, 2007 and paid over to complementary pension funds or the treasury fund established by the Italian State social security organisation INPS is treated as a cost for a defined contribution plan, while the adjustments to the employee severance indemnity accruing before January 1, 2007 are recognized in the income statement under "Employee severance indemnity and other defined benefit plans" (see Note 19).

Social security contributions consist of the amount paid by the company to the Italian insurance and assistance bodies (INPS and INAIL) for short-term benefits on behalf of employees such as sickness benefits, industrial injury benefits and compulsory maternity leave.

The compensation component of stock option plans refers to those plans based on Fiat S.p.A. shares and regards managers employed by Fiat S.p.A. More specifically the amount refers to the November 2006 plan (see Note 18).

As required by the accounting standards relating to stock option plans (IFRS 2) and their interpretations (IFRIC 11), the compensation component of the stock option plans based on Fiat S.p.A. shares but relating to managers employed by other Group companies is not recognised in the income statement of the parent Fiat S.p.A. but is instead treated as a capital contribution to the subsidiaries and accordingly recorded as an increase in the book value of the investee company (see Note 11) by which the managers included in the stock option plan are directly or indirectly employed.

Finally, the compensation component of stock option plans relating to the Chief Executive Officer is classified as Other operating costs (see Note 6) consistent with the classification of his other compensation. Accordingly to such new and more representative criteria, the corresponding amount for 2006 have been reclassified in the presentation of the comparative figures.

In 2007, Other personnel costs relate mainly to employee "one-off" payments, leaving incentives and insurance.

The aggregate 2007 charge for the compensation of executives with strategic responsibilities amounts to 20,819 thousand euros (9,753 thousand euros of which recharged to the companies where they performed their duties). This amount is inclusive of the following:

- severance indemnity accrued during the year, amounting to 974 thousand euros;

- the contribution by the Company to state and company defined contribution pension funds and social security contributions for 4,636 thousand euros;
- the cost accounted in the year for a special defined benefit plan, amounting to 1,672 thousand euros in 2006 (including the component recognized in financial expenses).

6. Other operating costs

Other operating costs can be analysed as follows:

(in thousands of euros)	2007	2006
Costs for services rendered by Group companies	**35,272**	41,345
Costs for services rendered by third parties	**77,745**	56,352
Compensation component of stock option plans	**36,753**	9,100
Leases and rentals	**2,812**	1,561
Purchase of goods	**846**	488
Depreciation of property, plant and equipment	**2,338**	2,761
Amortisation of intangible assets	**169**	121
Sundry operating costs	**7,168**	38,378
Total Other operating costs	**163,103**	**150,106**

Costs for services rendered by Group companies consist of assistance and consultancy of an administrative and financial nature (Fiat Services S.p.A. 7,805 thousand euros, Fiat Finance S.p.A. 2,170 thousand euros, KeyG Consulting S.p.A. 501 thousand euros), public relations (Fiat I.&C.S. S.c.p.A. 2,163 thousand euros), payroll services (Fiat Sepin S.c.p.A. 2,726 thousand euros), information systems services (eSPIN S.p.A. 117 thousand euros), security services (Orione S.c.p.A. 3,279 thousand euros, Sirio S.c.p.A. 1,205 thousand euros), sponsorship, advertising and promotion services (Ferrari S.p.A. 2,066 thousand euros, Fiat France S.A. 1,377 thousand euros) and internal auditing services (Fiat-Revisione Interna S.c.r.l. 10,898 thousand euros).

Costs for services rendered by third parties include, among others, professional services and studies in the technical field (the high speed train T.A.V.) and the legal, administrative and financial fields for a total of 21,806 thousand euros, sponsorship and advertising services for 8,036 thousand euros and information systems services for 9,409 thousand euros. The increase with respect to December 31, 2006 is mainly due to higher costs for the support of the brand and for information systems services in relation to the significant projects underway. Costs for services also include the fees paid to the directors and statutory auditors of Fiat S.p.A. amounting to 10,383 thousand euros and 147 thousand euros respectively. The amount of directors' fees includes fees resolved by stockholders as well as compensation established by the Board of Directors for directors having particular duties.
The compensation component of stock option plans is connected with the options granted to the Chief Executive Officer and is represented by the notional cost, with the offsetting credit recognised directly in equity reserve (see Note 18). The balances for 2006 have been reclassified accordingly in presenting the comparative figures, reporting such notional cost in the same group where compensations are classified.

Sundry operating costs consist of subscriptions to trade associations, indirect taxes and duties (local taxes on real estate properties, un-deductible VAT, etc.), prior year expenses and other more minor costs. In 2006 sundry operating costs also included the costs reimbursed to Group companies for their initiatives in supporting the Group's brand and image and accruals for provisions.

7. Financial income (expenses)

Financial income (expenses) can be analysed as follows:

(in thousands of euros)	2007	2006
Financial income	**14,208**	55,282
Financial expenses	**(238,408)**	(145,945)
Net income (expenses) from derivative financial instruments	**75,196**	65,816
Total Financial income (expenses)	**(149,004)**	(24,847)

Financial income can be analysed as follows:

(in thousands of euros)	2007	2006
Financial income from Group companies:		
- Interest income from Fiat Finance S.p.A. current account	**5,839**	13,258
- Interest income from Fiat Finance S.p.A. loans	**520**	28,209
- Commission income from sureties and personal guarantees	**3,295**	3,631
- Other financial income	**153**	979
Total Financial income from Group companies	**9,807**	46,077
Financial income from third parties:		
- Interest income on bank and other deposits	**3**	90
- Interest income on tax credits	**4,389**	8,506
- Commission income from sureties and guarantees and other financial income	**9**	609
Total Financial income from third parties	**4,401**	9,205
Total Financial income	**14,208**	55,282

Financial expenses can be analysed as follows:

(in thousands of euros)	2007	2006
Financial expenses with Group companies:		
- Interest expense from Fiat Finance S.p.A. current account	**21,087**	3,032
- Interest expense from Fiat Finance S.p.A. loans	**192,844**	122,487
- Commissions and other charges payable to Intermap (Nederland) B.V.	**10,675**	3,992
- Fiat Finance S.p.A. service commissions	**74**	147
- Interest and financial expenses from other Group companies	**240**	-
Total Financial expenses with Group companies	**224,920**	129,658
Financial expenses with third parties:		
- Interest expense and charges for the sale of receivables	**11,316**	14,286
- Financial expenses for employee benefits	**697**	732
- Other third party interest and financial expenses	**1,516**	1,286
Total Financial expenses with third parties	**13,529**	16,304
Exchange losses (income)	**(41)**	(17)
Total Financial expenses	**238,408**	145,945

Net income from derivative financial instruments of 75,196 thousand euros (65,816 thousand euros in 2006) result from derivatives arranged through other Group companies which, in their turn, are parties to agreements with primary banks. In particular, the 2007 amount includes gains of 69,813 thousand euros (71,198 thousand euros in 2006) arising from the change in fair value and other income deriving from two equity swap agreements expiring in 2008 following extensions agreed during the year, which the Company entered into in prior years to hedge the risk of an increase in the Fiat share price above the exercise price of stock options granted in 2004 and 2006 to the Chief Executive Officer (see Note 18). At December 31, 2007 the equity swaps have a notional amount of 219,853 thousand euros, determined on the basis of the contractual strike price, unchanged with respect to December 31, 2006. Although these equity swaps were entered into for hedging purposes, they do not qualify for hedge accounting under IFRS and accordingly are defined as trading derivative financial instruments.

8. Taxes

Taxes recognised in the income statement can be analysed as follows:

(in thousands of euros)	2007	2006
Current taxes:		
- IRES	**(132,145)**	(30,587)
- IRAP	**108**	1,627
Total Current taxes	**(132,037)**	(28,960)
Deferred taxes for the period:		
- IRES	**-**	-
- IRAP	**819**	3,438
Total deferred taxes for the period	**819**	3,438
Taxes relating to prior periods	**3,379**	(173)
Total Income taxes	**(127,839)**	**(25,695)**

IRES current tax income of 132,145 thousand euros arises from the compensation for the tax losses brought by the company into the national tax consolidation system.

IRAP current tax expense of 108 thousand euros refers to the finalisation of the computation of taxable income for 2006 effected in the relevant tax return.

IRAP deferred tax expense of 819 thousand euros relates to the part of the margins earned on the long-term agreements with T.A.V. S.p.A. whose taxation is deferred to the completion of the work, net of deferred deductible costs relating to the same tax.

Tax income relating to prior periods of 3,379 thousand euros relates to the settlement of last year's national consolidated tax return.

A reconciliation between theoretical income taxes determined on the basis of the tax rates applicable in Italy and the income taxes reported in the financial statements is as follows:

(in thousands of euros)	2007	2006
Theoretical income taxes	**639,976**	764,834
Tax effect of permanent differences	**(608,681)**	(703,920)
Taxes relating to prior years	**3,379**	(173)
Unrecognised net deferred tax assets	**(163,440)**	(91,501)
Current and deferred income tax recognised in the financial statements, excluding IRAP	**(128,766)**	(30,760)
IRAP (current and deferred)	**927**	5,065
Income taxes reported in the Income Statement (current and deferred income taxes)	**(127,839)**	**(25,695)**

Theoretical income taxes are calculated by applying the IRES tax rate (33% in 2007 and 2006) to the result before taxes. IRAP tax is excluded to facilitate an understanding of the reconciliation between theoretical and reported income taxes; since it is calculated on a tax basis that differs from profit before taxes, it would otherwise generate distortions between one year and another.

The permanent differences referred to above include amongst other things the tax effect of non-taxable income in 2007 amounting to 648,850 thousand euros (837,061 thousand euros in 2006) and of non-deductible costs in 2007 amounting to 40,169 thousand euros (133,141 thousand euros in 2006). In particular, non-taxable income in 2007 results principally from the reversal of impairment losses on investments for 431,640 thousand euros (801,685 thousand euros in 2006), dividends for 179,655 thousand euros (35,128 thousand euros in 2006) and capital gains for 32,840 thousand euros (128 thousand euros in 2006).

Non-deductible costs mainly include impairment losses on investments whose tax effect totalled 20,107 thousand euros in 2007 (117,902 thousand euros in 2006).

Details of deferred tax liabilities net of deferred tax assets are analysed in the following table. The calculation of deferred taxes takes into consideration the fact that from 2008 onwards the IRES corporate tax rate and the IRAP tax rate will be reduced.

(in thousands of euros)	At December 31, 2006	Recognised in Income Statement	Charged to equity	At December 31, 2007
Deferred tax assets arising from:				
- Write-downs of investments that are deductible in future years	150,870	(150,870)	-	**-**
- Taxed provisions and other minor differences	14,185	(7,553)	-	**6,632**
Total Deferred tax assets	165,055	(158,423)	-	**6,632**
Deferred tax liabilities arising from:				
- Measurement of construction contracts by the percentage of completion method	(37,645)	473	-	**(37,172)**
- Other	(9,994)	1,975	6,956	**(1,063)**
Total Deferred tax liabilities	(47,639)	2,448	6,956	**(38,235)**
Theoretical tax benefit arising from tax loss carryforward	232,867	(57,643)	-	**175,224**
Adjustments for assets whose recoverability is not probable	(353,721)	212,799	(6,956)	**(147,878)**
Total Deferred tax liabilities, net of Deferred tax assets	**(3,438)**	**(819)**	**-**	**(4,257)**

Deferred tax assets have been recognised by carrying out a critical analysis to ensure that the conditions for their future realisation exist, through the use of updated strategic business plans and the related tax plans. As a consequence, the total theoretical future tax benefits arising from deductible temporary differences (6,632 thousand euros at December 31, 2007 and 165,055 thousand euros at December 31, 2006) and tax loss carryforward (175,224 thousand euros at December 31, 2007 and 232,867 thousand euros at December 31, 2006), has been reduced by 147,878 thousand euros at December 31, 2007 (353,721 thousand euros at December 31, 2006).

The reduction of the tax rates applied in the calculation of deferred tax balances at December 31, 2007 led to a reduction of the theoretical deferred tax benefit deriving from unused tax losses (for approximately 39 million euros) and of the deferred tax assets and liabilities arising from temporary differences (for approximately 20 million euros). In consideration of the fact that said benefit had been completely written down, said write-downs were correspondingly reduced by an equal amount without therefore having any negative effect on the result for the year.

Total temporary differences (deductible and taxable) and total tax losses at December 31, 2007 and the amounts for which deferred tax assets have not been recognised, analysed by year of expiry, are set out in the following table:

						Year of expiry
(in thousands of euros)	Total at December 31, 2007	2008	2009	2010	2011	Beyond 2011
Temporary differences and tax losses relating to IRES:						
- Deductible temporary differences	**22,807**	14,911	1,252	914	785	4,945
- Taxable temporary differences	**(122,245)**	-	(118,381)	-	-	(3,864)
- Tax losses	**637,176**	178,678	229,335	-	221,746	7,417
- Temporary differences and tax losses for which deferred tax assets have not been recognised	**(537,738)**	(193,589)	(112,206)	(914)	(222,531)	(8,498)
Temporary differences and tax losses relating to State taxation	**-**	**-**	**-**	**-**	**-**	**-**
Temporary differences relating to IRAP:						
- Deductible temporary differences	**9,234**	1,358	1,282	964	720	4,910
- Taxable temporary differences	**(118,381)**	-	(118,381)	-	-	-
Temporary differences and tax losses relating to local taxation	**(109,147)**	**1,358**	**(117,099)**	**964**	**720**	**4,910**

Balance Sheet

9. Intangible assets

All intangible assets were acquired from third parties. There are no intangible assets with an indefinite useful life.

The main classes of intangible assets and related changes during 2007 are summarised below:

(in thousands of euros)	At December 31, 2006	Additions	Amortisation	(Decreases) and Other changes	At December 31, 2007
Concessions, licences and similar rights					
- Gross carrying amount	1,057	21	-	(28)	**1,050**
- Accumulated amortisation	(970)	-	(82)	61	**(991)**
- Net carrying amount	87	21	(82)	33	**59**
Other intangible assets					
- Gross carrying amount	511	104	-	-	**615**
- Accumulated amortisation	(56)	-	(87)	-	**(143)**
- Net carrying amount	455	104	(87)	-	**472**
Intangible assets in progress and advances					
- Gross carrying amount	230	89	-	(39)	**280**
- Accumulated amortisation	-	-	-	-	**-**
- Net carrying amount	230	89	-	(39)	**280**
Total Intangible assets					
- Gross carrying amount	1,798	214	-	(67)	**1,945**
- Accumulated amortisation	(1,026)	-	(169)	61	**(1,134)**
- Net carrying amount	772	214	(169)	(6)	**811**

Concessions, licences and similar rights include the costs incurred for the development and registration of owned trademarks which are amortised on a straight-line basis over three years.

Other intangible assets relate to leasehold improvements. They are amortised over the term of the related leases (4 and 12 years).

Intangible assets in progress and advances relate to costs for administrative registration procedures of trademarks that had not been finalised at year end, which are therefore not amortised.

Amortisation of intangible assets is recognised under Other operating costs in the income statement (Note 6).

During 2006 changes in Intangible assets were as follows:

(in thousands of euros)	At December 31, 2005	Additions	Amortisation	(Decreases) and Other changes	At December 31, 2006
Concessions, licences and similar rights					
- Gross carrying amount	1,003	26	-	28	**1,057**
- Accumulated amortisation	(912)	-	(74)	16	**(970)**
- Net carrying amount	91	26	(74)	44	**87**
Other intangible assets					
- Gross carrying amount	373	138	-	-	**511**
- Accumulated amortisation	(9)	-	(47)	-	**(56)**
- Net carrying amount	364	138	(47)	-	**455**
Intangible assets in progress and advances					
- Gross carrying amount	221	57	-	(48)	**230**
- Accumulated amortisation	-	-	-	-	**-**
- Net carrying amount	221	57	-	(48)	**230**
Total Intangible assets					
- Gross carrying amount	**1,597**	**221**	**-**	**(20)**	**1,798**
- Accumulated amortisation	**(921)**	**-**	**(121)**	**16**	**(1,026)**
- Net carrying amount	**676**	**221**	**(121)**	**(4)**	**772**

10. Property, plant and equipment

The main classes of property, plant and equipment and related changes during 2007 are summarised below:

(in thousands of euros)	At December 31, 2006	Additions	Amortisation	(Decreases) and Other changes	At December 31, 2007
Land and buildings					
Gross carrying amount	45,946	70	-	-	**46,016**
Accumulated depreciation	(12,820)	-	(1,351)	-	**(14,171)**
Net carrying amount	33,126	70	(1,351)	-	**31,845**
Plant and machinery					
Gross carrying amount	10,116	-	-	-	**10,116**
Accumulated depreciation	(9,150)	-	(590)	-	**(9,740)**
Net carrying amount	966	-	(590)	-	**376**
Other tangible assets					
Gross carrying amount	6,052	348	-	(1,301)	**5,099**
Accumulated depreciation	(2,891)	-	(396)	631	**(2,656)**
Net carrying amount	3,161	348	(396)	(670)	**2,443**
Total Property, plant and equipment					
Gross carrying amount	62,114	418	-	(1,301)	**61,231**
Accumulated depreciation	(24,861)	-	(2,337)	631	**(26,567)**
Net carrying amount	37,253	418	(2,337)	(670)	**34,664**

Land and buildings include land for 610 thousand euros (unchanged with respect to the previous year) while buildings mainly comprise the company's headquarters in Turin, Via Nizza 250.

Plant and machinery is principally made up of general plant used in the buildings.

Other tangible assets comprise cars, office furniture and equipment.

At December 31, 2007, there are no tangible assets in progress or contractual commitments to purchase items of property, plant and equipment of a significant amount.

There are no buildings charged as collateral or whose use is restricted.

Depreciation of property, plant and equipment is recognised under Other operating costs in the income statement (Note 6).

During 2006 changes in Property, plant and equipment were as follows:

(in thousands of euros)	At December 31, 2005	Additions	Amortisation	(Decreases) and Other changes	At December 31, 2006
Land and buildings					
Gross carrying amount	45.946	-	-	-	**45,946**
Accumulated depreciation	(11,516)	-	(1,304)	-	**(12,820)**
Net carrying amount	34,430	-	(1,304)	-	**33,126**
Plant and machinery					
Gross carrying amount	10,086	30	-	-	**10,116**
Accumulated depreciation	(8,161)	-	(989)	-	**(9,150)**
Net carrying amount	1,925	30	(989)	-	**966**
Other tangible assets					
Gross carrying amount	5,630	483	-	(61)	**6,052**
Accumulated depreciation	(2,327)	-	(468)	(96)	**(2,891)**
Net carrying amount	3,303	483	(468)	(157)	**3,161**
Total Property, plant and equipment					
Gross carrying amount	**61,662**	**513**	**-**	**(61)**	**62,114**
Accumulated depreciation	**(22,004)**	**-**	**(2,761)**	**(96)**	**(24,861)**
Net carrying amount	**39,658**	**513**	**(2,761)**	**(157)**	**37,253**

11. Investments

At December 31, 2007, investments total 13,311,484 thousand euros and underwent the following changes during the year:

(in thousands of euros)	At December 31, 2006	Acquisitions/ Capital increases	Disposals/ Capital reimbursements	Reversal of imp. losses (Impairment losses)/ Adjustments to fair value	At December 31, 2007
Investments in subsidiaries	14,211,238	1,028,883	(3,209,549)	1,247,069	**13,277,641**
Investments in other companies	288,357	-	(222,334)	(32,180)	**33,843**
Total Investments	**14,499,595**	**1,028,883**	**(3,431,883)**	**1,214,889**	**13,311,484**

Investments in subsidiaries and changes that occurred during the year are set out in the following table:

(in thousands of euros)	% interest	At December 31,2006	Acquisitions/ Capital increases	Disposals/ Capital reimbursements	Rev. of imp. losses/ (Imp. losses)	At December 31, 2007
Fiat Partecipazioni S.p.A.	100.00	7,968,792	901,502	(2,050,000)	1,308,000	**8,128,294**
- Gross carrying amount		11,983,792	954,488	(2,050,000)		**10,888,280**
- Accumulated impairment losses		(4,015,000)	(52,986)		1,308,000	**(2,759,986)**
Fiat Netherlands Holding N.V.	60.56	2,294,869				**2,294,869**
- Gross carrying amount		2,294,869				**2,294,869**
- Accumulated impairment losses		-				**-**
Iveco S.p.A.	60.56	1,593,290	5,272	(272,545)		**1,326,017**
- Gross carrying amount		1,593,290	5,272	(272,545)		**1,326,017**
- Accumulated impairment losses		-				**-**
Ferrari S.p.A.	85.00	1,055,203				**1,055,203**
- Gross carrying amount		1,055,203				**1,055,203**
- Accumulated impairment losses		-				**-**
Magneti Marelli Holding S.p.A.	-	811,153		(811,153)		**-**
- Gross carrying amount		811,153		(811,153)		**-**
- Accumulated impairment losses		-				**-**
Teksid S.p.A.	-	75,851		(75,851)		**-**
- Gross carrying amount		128,837		(128,837)		**-**
- Accumulated impairment losses		(52,986)		52,986		**-**
Comau S.p.A.	100.00	50,613	121,318		(60,931)	**111,000**
- Gross carrying amount		422,413	121,318			**543,731**
- Accumulated impairment losses		(371,800)			(60,931)	**(432,731)**
Business Solutions S.p.A.	100.00	36,304	791			**37,095**
- Gross carrying amount		88,360	791			**89,151**
- Accumulated impairment losses		(52,056)				**(52,056)**
Itedi - Italiana Edizioni S.p.A.	100.00	25,899				**25,899**
- Gross carrying amount		25,899				**25,899**
- Accumulated impairment losses		-				**-**
FGI – Fiat Group International S.A.	100.00	33,445				**33,445**
- Gross carrying amount		33,445				**33,445**
- Accumulated impairment losses		-				**-**
Fiat Finance S.p.A.	100.00	222,263				**222,263**
- Gross carrying amount		222,263				**222,263**
- Accumulated impairment losses		-				**-**
Fiat Finance North America Inc.	39.47	15,557				**15,557**
- Gross carrying amount		17,118				**17,118**
- Accumulated impairment losses		(1,561)				**(1,561)**
Fiat U.S.A. Inc.	100.00	27,258				**27,258**
- Gross carrying amount		34,645				**34,645**
- Accumulated impairment losses		(7,387)				**(7,387)**
Other minor		741				**741**
- Gross carrying amount		863				**863**
- Accumulated impairment losses		(122)				**(122)**
Total investments in subsidiaries		**14,211,238**	**1,028,883**	**(3,209,549)**	**1,247,069**	**13,277,641**
- Gross carrying amount		**18,712,150**	**1,081,869**	**(3,262,535)**	**-**	**16,531,484**
- Accumulated impairment losses		**(4,500,912)**	**(52,986)**	**52,986**	**1,247,069**	**(3,253,843)**

The following changes took place during the year in the Company's investments in subsidiaries:

- In February 2007 Fiat S.p.A. made a capital contribution of the investments it held in Magneti Marelli Holding S.p.A. (99.99%) and Teksid S.p.A. (84.79%) to the subsidiary Fiat Partecipazioni S.p.A. This transaction forms part of the programme for the rationalisation and simplification of the corporate structure of the Fiat Group, under which Fiat Partecipazioni S.p.A. is assigned the role as sub-holding of the main Italian industrial sectors. Since the transaction was finalized with a direct subsidiary of Fiat S.p.A., the principal of the continuity of carrying values has been applied from an accounting point of view and as a result the increase in the Company's investment in Fiat Partecipazioni S.p.A. following the above-mentioned capital increase, amounted in total to 887,004 thousand euros, which corresponds to the sum of the carrying amounts of the investments involved (respectively 811,153 thousand euros for the investment in Magneti Marelli Holding S.p.A. and 75,851 thousand euros for the investment in Teksid S.p.A., in the latter case net of the allowance against the investment, which was also transferred).
- Given the losses incurred by the subsidiary Comau S.p.A. during the year and the consequent need to restore the company's financial position and to provide an adequate capital structure, stock capital contributions were made amounting to 120,000 thousand euros.
- As regards the other increases in the investments, totalling 21,879 thousand euros, as previously discussed in Note 5 the compensation component of the stock option plans based on Fiat S.p.A. shares relating to managers employed by other Group companies is treated as a capital contribution to the subsidiaries and consequently as an increase in the value of the investee company by which the managers beneficiaries of the stock option plan are directly or indirectly employed. This increase is accounted for as a change in the respective equity reserve (see Note 18).
- The following repayments of capital were made in 2007 as part of an overall objective of re-balancing the financial positions within the Group also taking into account the planned operating cash flow and capital expenditure needs:
    - the subsidiary Fiat Partecipazioni S.p.A. made a distribution of 2,050,000 thousand euros to its sole stockholder Fiat S.p.A. from its free and available "Capital contribution" reserve;
    - the subsidiary Iveco S.p.A. reduced its capital stock and made a repayment of 272,545 thousand euros to Fiat S.p.A. based on its holding.

Impairment losses and the reversals of impairment losses arise from the application of the cost method (see Note 2).

With regard to Fiat Partecipazioni S.p.A., the accumulated impairment losses at December 31, 2007 amounting to 2,759,986 thousand euros included 52,986 thousand euros related to Teksid S.p.A. while 2,707,000 thousand euros related to the residual part of accumulated impairment losses recognised in previous years as discussed in Note 2.

A full list of investments with the additional disclosures required by Consob in its communication no. DEM/6064293 of July 28, 2006 is attached.

Investments in other companies and the changes that occurred are set out below:

(in thousands of euros)	% interest	At December 31, 2006	Acquisitions/ Capital increases	Disposals/ Capital reimbursements	Fair value adjustments	At December 31, 2007
Mediobanca S.p.A.	-	268,256		(222,047)	(46,209)	**-**
Fin.Priv. S.r.l.	14.28	14,355			13,893	**28,248**
Consortium S.r.l.	-	287		(287)		**-**
Assicurazioni Generali S.p.A.	0.01	5,459			136	**5,595**
Total Investments in other companies		288,357	-	(222,334)	(32,180)	**33,843**

The following changes took place during the year in the Company's investments in other companies:

- In September 2007, Fiat S.p.A. sold its 1.83% investment in Mediobanca S.p.A., for a total cash-in of 224,847 thousand euros, realising a gain of 118,462 thousand euros. The negative fair value adjustment of the investment until its sale was equal to 46,209 thousand euros.

- Investments in other companies, insofar as they are non-current financial assets that are not held for trading, are recognised at fair value which, for listed companies, corresponds to the market prices of the shares at year end. In a similar manner, the Company's investment in Fin.Priv. S.r.l. (a holding company whose assets mainly comprise listed securities) was measured at fair value at December 31, 2007 by taking account of the market price of its portfolio. This led to an increase of 14,029 thousand euros in investments in other companies in 2007 (of which 13,893 thousand euros for Fin.Priv. S.r.l. and 136 thousand euros relate to Assicurazioni Generali S.p.A.), which has been recognised directly in equity (see Note 18).

There are no entities in Investments in other companies for whose obligations Fiat S.p.A. has unlimited responsibility (Article 2361, paragraph 2 of the Italian Civil Code).

At December 31, 2007 and 2006 there were no investments given as security for financial or contingent liabilities.

During 2006 changes in Investments were as follows:

(in thousands of euros)	At December 31, 2005	Acquisitions/ Capital increases	Disposals/ Capital reimbursements	Reversal of imp. losses (Impairment losses)/ Fair value adjustments	At December 31, 2006
Investments in subsidiaries	4,856,540	7,904,758	(649,410)	2,099,350	**14,211,238**
Investments in other companies	260,992	18,111	(19,243)	28,497	**288,357**
Total Investments	5,117,532	7,922,869	(668,653)	2,127,847	**14,499,595**

12. Other financial assets

Other financial assets may be analysed as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Call option on Ferrari S.p.A. shares	**10,032**	10,032	-
Fees receivables for guarantees given	**9,388**	10,029	(641)
Debt securities	**73**	73	-
Total Other financial assets	**19,493**	20,134	(641)

The call option on Ferrari S.p.A. shares has been measured at the amount of the premium paid in October 2006 and relates to 5% of the capital stock of Ferrari S.p.A. held by the Arab Mubadala Development Company PJSC fund. The option may be exercised from January 1, 2008 to July 31, 2008 at a price of 303 euros per share (for a total of 122,776 thousand euros) less any dividend that may be distributed. It has been recognised at cost since its fair value cannot be reliably measured.

Fees receivables for guarantees given are measured at the present value of the fees to be received in future years for guarantees provided by the company (mainly for guaranteeing loans obtained by Group companies).

Debt securities consist of listed Italian State securities pledged to fund scholarship grants.

A breakdown of other financial assets by maturity date is as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006
Other financial assets		
due within one year	**12,663**	2,512
due after one year but within five years	**6,187**	17,578
due after five years	**643**	44
total	**19,493**	20,134

13. Other non-current assets

At December 31, 2007, Other non-current assets amount to 116 thousand euros and consist of amounts receivable from tax authorities due after one year. The net decrease of 1,457 thousand euros is due to the collection of refunds over the year.

14. Trade receivables

At December 31, 2007, Trade receivables amount to 180,981 thousand euros, an increase of 26,289 thousand euros over December 31, 2006. They are due as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Third parties			
Receivables	**171,042**	152,512	18,530
Allowance for doubtful accounts	**(228)**	(228)	-
Total third parties	**170,814**	152,284	18,530
Intercompany trade receivables	**10,167**	2,408	7,759
Total Trade receivables	**180,981**	**154,692**	**26,289**

Trade receivables from third parties mainly relate to amounts due from T.A.V. S.p.A. for the progress of works on high speed rail sections during the latter part of 2006. These receivables match the trade payables resulting from the progress of the works to be paid to the consortia CAV.E.T. and CAV.TO.MI. (see Note 23). The allowance for doubtful accounts has been calculated on the basis of an assessment of the risk on a number of minor receivables.

Intercompany trade receivables mainly relate to licence agreements for the use of the Fiat trademark.

The carrying amount of trade receivables is deemed to approximate their fair value.

All trade receivables are due within one year and there are no significant overdue balances.

15. Current financial receivables

At December 31, 2007, current financial receivables total 1,223,431 thousand euros, an increase of 1,139,258 thousand euros as compared to December 31, 2006. They comprise intercompany loans and receivables as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Current account with Fiat Finance S.p.A.	**177,006**	-	177,006
Loan to Fiat Finance S.p.A.	**900,000**	-	900,000
Amounts due from Fiat Netherlands Holding N.V. (formerly Intermap Nederland B.V.) for derivative financial instruments	**145,903**	84,133	61,770
Other receivables due from Fiat Finance S.p.A. and Fiat Netherlands Holding N.V. (formerly Intermap Nederland B.V.)	**522**	40	482
Total Current financial receivables	**1,223,431**	84,173	1,139,258

The Current account with Fiat Finance S.p.A. represents the balance on the account held with that company as part of the Group's centralised treasury management.

The loan to Fiat Finance S.p.A. is due for repayment on February 27, 2008; it was made towards the end of 2007 as a temporary investment of surplus funds.

The item Amounts due from Fiat Netherlands Holding N.V. for derivative financial instruments consists of the fair value of the two equity swaps on Fiat S.p.A. shares taken out with leading banks by Intermap (Nederland) B.V. (subsequently merged into Fiat Netherlands Holding N.V.) under instruction from Fiat S.p.A. to hedge the risk of a rise in the share price above the exercise price of the stock options granted to the company's Chief Executive Officer in 2004 and in 2006, as described in Note 7, to which reference should be made for additional information. The fair value of these equity swaps has been calculated on the basis of the market price at the balance sheet date.

The carrying amount of financial receivables is deemed to approximate their fair value.

16. Other current receivables

At December 31, 2007, other current receivables amount to 892,161 thousand euros, an increase of 265,733 thousand euros over December 31, 2006. They are due as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Intercompany receivables for consolidated IRES tax	**436,479**	146,847	289,632
Other intercompany receivables	**3**	61	(58)
VAT receivables	**179,657**	205,907	(26,250)
IRES tax receivables	**270,881**	268,429	2,452
IRAP tax receivables	**681**	-	681
Other	**4,460**	5,184	(724)
Total Other current receivables	**892,161**	**626,428**	**265,733**

Intercompany receivables for consolidated IRES tax arise from the tax calculated on the taxable income contributed by the Italian subsidiaries participating in the national tax consolidation programme.

IRES tax receivables include receivables that the Italian subsidiaries participating in the national tax consolidation programme transferred to Fiat S.p.A. in the 2007 fiscal year and in previous fiscal years. At December 31, 2007 factored credits for which a refund has been claimed amounted to 234,693 thousand euros (230,142 thousand euros at December 31, 2006) and were recognised as such in the financial statements, with a corresponding liability recorded in the balance sheet under Advances on factored receivables (see Note 24), pursuant to IAS 39.

At December 31, 2007, interest recognised on VAT receivables for which refund has been claimed (pro-rata portion for the consolidated VAT) totals 2,623 thousand euros (14,019 thousand euros at December 31, 2006) while that recognised on IRES tax receivables (almost totally factored) amounts to 20,517 thousand euros (15,531 thousand euros at December 31, 2006).

The carrying amount of Other current receivables is deemed to approximate their fair value.

Almost all Other current receivables are due within one year.

17. Cash and cash equivalents

Cash and cash equivalents consist of the following:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Cash at banks and post offices	**497**	608	**(111)**
Cheques and cash in hand	**27**	-	**27**
Total Cash and cash equivalents	**524**	**608**	**(84)**

The above figures related to on demand deposits in euros in the company's bank current accounts. The carrying amount of Cash and cash equivalents is deemed to be in line with their fair value.

The credit risk relating to Cash and cash equivalents is insignificant since the counterparties are leading national and international banks.

18. Stockholders' equity

Stockholders' equity amounts to 11,691,005 thousand euros at December 31, 2007, an increase of 1,317,477 thousand euros as compared to December 31, 2006 resulting mostly from the profit for the year of 2,068,859 thousand euros.

Capital stock

Capital stock amounts to 6,377,263 thousand euros at December 31, 2007, which may be analysed as follows:

(no. of shares)	At December 31, 2007	At December 31, 2006
Shares issued and fully paid-up		
- Ordinary shares	**1,092,247,485**	1,092,246,316
- Preference shares	**103,292,310**	103,292,310
- Savings shares	**79,912,800**	79,912,800
Total shares issued	**1,275,452,595**	**1,275,451,426**

All issued shares have a nominal value of 5 euros, with each category having rights as follows.

Each share conveys the right to a proportionate share of earnings available for distribution and of the residual net assets upon liquidation, without harming the rights of preference and savings shares as described here below.

Each ordinary share conveys the right to vote without any restrictions whatsoever. Each preference share conveys the right to vote only on issues that are within the purview of the Extraordinary Stockholders Meeting and on resolutions concerning the Regulations for Stockholders Meetings. Savings shares are not entitled to vote.

The profit for the year resulting from the annual financial statements of Fiat S.p.A. is to be allocated as follows:

- to the legal reserve, 5% of profit for the year until this reserve reaches one fifth of the capital stock;
- to savings shares, a dividend of up to 0.31 euros per share;
- to the legal reserve (additional allocation), to the extraordinary reserve and/or to retained earnings, such allocations as shall be resolved by the Stockholders Meeting;
- to preference shares, a dividend of up to 0.31 euros per share;
- to ordinary shares, a dividend of up to 0.155 euros per share;
- to savings shares and ordinary shares, in equal proportions, an additional dividend of up to 0.155 euros per share and
- to each ordinary, preference and savings share, in equal proportions, the balance of the profit for the year which the Stockholders Meeting resolves to distribute.

When the dividend paid to savings shares in any year amounts to less than 0.31 euros, the difference is added to the preferred dividend to which they are entitled in the following two years.

If the savings shares are delisted, they are transformed into registered shares if originally bearer shares, and have the right to a higher dividend increased by 0.175 euros, rather than 0.155 euros, with respect to the dividend received by the ordinary and preference shares.

If the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares is increased by 0.2 euros per share.

In the event of liquidation, the Company's assets shall be distributed in order of priority: to saving shares up to their par value, to the preference shares up to their par value, to the ordinary shares up to their par value; the balance, if any, to shares of all three classes in equal proportions.

The reconciliation of the number of shares outstanding at December 31, 2005 and at December 31, 2007 is as follows:

(no. of shares, in thousands)	At December 31, 2005	Capital increase	(Purchases)/ Sales of treasury stock	At December 31, 2006	Capital increase	(Purchases)/ Sales of treasury stock	At December 31, 2007
Ordinary shares issued	1,092,246	-	-	1,092,246	1	-	**1,092,247**
Less: Treasury stock	(4,332)	-	559	(3,773)	-	(18,078)	**(21,851)**
Ordinary shares outstanding	1,087,914	-	559	1,088,473	1	(18,078)	**1,070,396**
Preference shares issued	103,292	-	-	103,292	-	-	**103,292**
Less: Treasury stock	-	-	-	-	-	-	**-**
Preference shares outstanding	103,292	-	-	103,292	-	-	**103,292**
Savings shares issued	79,913	-	-	79,913	-	-	**79,913**
Less: Treasury stock	-	-	-	-	-	-	**-**
Savings shares outstanding	79,913	-	-	79,913	-	-	**79,913**
Total shares issued by Fiat S.p.A.	1,275,451	-	-	1,275,451	1	-	**1,275,452**
Less: Treasury stock	(4,332)	-	559	(3,773)	-	(18,078)	**(21,851)**
Total Fiat S.p.A. shares outstanding	1,271,119	-	559	1,271,678	1	(18,078)	**1,253,601**

In respect of changes in 2007 regarding issued ordinary shares, on January 29, 2007, following the pre-established expiry date, the Warrants “Fiat Ordinary Share 2007” (issued in 2002), were delisted. The owners of the 65,509,168 outstanding warrants at that date were given the option to subscribe in January 2007 to Fiat S.p.A. ordinary shares in the ratio of one Fiat ordinary share at a price of 29.364 euros for every four warrants held. To that date 4,676 warrants had been exercised with the issuance of 1,169 shares. As a consequence, on February 1, 2007 the capital stock of Fiat S.p.A. increased from 6,377,257,130 euros to 6,377,262,975 euros and additional paid-in capital increased by 28,481.52 euros.

Treasury stock sales and buybacks in 2007 are discussed in the paragraph “Treasury stock”.

Italian laws and regulations regarding the capital stock and reserves of a joint stock corporation establish the following:

- The minimum capital stock is 120,000 euros.

- Any change in the amount of capital stock must be approved by stockholders in general meeting who may delegate powers to the Board of Directors, having validity for a maximum period of five years, to increase capital stock up to a predetermined amount; the general meeting of stockholders is also required to adopt suitable measures when capital stock decreases by more than one third as the result of ascertained losses and to reduce capital stock if by the end of the following year such losses have not fallen to less than one third. If as the consequence of a loss of more than one third of capital this then drops below the legal minimum, stockholders in general meeting are required to approve a decrease and simultaneous increase of capital to an amount not less than this minimum or must change a company’s legal form.

- As discussed previously the share in profits due to each class of shares is determined by a company’s By-laws.

- An additional paid-in capital reserve is established if a company issues shares at a price exceeding their nominal value. This reserve may not be distributed until the legal reserve has reached one fifth of capital stock.

- A company may not purchase treasury stock for an amount exceeding the distributable profits and available reserves stated in its most recently approved financial statements. Any purchase must be approved by stockholders in general meeting and in no case may the nominal value of the shares acquired exceed one tenth of capital stock.

The following matters are also relevant to the capital stock of Fiat S.p.A.:

- Pursuant to the resolution approved by the Extraordinary Stockholders Meeting on September 12, 2002, the Board of Directors had the right to increase the capital one or more times by September 11, 2007, up to a maximum of 8 billion euros.

- In a meeting held on November 3, 2006, the Board of Directors of Fiat S.p.A. exercised its delegated powers pursuant to Article 2443 of the Italian Civil Code for a capital increase reserved for employees of the company and/or its subsidiaries up to a maximum of 1% of that stock, i.e. 50,000,000 euros, by issuance of a maximum of 10,000,000 ordinary shares each of nominal value 5 euros, corresponding to 0.78% of capital stock and 0.92% of ordinary capital stock, at a price of 13.37 euros each, to service the employee stock option plan described in the following paragraph. The execution of this increase in capital is dependant on the conditions of the plan being satisfied.

In this context it is recalled that Fiat S.p.A. has a dividend policy by which it intends to distribute a total dividend to its stockholders of 25% of consolidated profits until 2010. On the basis of the Group's 2007 consolidated results and in line with the above dividend policy, the Board of Directors proposed to the stockholders at the Annual Stockholders Meeting an aggregate dividend payout of 522.6 million euros (509.4 million euros excluding the treasury shares owned at the date of the publication of these Statutory Financial Statements). The dividend distribution will be proposed as follows:

- 0.40 euros per ordinary and preference share;
- 0.555 euros per savings share.

The objectives identified by Fiat S.p.A. for managing capital are to create value for stockholders as a whole, to safeguard business continuity and support the growth of the Group. As a result Fiat S.p.A. endeavours to maintain an adequate level of capital that at the same time enables it to obtain a satisfactory economic return for its stockholders and guarantee economic access to external sources of funds, including through the achievement of an adequate rating.

Fiat S.p.A. constantly monitors the evolution of the ratio between debt and equity of the Group and in particular the level of net debt and the generation of cash from its industrial activities.

In order to reach these objectives Fiat S.p.A. aims at a continuous improvement in the profitability of the business in which it operates. Furthermore, it may sell part of its assets to reduce the level of its debt, while the Board of Directors may make proposals to stockholders in general meeting to reduce or increase capital stock or, where the law permits, to distribute reserves. In this context, Fiat S.p.A. also makes purchases of treasury stock, without exceeding the limits authorized by stockholders in general meeting, under the same logic of creating value, compatible with the objectives of achieving financial equilibrium and an improvement in its rating.

In this respect capital is to be understood in the widest sense of the term, meaning both the value brought into a company by its stockholders (capital stock, additional paid-in capital reserve less treasury stock, for a total value of 7,498,838 thousand euros), and the value generated by Fiat S.p.A. in terms of the results achieved (retained earnings and other reserves, before allocation of the net profits for the year, equal in total to 4,177,245 thousand euros, excluding gains and losses recognised directly in equity).

Additional paid-in capital

This reserve amounts to 1,540,885 thousand euros at December 31, 2007 an increase of 29 thousand euros over December 31, 2006, which arises from the increase in capital stock which took place on February 1, 2007 following the exercising of the 4,676 Warrants "Fiat Ordinary Share 2007" discussed earlier.

Legal reserve

This reserve totals 536,060 thousand euros at December 31, 2007 an increase of 89,498 thousand euros over December 31, 2006, which arises from the allocation of profits from the previous year attributable to this reserve, as resolved by stockholders in general meeting on April 5, 2007.

Reserve under Law no. 413/1991

This reserve amounted to 22,591 thousand euros at December 31, 2007, unchanged with respect to December 31, 2006. It reflects the mandatory revaluation of property (net of the related substitute tax) made pursuant to Law no. 413 of December 30, 1991 taken to this specific reserve in accordance with that law.

Reserve available for the purchase of treasury stock

This reserve was established during the year through a transfer from "Retained earnings (losses)" made on the basis of a resolution adopted by stockholders in general meeting on April 5, 2007, which authorised the purchase of a maximum number of treasury shares from the three classes such as not to exceed in total 10% of the capital stock and an amount of maximum 1.4 billion euros, including the restricted reserve for treasury stock in portfolio (which at that date amounted to 21,398 thousand euros). This authorisation is valid for a term of eighteen months and accordingly expires on October 5, 2008. The residual amount at that date, if any, will be re-allocated to retained earnings.

On the same day, the Board of Directors, following the authorisation given by the stockholders meeting pursuant to laws that require that a treasury stock buy-back programme (the "Programme") be announced to the market, communicated the details of the Programme aimed at servicing the stock option plans and investing surplus funds and which are as follows:

- the Programme will end on April 30, 2008, or once the maximum amount of 1.4 billion euros or a number of shares equal to 10% of the capital stock is reached;
- the maximum purchase price may not be higher/lower than 10% of the reference price reported on the Stock Exchange on the day before the purchase is made;
- the maximum number of shares purchased daily may not exceed 20% of the total daily trading volume for each class of shares.

At February 15, 2008, the total number of ordinary shares purchased from the beginning of the programme amounted to 31.54 million, for a total invested amount of 603.4 million euros. The Group intends to continue its share buy-back programme throughout 2008 and it is the intention of the Board of Directors to request stockholders to renew their authorisation at their next general meeting.

At December 31, 2007 the Reserve available for the purchase of treasury stock amounted to 952,579 thousand euros, made up of the initial amount on establishment of 1,378,602 thousand euros less transfers totalling 426,023 thousand euros made to the Reserve for treasury stock in portfolio when purchases of ordinary Fiat S.p.A. shares were made as part of the Programme.

Reserve for treasury stock in portfolio

This reserve totalled 419,310 thousand euros at December 31, 2007, an increase of 395,171 thousand euros over December 31, 2006.
This reserve has its origin in the restrictions imposed by law (Article 2357 ter of the Italian Civil Code). The change in this reserve is the net result of an increase of 426,023 thousand euros arising from the transfer of this amount from the Reserve available for the purchase of treasury stock in connection with the treasury shares purchased and a decrease of 30,852 thousand euros resulting from the sale of treasury stock.

Extraordinary reserve

At December 31, 2007, the extraordinary reserve totals 28,044 thousand euros, with an increase of 21,909 thousand euros from December 31, 2006.
This reserve has been brought to the original amount of 28,044 thousand euros, determined by stockholders in the general meeting held on May 11, 2004, following the proceeds of the sale of treasury shares.

Retained earnings (losses)

Retained earnings at December 31, 2007 of 56,535 thousand euros represent an increase of 609,947 thousand euros over December 31, 2006 as the result of the following:

- the allocation of the net profit of the prior year as resolved by stockholders in general meeting on April 5, 2007 (an amount of 553,412 thousand euros was used to fully offset accumulated retained losses, and 1,426,523 thousand euros was transferred to retained earnings following the distribution of dividends);
- the establishment of the Reserve available for the purchase of treasury stock (in the amount of 1,378,602 thousand euros as described earlier) as a consequence of the introduction of the treasury stock buy-back Programme authorised by stockholders in general meeting on April 5, 2007;

- the receipt of the proceeds of 8,614 thousand euros from the sale of treasury stock following the reconstitution of the Extraordinary reserve discussed previously.

Gains (losses) recognised directly in equity

The reserve includes gains and losses recognised directly in equity and in particular those arising from the fair value adjustment of investments in other companies, as described previously (see Note 11). At December 31, 2007, the reserve amounted to 14,922 thousand euros and it refers to the investments in Fin.Priv. S.r.l. and in Assicurazioni Generali S.p.A.

The decrease of 147,842 thousand euros from December 31, 2006 arises from a reduction of 161,871 thousand euros, being the balance on the reserve at December 31, 2006 relating to the investment in Mediobanca S.p.A., of which 115,662 thousand euros were reclassified to the income statement following the sale, net of an increase of 14,029 thousand euros resulting from the fair value remeasurement at December 31, 2007 of the investments in Fin.Priv. S.r.l. and Assicurazioni Generali S.p.A.

Stock option reserve

This reserve amounted to 93,267 thousand euros at December 31, 2007, an increase of 65,867 thousand euros over December 31, 2006, arising from the counter-entries to the following:

- the recognition in the income statement of the total cost of 43,988 thousand euros in 2007 (11,297 thousand euros in 2006), of which 7,235 thousand euros arising from stock option plans based on Fiat S.p.A. shares and relating to managers employed by Fiat S.p.A. (see Note 5) and 36,753 thousand euros arising from stock option plans based on Fiat S.p.A. shares and relating to the Chief Executive Officer (see Note 6);
- an increase of 21,879 thousand euros in the carrying amount of the investments in the subsidiaries by which the managers of other Group companies beneficiaries of the stock option plans based on Fiat S.p.A. shares are directly or indirectly employed (see Note 11).

Treasury stock

The carrying amount of this reserve amounted to 419,310 thousand euros at December 31, 2007 and relates to 21,851,458 ordinary shares. The following table sets out details of treasury stock and the changes that took place during the year:

	Number of ordinary shares	Total nominal value (thousands of euros)	% of capital	Unit price (euros)	Total carrying amount (thousands of euros)
At December 31, 2006	3,773,458	18,867	0.30%	6.397	24,139
- purchases	20,482,000	102,410	1.61%	20.800	426,023
- sales	(2,404,000)	(12,020)	-0.19%	12.834	(30,852)
At December 31, 2007	**21,851,458**	**109,257**	**1.71%**	**19.189**	**419,310**

The purchase of 20,482,000 shares was carried out as part of the treasury stock buy-back Programme discussed previously, and announced by the Board of Directors following authorisation given by the stockholders meeting on April 5, 2007.

The sale of 2,404,000 shares arose on the exercising of the rights deriving from the stock option plans of September 2002 (1,198,500 shares sold), May 2002 (500,000 shares sold) and October 2001 (705,500 shares sold), and led to total proceeds of 30,523 thousand euros.

Share-based payments

At December 31, 2007, Fiat S.p.A. has various share-based payment plans for the executives of Group companies and members of the Board of Directors of Fiat S.p.A.

Stock Option plans linked to Fiat S.p.A. ordinary shares

The Board of Directors of Fiat S.p.A. approved certain stock option plans between March 1999 and September 2002 which provide executives of the Group with the title of "direttore" and high management potential included in "management development programmes" and executive Directors of Fiat S.p.A. with the right to purchase a determined number of Fiat S.p.A. ordinary shares at a fixed price (strike price). These rights may be exercised over a fixed period of time from the vesting date to the expiry date of the plan. These stock option plans do not depend on any specific market conditions.

In accordance with applicable tax regulations, options are generally exercisable after three years from the grant date and for the following six years. Nevertheless the full amount granted as options is not exercisable until the end of the fourth year.

The contractual terms of these plans are as follows:

Plan	Recipient	Grant date	Expiry date	Strike price (euros)	Number of options granted	Vesting date	Vesting portion
Stock Option 1999 (expired)	Executives	March 30, 1999	March 31, 2007	26.120	1,248,000	April 1, 2001	50%
						April 1, 2002	50%
Stock Option 2000	Executives	February 18, 2000	February 18, 2008	28.122	5,158,000	February 18, 2001	25%
						February 18, 2002	25%
						February 18, 2003	25%
						February 18, 2004	25%
Stock Option July 2000	Chairman B.o.D.	July 25, 2000	July 25, 2008	25.459	250,000	July 25, 2001	50%
						May 14, 2002	50%
Stock Option February 2001	Executives	February 27, 2001	February 27, 2009	24.853	785,000	February 27, 2002	25%
						February 27, 2003	25%
						February 27, 2004	25%
						February 27, 2005	25%
Stock Option March 2001	Chairman B.o.D.	March 29, 2001	October 30, 2008	23.708	1,000,000	July 1, 2002	100%
Stock Option October 2001	Executives	October 31, 2001	October 31, 2009	16.526	5,417,500	October 31, 2002	25%
						October 31, 2003	25%
						October 31, 2004	25%
						October 31, 2005	25%
Stock Option May 2002	Chairman B.o.D.	May 14, 2002	January 1, 2010	12.699	1,000,000	January 1, 2005	100%
Stock Option September 2002	Executives	September 12, 2002	September 12, 2010	10.397	6,100,000	September 12, 2003	25%
						September 12, 2004	25%
						September 12, 2005	25%
						September 12, 2006	25%

On July 26, 2004, the Board of Directors granted to Sergio Marchionne as a part of his compensation as Chief Executive Officer options for the purchase of 10,670,000 Fiat S.p.A. ordinary shares at the price of 6.583 euros, exercisable from June 1, 2008 to January 1, 2011. In each of the first three years following the grant date, the Officer accrues the right to purchase, starting from June 1, 2008, an annual maximum of 2,370,000 shares. From June 1, 2008, he will have the right to exercise, effective at that date, the residual portion of the options on 3,560,000 shares. This right is subject to achieving certain pre-determined profitability targets (*Non-Market Conditions or "NMC"*).

The contractual terms of the plan are as follows:

Plan	Grant date	Expiry date	Strike price (euros)	Number of options granted	Vesting date	Vesting portion
Stock Option July 2004	July 26, 2004	January 1, 2011	6.583	10,670,000	June 1, 2005	22.2%
					June 1, 2006	22.2%
					June 1, 2007	22.2%
					June 1, 2008	33.4%*NMC

On November 3, 2006 the Fiat S.p.A. Board of Directors resolved an eight year stock option plan (subject to approval by the Stockholders Meeting, which was given on April 5, 2007), which provides certain managers of the Group and the Chief Executive Officer of Fiat S.p.A. with the right to purchase a determined number of Fiat S.p.A. ordinary shares at the fixed price of 13.37 euros per share. In particular, the 10,000,000 options granted to employees and the 5,000,000 options granted to Mr. Marchionne have a vesting period of four years, with a quarter of the number vesting each year, are subject to achieving certain pre-determined profitability targets (*Non-Market Conditions or "NMC"*) in the reference period and may be exercised from the date on which the 2010 financial statements are approved. The remaining

5,000,000 options granted to the Chief Executive Officer of Fiat S.p.A. also have a vesting period of four years with a quarter of the number vesting each year and may be exercised from November 2010.

In addition, the ability to exercise the options is additionally subject to specific restrictions regarding the duration of the employment relationship or the continuation of the position held. The stock option plan will become effective once all its conditions have been satisfied.

The contractual terms of 2006 plan are as follows:

Plan	Recipient	Expiry date	Strike price (euros)	No. of options granted	Vesting date	Vesting portion
Stock Option November 2006	Chief Executive Officer	November 3, 2014	13.37	5,000,000	November 2007	25%
					November 2008	25%
					November 2009	25%
					November 2010	25%
Stock Option November 2006	Chief Executive Officer	November 3, 2014	13.37	5,000,000	1st Quarter 2008 (*)	25%*NMC
					1st Quarter 2009 (*)	25%*NMC
					1st Quarter 2010 (*)	25%*NMC
					1st Quarter 2011 (*)	25%*NMC
Stock Option November 2006	Executives	November 3, 2014	13.37	10,000,000	1st Quarter 2008 (*)	25%*NMC
					1st Quarter 2009 (*)	25%*NMC
					1st Quarter 2010 (*)	25%*NMC
					1st Quarter 2011 (*)	25%*NMC

(*) On the approval of the Financial Statements of the previous year.

A summary of outstanding stock option plans at December 31, 2007 is as follows:

	Managers compensation			Compensation as member of the Board		
Exercise price (euros)	No. of options outstanding at December 31, 2007	No. of options outstanding at December 31, 2006	Average remaining contractual life (in years)	No. of options outstanding at December 31, 2007	No. of options outstanding at December 31, 2006	Average remaining contractual life (in years)
6.583	**-**	-	**-**	**10,670,000**	10,670,000	**3.0**
10.397	**1,008,500**	2,207,000	**2.7**	**-**	-	**-**
12.699	**-**	-	**-**	**500,000**	1,000,000	**2.0**
13.370	**9,792,500**	10,000,000	**6.8**	**10,000,000**	10,000,000	**6.8**
16.526	**1,119,000**	1,943,500	**1.8**	**-**	-	**-**
23.708	**-**	-	**-**	**1,000,000**	1,000,000	**0.8**
24.853	**50,000**	80,000	**1.2**	**-**	-	**-**
25.459	**-**	-	**-**	**250,000**	250,000	**0.6**
26.120	**-**	241,900	**-**	**-**	-	**-**
28.122	**1,051,500**	1,051,500	**0.1**	**-**	-	**-**
Total	**13,021,500**	**15,523,900**	**-**	**22,420,000**	**22,920,000**	

(*) In connection with the September 2002 plan, which has a strike price of 10.397 euros per share, the number of options indicated in the above table (and therefore also the total number of options held by managers) differs from that in the published statutory financial statements at December 31, 2006 by 90,000 options as the result of an erroneous calculation of the options outstanding. Since these rights relate to plans outside the scope of IFRS 2 (as they precede November 7, 2002), the fact that this information was erroneous had no effect on the Company's result for the year ended December 31, 2006 or its equity at that date.

Changes during the year are as follows:

	Managers compensation		Compensation as member of the Board	
	Number of options	Average exercise price (euros)	Number of options	Average exercise price (euros)
Outstanding at the beginning of the year (*) (**)	15,523,900	14.62	22,920,000	10.76
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(1,904,000)	12.70	(500,000)	12.70
Expired	(598,400)	18.16	-	-
Outstanding at December 31, 2007	**13,021,500**	**14.65**	**22,420,000**	**10.72**
Exercisable at December 31, 2007	**3,229,000**	**18.52**	**1,750,000**	**20.81**
Exercisable at December 31, 2006 (**)	5,523,900	16.93	2,250,000	19.01

(*) At December 31, 2006 the balance included 20,000,000 stock options (of which 10,000,000 granted to managers and 10,000,000 granted to the Chief Executive Officer), which had been granted on November 3, 2006, subject to approval by the Stockholders Meeting, which was given on April 5, 2007.

(**) In connection with the number of options granted to managers, both outstanding and exercisable, the amount differs from that in the published statutory financial statements at December 31, 2006 for the reasons explained in the footnote to the preceding table, to which reference should be made.

The average price of Fiat S.p.A. ordinary shares in the year was 19.742 euros.

As discussed under Significant accounting policies, in the case of share-based payments the Company applies IFRS 2 to all stock options granted after November 7, 2002, which had not yet vested at January 1, 2005, namely the July 2004 and November 2006 stock option plans.

The following disclosures complete the information provided on equity items:

Availability for use of main equity items

(in thousands of euros)	At December 31, 2007	Possible use	Available amount
Capital stock	6,377,263		
Reserves:			
- Additional paid-in capital	1,540,885	A, B, C (*)	1,540,885
- Legal reserve	536,060	B	-
- Reserve under Law no. 413/1991	22,591	A, B, C	22,591
- Reserve available for the purchase of treasury stock	952,579	A, B, C	952,579
- Reserve for treasury stock in portfolio	419,310	-	-
- Extraordinary reserve	28,044	A, B, C	28,044
- Retained earnings	56,535	A, B, C	56,535

Key:
A: capital increase
B: coverage of losses
C: dividend

(*) Fully available to increase capital and cover losses. Any other use requires an increase of the legal reserve up to 20% of capital stock (this may also be carried out by making a transfer from additional paid-in capital itself). The increase required for this at December 31, 2007 would be 739,393 thousand euros.

19. Provisions for employee benefits and other non-current provisions

At December 31, 2007, provisions for employee benefits and other non-current provisions amounts to 21,302 thousand euros, an increase of 3,198 thousand euros as compared to December 31, 2006 and is made up as follows:

(in thousands of euros)	At December 31, 2006	Accruals	Utilisations	Other changes	At December 31, 2007
Provisions for employee benefits and similar	18,071	4,263	(2,051)	(246)	**20,037**
Other non-current provisions	33	-	-	1,232	**1,265**
Total Provisions for employee benefits and other non-current provisions	18,104	4,263	(2,051)	986	**21,302**

Provisions for employee benefits and similar provisions

The company provides post-employment benefits for its employees, either directly or by contributing to independently administered funds.

The benefits are generally based on the employees' remuneration and years of service. The obligations relate both to active employees and to retirees.

The company provides post-employment benefits under defined contribution and/or defined benefit plans.

In the case of defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid the company has no further payment obligations. Liabilities for contributions accrued but not yet paid at the balance sheet date are included in the item Other payables (see Note 25). The company recognises the contribution cost for the year on the basis of the service rendered by the employee in the item Personnel costs (see Note 5).

In the case of post-employment benefits the company's obligation is determined on an actuarial basis, using the Projected Unit Credit Method. Any resulting actuarial gains and losses are accounted for using the corridor approach.

Finally, the company grants certain other long-term benefits to its employees; these benefits include those generally paid when the employee attains a specific seniority. In this case, the measurement of the obligation reflects the probability that payment will be made and the period over which the payment is expected to be made. The amount of this obligation is calculated on an actuarial basis using the Projected Unit Credit Method. The corridor approach is not used for the actuarial gains and losses arising from this obligation.

Changes in provisions for employee benefits during the year are as follows:

(in thousands of euros)	At December 31, 2006	Accruals	Utilisations	Other changes	At December 31, 2007
Post-employment benefits:					
- Employee severance indemnity	6,716	1,110	(1,308)	(354)	**6,164**
- Other	9,851	2,890	(567)	89	**12,263**
Total post-employment benefits	16,567	4,000	(1,875)	(265)	**18,427**
Other long-term employee benefits	1,504	263	(176)	19	**1,610**
Total Provisions for employee benefits and similar provisions	18,071	4,263	(2,051)	(246)	**20,037**

Post-employment benefits and Other long-term employee benefits are calculated on the basis of the following actuarial assumptions:

	At December 31, 2007	At December 31, 2006
Discount rate	4.66%	3.93%
Future salary increase rate	2.94%	4.28%
Inflation rate	2.00%	2.00%
Theoretical retirement age	Years: 60 (F) – 65 (M)	Years: 60 (F) – 65 (M)
Mortality rate	SI02	SI99
Average annual departure rate	9.30%	9.79%

The provisions for employee benefits and similar may be summarised as follows:

Employee severance indemnity

The Employee severance indemnity represents the obligation due to employees under Italian law (recently amended by Law no. 296/06) that has accrued up to December 31, 2006 and that will be settled when the employee leaves the company. In certain circumstances, a portion of the accrued liability may be given to an employee during his working life as an advance. This is an unfunded defined benefit plan, under which the benefits are almost fully accrued, with the sole exception of future revaluations.

Other

The item Other includes post-employment benefits accrued by employees, former employees and the Chief Executive Officer following additional or individual labour agreements. These schemes are unfunded.

Other long-term employee benefits

This item mainly includes benefits which are due to employees who reach a specified seniority.

Post-employment benefits at December 31, 2007 and 2006 are made up as follows:

	Employee severance indemnity		Other		Total	
(in thousands of euros)	At December 31, 2007	At December 31, 2006	At December 31, 2007	At December 31, 2006	At December 31, 2007	At December 31, 2006
Present value of unfunded defined benefit plan obligations	**6,280**	8,412	**11,851**	13,655	**18,131**	22,067
Unrecognised actuarial gains (losses)	**(116)**	(1,696)	**412**	(3,804)	**296**	(5,500)
Net liability	**6,164**	6,716	**12,263**	9,851	**18,427**	16,567

The amounts recognised in the income statement for post-employment benefits are as follows:

	Employee severance indemnity		Other		Total	
(in thousands of euros)	2007	2006	2007	2006	2007	2006
Service cost						
- Current service cost	**-**	712	**1,478**	1,137	**1,478**	1,849
- Net actuarial (gains) losses recognised during the year	**-**	94	**988**	397	**988**	491
Net loss on reduction	**837**	-	**-**	-	**837**	-
Total current service cost	**837**	806	**2,466**	1,534	**3,303**	2,340
Interest costs	**273**	322	**424**	410	**697**	732
Total cost (income) for post-employment benefits	**1,110**	1,128	**2,890**	1,944	**4,000**	3,072

The changes in legislation introduced in 2007 regarding employee severance indemnity led to a reduction in the present value of the obligation at January 1, 2007 by a total of 1,415 thousand euros; the income from this reduction has been offset by the immediate recognition in the income statement of the unrecognised actuarial losses at December 31, 2006, amounting to 2,252 thousand euros, and the consequent recognition under Personnel costs (see Note 5) of a net loss on reduction of 837 thousand euros.

The items Current service cost and Net actuarial (gains) losses recognised during the year are recorded in the income statement item Personnel costs (see Note 5) if relating to employees and in Other operating costs (see Note 6) if relating to the Chief Executive Officer.

Interest expense is recognised under the income statement item Financial income (expenses) (see Note 7).

Changes in the present value of the obligation for post-employment benefits are as follows:

(in thousands of euros)	Employee severance Indemnity 2007	2006	Other 2007	2006	Total 2007	2006
Present value of obligation at the beginning of the year	**8,412**	12,792	**13,655**	18,250	**22,067**	31,042
Current service cost	**-**	621	**1,478**	1,137	**1,478**	1,758
Interest costs	**273**	322	**424**	410	**697**	732
Actuarial (gains) losses arising during the year	**116**	581	**(2,855)**	2,394	**(2,739)**	2,975
Benefits paid	**(1,297)**	(6,080)	**(614)**	(8,397)	**(1,911)**	(14,477)
Gains on reduction	**(1,415)**	-	**-**	-	**(1,415)**	-
Other changes	**191**	176	**(237)**	(139)	**(46)**	37
Present value of obligation at the end of the year	**6,280**	8,412	**11,851**	13,655	**18,131**	22,067

The present value of the defined benefit obligations in 2007 and the two previous years is as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	At December 31, 2005
Present value of obligation at the end of the year:			
- Employee severance indemnity	**6,280**	8,412	12,792
- Others	**11,851**	13,655	18,250
Total	**18,131**	22,067	31,042

The effects of the differences between the previous actuarial assumptions and what has actually occurred (experience adjustments) at December 31, 2007 and 2006, is as follows:

(in thousands of euros)	2007	2006
Experience adjustments actuarial (gains) losses :		
- Employee severance indemnity	**468**	83
- Others	**(1,671)**	1,769
Total effect on the present value of defined benefit obligation	**(1,203)**	1,852

Other non-current provisions

This item amounts to 1,265 thousand euros at December 31, 2007 (33 thousand euros at December 31, 2006) and mainly represents the future amounts to be paid to employees who left the company during the year under “mobilità lunga” programme (the long-term benefit to bridge the period prior to retirement) as well as accruals to fund scholarship grants for children of employees.

During 2006 changes in Provisions for employee benefits and other non-current provisions were as follows:

(in thousands of euros)	At December 31, 2005	Accruals	Utilisations	Other changes	At December 31, 2006
Provisions for employee benefits and similar	29,124	3,386	(14,477)	38	**18,071**
Other non-current provisions	47	-	(14)	-	**33**
Total Provisions for employee benefits and other non-current provisions	29,171	3,386	(14,491)	38	**18,104**

20. Non-current financial payables

At December 31, 2007, non-current financial payables amount to 2,809,388 thousand euros, a decrease of 641 thousand euros over December 31, 2006. The balance relates to the following:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Financial payables to Group companies	**2,800,000**	2,800,000	-
Financial guarantee contracts	**9,388**	10,029	(641)
Total Non-current financial liabilities	**2,809,388**	**2,810,029**	**(641)**

Financial payables to Group companies relate to the euro loans due beyond one year extended by Fiat Finance S.p.A. in the first half of 2006. Interest accrued on these loans ranges between 6.20% and 7.18%.

An analysis of loans received by repayment date is as follows:

(in thousands of euros)	At December 31, 2007
Maturity 2010	**400,000**
Maturity 2011	**1,400,000**
Maturity 2013	**1,000,000**
Total Financial payables to Group companies	**2,800,000**

The fair value of these loans at December 31, 2007 is approximately 2.9 billion euros; the difference between this and their original value (being their nominal value) is essentially due to the improvement in the credit merit of Fiat S.p.A. Fair value was calculated by taking market rates and adjusting these as appropriate to take into account Fiat's credit spread at the balance sheet date.

The item Financial guarantee contracts consists of the fair value of the liabilities assumed as the result of providing guarantees. After assessing the possibility of any risks for which provisions for contingent liabilities must be recognised and after determining that this item relates essentially only to guarantees provided on behalf of Group company loans, it has been concluded that the present value of the fees receivable for guarantees given (see Other financial assets in Note 12) represents the best estimate of the fair value of these guarantees.

This item may be analysed by maturity date as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006
Financial guarantee contracts		
due within one year	**2,631**	2,512
due after one year but within five years	**6,114**	7,473
due beyond five years	**643**	44
total	**9,388**	**10,029**

21. Other non-current liabilities

At December 31, 2007, Other non-current liabilities amount to 15,852 thousand euros, showing a net decrease of 4,149 thousand euros over the previous year end.

The item may be analysed as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Non-current post-employment benefits to be paid:			
- to a former Chief Executive Officer	**5,268**	5,542	(274)
- to former employees	**10,584**	14,459	(3,875)
Total Other non-current liabilities	**15,852**	**20,001**	(4,149)

The non-current post-employment benefits to be paid represent the present value of benefits (see Note 19) to be paid to a former Chief Executive Officer and employees that left the company.

An analysis of Other non-current liabilities by due date is as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006
Other non-current liabilities		
due within one year	**737**	866
due after one year but within five years	**4,099**	4,814
due after five years	**11,016**	14,321
total	**15,852**	**20,001**

22. Provisions for employee benefits and other current provisions

At December 31, 2007 this balance amounts to 128 thousand euros, a decrease of 26,663 thousand euros over December 31, 2006, and may be analysed as follows:

(in thousands of euros)	At December 31, 2006	Accruals	Utilisations	At December 31, 2007
Provision for indemnities	18,000	-	(18,000)	**-**
Restructuring provision	1,890	-	(1,890)	**-**
Provision for employee bonuses	6,901	128	(6,901)	**128**
Total Provisions for employee benefits and other current provisions	**26,791**	**128**	**(26,791)**	**128**

The Provision for indemnities at December 31, 2006 was made with respect the contingent liabilities arising from guarantee commitments and obligations to third parties assumed when subsidiaries sold their investments or business units. This provision was released to income in 2007 as the underlying risk no longer exists.

The restructuring provision at December 31, 2006 consisted of the amounts to be paid to employees leaving the company as the result of the Company's rationalisation programme set up during that year. In 2007, this provision was utilised to settle liabilities and indemnities with leaving employees while the portion of future liabilities relating to personnel leaving the Company under *mobilità lunga* has been reclassified to Other non-current provisions (see Note 19).

The Provision for employee bonuses consists of the "one-off" amounts expected to be payable to employees for result bonuses based on collective bargaining agreements. At December 31, 2006 this provision also included the estimated liabilities to employees for bonuses that are linked to the achievement of annual targets; these amounts are classified at December 31, 2007 under Other payables (Current amounts payable to employees and Social security payables - see Note 25), since the payment was made in January 2008, thereby removing any uncertainty as to their amount at the balance sheet date.

During 2006 changes in Provisions for employee benefits and other current provisions were as follows:

(in thousands of euros)	At December 31, 2005	Accruals	Utilisations	At December 31, 2006
Provision for contractual commissions	23,256	-	(23,256)	**-**
Provision for indemnities	-	18,000	-	**18,000**
Restructuring provision	4,115	1,890	(4,115)	**1,890**
Provision for employee bonuses	3,620	6,901	(3,620)	**6,901**
Total Provisions for employee benefits and other current provisions	**30,991**	**26,791**	**(30,991)**	**26,791**

The provision for contractual commissions at December 31, 2005 had been originally established to provide against costs which would have become payable to Mediobanca S.p.A. if it had finalised the listing of Ferrari S.p.A. shares, sold in 2002, and was used to reduce the carrying amount of the investment in Ferrari S.p.A. repurchased in 2006.

23. Trade payables

At December 31, 2007, trade payables amount to 246,495 thousand euros, an increase of 61,834 thousand euros as compared to December 31, 2006. The balance can be analysed as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Trade payables to third parties	**240,607**	167,115	73,492
Intercompany trade payables for goods and services	**5,888**	17,546	(11,658)
Total Trade payables	**246,495**	**184,661**	61,834

Trade payables to third parties are mainly due to CAV.E.T. and CAV. TO.MI. in relation to the work performed over the latter part of the year (see Note 14).

Trade payables are due within one year and their carrying amount at the balance sheet date is deemed to approximate their fair value.

24. Current financial payables

At December 31, 2007, current financial payables amount to 294,695 thousand euros, down 1,332,735 thousand euros over December 31, 2006. The balance can be analysed as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Financial payables to Group companies:			
- Current account with Fiat Finance S.p.A.	**-**	426,538	(426,538)
- Loan from Fiat Finance S.p.A.	**-**	900,000	(900,000)
- Payables to Group companies for derivative financial instruments	**-**	10,315	(10,315)
- Accrued interest expense	**73,687**	68,701	4,986
Total Financial payables to Group companies	**73,687**	1,405,554	(1,331,867)
Financial payables to third parties:			
- Advances on factored receivables	**221,008**	221,876	(868)
Total Financial payables to third parties	**221,008**	221,876	(868)
Total Current financial payables	**294,695**	**1,627,430**	**(1,332,735)**

The Current account with Fiat Finance S.p.A. at December 31, 2006 of 426,538 thousand euros represented the overdraft on the account held with that company as part of the Group's centralised treasury management.

The loan from Fiat Finance S.p.A. totalling 900,000 thousand euros at December 31, 2006 was obtained at the end of 2006 and was reimbursed at maturity on February 26, 2007.

The item Payables to Group companies for derivative financial instruments totalling 10,315 thousand euros at December 31, 2006 consisted of the fair value of the hedging derivative financial instruments outstanding at that date and the fair value of one of the two equity swaps on Fiat shares taken out with leading banks by Intermap (Nederland) B.V. under instruction from Fiat S.p.A. to hedge the risk of a rise in the share price above the exercise price of the stock options granted to the company's Chief Executive Officer in 2006. As discussed previously in Note 15 the fair value of both equity swaps at December 31, 2007 was positive and is accordingly classified as an asset.

Advances on factored receivables relate to IRES receivables (see Note 16).

Current financial payables are denominated in euros. Their carrying amount is deemed to be in line with their fair value.

25. Other payables

At December 31, 2007, other payables amount to 580,543 thousand euros, an increase of 219,296 thousand euros over December 31, 2006. The balance may be analysed as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Advances	**12,625**	12,918	(293)
Other payables:			
- Intercompany payables:			
- Consolidated VAT	**195,886**	160,957	34,929
- Consolidated IRES tax	**345,460**	154,910	190,550
- Other intercompany payables	**6**	3,211	(3,205)
- Total intercompany payables	**541,352**	319,078	222,274
- Social security payables	**4,425**	1,353	3,072
- Consolidated VAT payables to third parties (former Group companies)	**-**	13,928	(13,928)
- Current amounts payable to employees, directors and statutory auditors	**14,654**	6,802	7,852
- Payables to stockholders of Toro Assicurazioni S.p.A., Magneti Marelli S.p.A. and Comau S.p.A. for public offerings	**866**	864	2
- Dividends payable	**187**	246	(59)
- Other	**731**	200	531
Total other payables	**562,215**	342,471	219,744
Tax payables:			
- VAT payable	**1,976**	-	1,976
- Taxes withheld on payments to employees and independent contractors	**3,027**	3,422	(395)
- Tax payable	**-**	1,627	(1,627)
- Other	**469**	739	(270)
Total tax payables	**5,472**	5,788	(316)
Accrued expenses and deferred income	**231**	70	161
Total Other payables	**580,543**	**361,247**	**219,296**

As previously discussed in Note 22, Current amounts payable to employees and Social security payables at December 31, 2007 also include the amounts linked to reaching annual targets, yet to be settled at that date.

Advances

This item consists of the difference between inventories and progress payments and contractual advances received from the customer Treno Alta Velocità – T.A.V. S.p.A. for contract work in progress and is made up as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Contract work in progress	**381,649**	352,879	28,770
Less: Progress payments for work completed	**389,956**	357,891	32,065
Gross amount due to the customer	**8,307**	5,012	3,295
Contractual advances	**4,318**	7,906	(3,588)
Total Advances	**12,625**	**12,918**	**(293)**

The item relates to contracts for the high speed railway project signed by Fiat S.p.A. with Treno Alta Velocità - T.A.V. S.p.A. (which was in turn engaged by F.S. S.p.A.), for the operational engineering and construction of two lines (Bologna-Florence and Turin-Milan, the latter divided into two sub-lines: Turin-Novara and Novara-Milan). At December 31, 2007, the contractual amounts (including additional work and monetary adjustments) total 4,711 million euros for the Bologna-Florence line, 4,666 million euros for the Turin-Novara sub-line and 2,280 million euros for the Novara-Milan sub-line.

As part of such project, Fiat S.p.A., as the general contractor, engaged CAV.E.T. and CAV.TO.MI. for the engineering and construction activities, retaining all work coordination, organisational and management activities. Contract work in progress therefore reflects the fees earned by Fiat S.p.A. in the form of a percentage (roughly 3.6%) of the contractual amounts, for the activities directly carried out. The work is paid through progress payments made by T.A.V. S.p.A. to Fiat S.p.A. based on the stage of completion of the works and advance payments, which Fiat S.p.A. then pays over to CAV.E.T. and CAV.TO.MI. net of its contractual percentage earned.

These amounts may be analysed by line as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Contract work in progress	**381,649**	**352,879**	**28,770**
- Florence-Bologna line	**140,212**	129,754	10,458
- Turin-Novara line	**181,463**	179,703	1,760
- Novara-Milan line	**59,974**	43,422	16,552
Less: Progress payments for work completed	**389,956**	**357,891**	**32,065**
- Florence-Bologna line	**143,156**	132,416	10,740
- Turin-Novara line	**181,775**	180,002	1,773
- Novara-Milan line	**65,025**	45,473	19,552
Gross amount due to the customer	**8,307**	**5,012**	**3,295**
- Florence-Bologna line	**2,944**	2,662	282
- Turin-Novara line	**312**	299	13
- Novara-Milan line	**5,051**	2,051	3,000

Contract work in progress is measured on the basis of the stage of completion in relation to the sales price, which in this case is the consideration contractually agreed for the activities directly carried out by Fiat S.p.A. Contract costs relating to the contract revenue recognised total 126,267 thousand euros at December, 31 2007 (116,060 thousand euros at December 31, 2006). Changes in contract work in progress have been recognised in the income statement under the item Other operating income (see Note 4). When the lines are contractually completed, the final contractual revenue for the activities directly carried out will be recognised in the income statement under Other operating income, net of any decrease in inventories. At the same time the accounts for inventories and amounts classified as advances will be closed.

Net advances relating to work completed may be analysed as follows:

	Advances received from customers		Advances paid to suppliers		Net advances for work completed	
(in thousands of euros)	At December 31, 2007	At December 31, 2006	At December 31, 2007	At December 31, 2006	At December 31, 2007	At December 31, 2006
Florence-Bologna line	**4,240,523**	3,774,803	**4,097,367**	3,642,387	**143,156**	132,416
Turin-Novara line	**4,659,581**	4,552,834	**4,477,806**	4,372,832	**181,775**	180,002
Novara-Milan line	**1,767,093**	1,218,035	**1,702,068**	1,172,562	**65,025**	45,473
Progress payments for work completed	**10,667,197**	**9,545,672**	**10,277,241**	**9,187,781**	**389,956**	**357,891**

Advances relate to amounts received as down payments from the customer T.A.V. S.p.A. at the commencement of the contracts, which are then recovered as the work progresses. The balance may be analysed as follows:

	Contractual advances received from customers		Contractual advances paid to suppliers		Net contractual advances	
(in thousands of euros)	At December 31, 2007	At December 31, 2006	At December 31, 2007	At December 31, 2006	At December 31, 2007	At December 31, 2006
Florence-Bologna line	**43,225**	70,871	**41,563**	68,146	**1,662**	2,725
Turin-Novara line	**1,101**	3,486	**1,065**	3,358	**36**	128
Novara-Milan line	**71,193**	135,034	**68,573**	129,981	**2,620**	5,053
Contractual advances	**115,519**	**209,391**	**111,201**	**201,485**	**4,318**	**7,906**

Bank and insurance sureties amounting to a total of 1,257,000 thousand euros have been granted by Fiat S.p.A. to T.A.V. S.p.A. as security against the contractual advances received, the performance of the work and the restriction represented by the guarantee amounts withheld on progress payments. In accordance with the agreements reached with the consortia mentioned and the banks issuing such guarantees, 1,211,141 thousand euros out of this total represents the risk towards the issuing banks and insurance companies borne by the consortia themselves, with Fiat S.p.A. not having joint responsibility. More specifically, the guarantees provided by Fiat S.p.A. to T.A.V. S.p.A. relate for 593,458 thousand euros to the Bologna-Florence line, for 253,024 thousand euros to the Turin-Novara sub-line and for 410,518 thousand euros to the Novara-Milan sub-line.

In this respect the indemnities assumed directly by the consortium CAV.E.T. amount to 572,258 thousand euros, while for the consortium CAV.TO.MI. these amount to 243,578 thousand euros for the Turin-Novara sub-line and 395,305 thousand euros for the Novara-Milan sub-line.

Finally, in line with the contractual terms and with the prior approval of the testing commission given to RFI – Rete Ferroviaria Italiana S.p.A., the Turin-Novara high speed line was opened to the public in February 2006 and in December 2006 the company signed an agreement with T.A.V. S.p.A. for the acknowledgment of the substantial completion of the work on the line. The performance of the contractual requirements agreed between the parties to arrive at the final approval of the work continued in 2007, leading to the release of bank guarantees amounting to a total of 657,124 thousand euros relating to the work to be subject to the Principal Final Test (around 94% of the total). Since, however, the steps for the final approval of the remaining works are still in progress, which when given would lead to the release of the residual bank guarantees, the contract had not yet been closed from an accounting standpoint at December 31, 2007.

Tax payables and other payables

The main components of these items are as follows.

At December 31, 2007, intercompany payables for consolidated VAT of 195,886 thousand euros (160,957 thousand euros at December 31, 2006) relate to the VAT credits of Italian subsidiaries transferred to Fiat S.p.A. as part of the consolidated VAT procedure.

At December 31, 2007, payables to Group companies in connection with the IRES tax consolidation amounted to 345,460 thousand euros (154,910 thousand euros at December 31, 2006) and represent the remuneration due for the tax losses contributed by the Italian subsidiaries to the national tax consolidation for 2007, payables relating to the national tax consolidation for 2006 still to be settled and the IRES tax credits of the Italian subsidiaries transferred to Fiat S.p.A. as part of the tax consolidation procedure.

Tax payables and other payables are all due within one year and their carrying amount is deemed to approximate their fair value.

26. Guarantees granted, commitments and contingent liabilities

Guarantees granted

This item is made up as follows:

(in thousands of euros)	2007	2006	Change
Guarantees granted			
Sureties			
- on behalf of Group companies	**261,810**	569,288	(307,478)
- on behalf of third parties	**51,919**	96,011	(44,092)
Total Sureties	**313,729**	665,299	(351,570)
Other personal guarantees			
- on behalf of Group companies	**7,464,996**	6,748,140	716,856
- on behalf of third parties	**58,612**	152,404	(93,792)
Total Other personal guarantees	**7,523,608**	6,900,544	623,064
Total Guarantees granted	**7,837,337**	7,565,843	271,494

Sureties

At December 31, 2007, sureties amount to 313,729 thousand euros, a decrease of 351,570 thousand euros over December 31, 2006.

This balance mostly relates to sureties granted on behalf of Group companies on Billets de Trésorerie issued (Fiat Finance and Trade Ltd S.A. 35,900 thousand euros), medium- to long-term loans granted by banks (38,365 thousand euros) and the rental payments relating to buildings included in the property securitisation transactions carried out in previous years (187,545 thousand euros). Sureties granted on behalf of third parties relate mostly to security for a loan to Sevelnord S.A. (regarding the Peugeot-Fiat project in France).

Other personal guarantees

At December 31, 2007, other personal guarantees amount to 7,523,608 thousand euros, an increase of 623,064 thousand euros over December 31, 2006.

These relate to:

- guarantees of 7,464,996 thousand euros granted on behalf of Group companies, including:

- 794,491 thousand euros for loans (Banco CNH Capital S.A. 652,105 thousand euros, Fiat Automoveis S.A. 105,638 thousand euros, Magneti Marelli Controle Motor Ltda. 2,144 thousand euros and Fiat Finance Canada Ltd. 34,604 thousand euros);

- 5,992,346 thousand euros for bond issuances (Fiat Finance and Trade Ltd S.A. 4,992,346 thousand euros and Fiat Finance North America Inc. 1,000,000 thousand euros);

- 39,146 thousand euros for credit facilities (Iveco France S.A. 20,000 thousand euros, Fiat Finance North America Inc. 19,146 thousand euros);

- 586,094 thousand euros for VAT receivables as part of the tax consolidation procedure, as required by the Ministerial Decree of December 13, 1979 as subsequently amended, and 52,919 thousand euros for other guarantees;

- guarantees of 58,612 thousand euros granted on behalf of third parties (former Group companies, mainly on VAT receivables).

In addition:

- as part of an agreement signed on June 22, 2005 with a pool of national and international banks headed by Citibank International, Fiat S.p.A. has provided guarantees on the use of a three-year credit facility of 1 billion euros granted to Fiat Finance S.p.A. and other Group companies. On August 7, 2007 said facility was renewed until August 8, 2010. At December 31, 2007 the facility had not yet been used. Fiat S.p.A. has also provided guarantees for credit facilities, amounting in total to 300 million euros, granted by certain Italian banks to the subsidiary Fiat Finance S.p.A., and a guarantee for a credit facility of 320 million euros granted by the UK Branch of Intesa San Paolo to the subsidiary Fiat Finance and Trade Ltd. and a credit facility of 50 million U.S. dollars granted by the Canada Branch of the Bank of America to the subsidiary Fiat Finance Canada Ltd. These facilities were also unused at December 31, 2007;
- in 2005, in relation to the early collection by Fiat Partecipazioni S.p.A. of the residual consideration for the sale of the aviation business, Fiat S.p.A. is jointly and severally liable with Fiat Partecipazioni S.p.A. to the purchaser, Avio Holding S.p.A., should Fiat Partecipazioni S.p.A. fail to pay the compensation (following either an arbitral award or an out-of-court settlement) provided for by the sales agreement signed with the seller in 2003. Similarly, in connection with the sale of the controlling interest in the railway business, Fiat S.p.A. is liable to the purchaser, Alstom N.V., for any failure of the company that sold the business (now Fiat Partecipazioni S.p.A.) to comply with the contractual compensation obligations.

Commitments

At December 31, 2007 commitments total 34,191 thousand euros, an increase of 29,543 thousand euros from December 31, 2006 and consist of:

- 2,324 thousand euros as the residual amount of the commitment undertaken by Fiat S.p.A. on its centenary, in a resolution adopted by stockholders in their meeting of June 22, 1998, to make a contribution to the costs of providing degree courses in Automotive Engineering and of renovating the related university building over a ten-year period;
- 27,875 thousand euros as the residual amount of the commitment undertaken by Fiat S.p.A. in a sponsorship agreement signed in May 2007 with Juventus Football Club S.p.A. in the name of and on behalf of the Company and its subsidiaries for the three seasons 2007-2008, 2008-2009 and 2009-2010;
- for 3,992 thousand euros as the residual amount of the commitment undertaken by Fiat S.p.A. in an agreement signed in July 2007 with the Italian Football Association (*Federazione Italiana Giuoco Calcio*) as the “Official Partner of the Italian National Team” until December 31, 2010.

Teksid

Fiat S.p.A. is subject to a put contract with Renault (in reference to the original investment of 33.5% in Teksid, now 15.2%).

In particular, Renault would acquire the right to exercise a sale option to Fiat on its interest in Teksid, in the following cases:

- in the event of non fulfilment 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 the original 6.5% of the capital stock of Teksid, the initial investment price increased by a given interest rate;
- for the remaining amount of capital stock of Teksid, the share of the accounting net equity at the exercise date.

Contingent liabilities

In connection with significant asset divestitures carried out in prior years, Fiat S.p.A. directly or indirectly through its subsidiaries provided indemnities to purchasers with the maximum amount of potential liability under these contracts generally capped at a percentage of the purchase price. These liabilities primarily relate to potential liabilities arising from contingent liabilities in existence at the time of the sale, as well as breach of representations and warranties provided in the contracts and, in certain instances, environmental or tax matters, generally for a limited period of time. At December 31, 2007, potential obligations with respect to these indemnities are approximately 808 million euros (approximately 810 million euros at December 31, 2006), net of provisions set aside by the single companies. Certain other indemnifications have been provided that do not limit potential payment; it is not possible to estimate a maximum amount of potential future payments that could result from claims made under these indemnities.

Certain claims against Fiat S.p.A. for damages in relation to real estate properties sold in previous years are still pending. Given this fact and the specific conditions of the related proceedings, the possible outcome of this situation cannot be reasonably estimated and, therefore, the likelihood of any costs to be borne by the company cannot be determined.

27. Information on financial risks

The manner in which Fiat S.p.A. measures and manages financial risks are consistent with Group policy.

In particular, the categories of the major risks to which the company is exposed are set out below.

Credit risk

The maximum credit risk to which Fiat S.p.A. is theoretically exposed at December 31, 2007 is represented by the carrying amounts stated for financial assets in the balance sheet and the nominal value of the guarantees provided as discussed in Note 26.

Amounts receivable at the balance sheet date are essentially due from Group companies, from the tax authorities and from T.A.V. S.p.A. The risk on receivables from this latter company is limited to the margin earned by Fiat S.p.A. (of approximately 3.6%), since a condition for the settlement of payables to consortium companies is the receipt of the amounts due from T.A.V. S.p.A.

Guarantees given are for the most part on behalf of Group companies.

There are no significant overdue balances.

Liquidity risk

Liquidity risk arises if the company is unable to obtain under economic conditions the funds needed to carry out its operations.

Fiat S.p.A. takes part in the Group's centralised treasury management and as a result the liquidity risks to which it is exposed are strictly connected with those to which the Fiat Group is exposed as a whole.

The two main factors that determine the Group's liquidity situation are on one side the funds generated by or used in operating and investing activities and on the other the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

The Group has adopted a series of policies and procedures whose purpose is to optimise the management of funds and to reduce the liquidity risk, as follows:

- centralising the management of receipts and payments, where it may be economical in the context of the local civil, currency and tax regulations of the countries in which the Group is present;
- maintaining an adequate level of available liquidity;
- diversifying the means by which funds are obtained and maintaining a continuous and active presence on the capital markets;
- obtaining adequate credit lines; and

- monitoring future liquidity on the basis of business planning.

Management believes that the funds and credit lines currently available, in addition to those funds that will be generated from operating and funding activities, will enable the Group to satisfy its requirements resulting from its investing activities and its working capital needs and to fulfil its obligations to repay its debts at their natural due date.

Currency risk

At December 31, 2007 Fiat S.p.A. has no significant receivables or payables balances or derivative financial instruments exposed to risk resulting from changes in exchange rates.

Interest rate risk

Fiat S.p.A. satisfies its financial requirements through the Group's centralised treasury management system.

In particular:

- Non-current financial payables consist of fixed rate loans granted by Fiat Finance S.p.A. (as discussed in Note 20). The change in the fair value of these loans resulting from a hypothetical, instantaneous and unfavourable change of 10% in market interest rates would have been approximately 58 million euros (51 million euros at December 31, 2006);
- Current financial receivables consist mostly of balances on current accounts and loans to the subsidiary Fiat Finance S.p.A. (as discussed in Note 15), while Current financial payables consist mainly of liabilities for advances received on the sale of receivables to banks (as discussed in Note 24). The remuneration and the cost of these items have been affected by the performance in short-term interest rates. In connection with short-term transactions or those arranged with floating interest rates, a hypothetical, instantaneous and unfavourable change of 10% in short-term interest rates would have led to a decrease in pre-tax net financial income on an annual basis of approximately 3 million euros (5 million euros in 2006, when the Company essentially had a net debt position).

Other risks relating to derivative financial instruments

As discussed in Note 7, Fiat S.p.A. holds certain derivative financial instruments whose value is linked to the trends in the price of listed shares (equity swaps on Fiat shares). Although these transactions were entered into for hedging purposes, they do not always qualify for hedge accounting under IFRS. As a result, fluctuations in their value could affect the company's results. The potential loss in fair value of derivative financial instruments held by the company at December 31, 2007, linked to changes in the price of listed shares, which would arise in the case of a hypothetical, instantaneous and unfavourable change of 10% in the underlying values, amounts to approximately 37 million euros (40 million euros at December 31, 2006).

28. Intercompany and related party transactions

Related party transactions for Fiat S.p.A. consist for the most part of transactions carried out with the company's subsidiaries, carried out on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

The effects of these transactions on the single items of the 2007 and 2006 financial statements, which may also be found in the supplementary financial statements and in the explanatory Notes, is summarised in the following tables:

Counterparty (in thousands of euros)	**Other operating income**		**Personnel Costs**		**Other operating costs**		**Financial income (expenses)**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Banco CNH Capital S.A.	-	-	-	-	-	-	407	375
Business Solutions S.p.A.	-	1,323	-	-	-	-	-	-
CNH Global N.V.	-	-	-	-	-	-	109	889
Comau S.p.A.	1,363	1,154	-	-	-	-	-	-
Editrice La Stampa S.p.A.	4	335	-	-	-	-	-	-
Elasis S.c.p.A.	653	345	-	-	-	-	-	-
eSPIN S.p.A.	-	-	-	-	117	1,932	-	-
Ferrari S.p.A.	14,567	-	-	-	2,079	2,066	(5)	-
Fiat Argentina S.A.	-	-	-	-	121	-	-	-
Fiat Group Automobiles S.p.A.	15,738	12,881	-	-	222	7,524	94	122
Fiat Automoveis S.A. - FIASA	19,811	5,609	-	-	-	-	492	567
Fiat (China) Business Co. Ltd.	-	-	-	-	222	-	-	-
Fiat Finance S.p.A.	959	-	-	-	2,170	630	(202,263)	(89,572)
Fiat Finance and Trade Ltd.	-	-	-	-	-	-	1,646	1.929
Fiat France S.A.	-	-	-	-	1,377	1,734	-	-
Fiat Services S.p.A.	535	-	-	-	7,807	3,948	(7)	-
Fiat Inf. & Comm. Services S.c.p.A.	389	85	-	-	2,944	4,287	(7)	-
Fiat Partecipazioni S.p.A.	384	223	-	-	211	206	3	-
Fiat Powertrain Technologies S.p.A.	2,652	1,583	-	-	-	-	(7)	-
Fiat-Revisione Interna S.c.r.l.	663	-	-	-	10,898	13,704	-	-
Fiat Servizi per l'Industria S.c.p.A.	56	-	-	-	2,922	3,184	(7)	-
Fiat Group Automobiles Financial Services S.p.A.	450	-	-	-	15	-	48	-
Fidis S.p.A.	558	387	-	-	-	-	(8)	-
Ingest Facility S.p.A.	-	2,178	-	-	-	3,770	-	-
Fiat Netherlands Holding N.V.	-	-	-	-	-	-	59,185	67,263
Isvor Fiat S.c.p.A.	549	443	-	-	165	117	-	-
Itedi S.p.A.	311	387	-	-	-	-	-	-
Iveco S.p.A.	5,299	2,411	-	-	-	-	25	-
KeyG Consulting S.p.A.	-	-	-	-	501	511	(7)	-
Magneti Marelli Holding S.p.A.	3,163	1,745	-	-	-	-	(7)	-
MC2 - Media Communications S.p.A.	326	233	-	-	9	17	-	-
Orione S.c.p.A.	-	-	-	-	3,279	3,478	(7)	-
Risk Management S.p.A.	-	-	-	-	186	-	(7)	-
Publikompass S.p.A.	1,245	480	-	-	15	24	(7)	-
Fiat Group International S.A.	2	-	-	-	116	-	-	-
Servizio Titoli S.p.A.	-	-	-	-	-	1,237	-	-
Sirio S.c.p.A.	65	-	-	-	1,205	1,132	-	-
Teksid S.p.A.	993	967	-	-	-	-	(6)	-
Fiat Finance North America Inc.	-	-	-	-	-	-	184	-
C.R.F. Società Consortile per Azioni	653	345	-	-	-	-	(7)	-
Fiat Group Automobiles Belgium S.A.	-	-	-	-	146	-	-	-
Other Group companies	83	86	-	-	117	1,139	242	662
Total Group companies	**71,471**	**33,200**	**-**	**-**	**36,844**	**50,640**	**(139,917)**	**(17,765)**
Other related parties	-	-	23,730	20.304	53,988	19,374	-	-
Total Group companies and other related parties	**71,471**	**33,200**	**23,730**	**20.304**	**90,832**	**70,014**	**(139,917)**	**(17,765)**
Total line item	120,322	79,238	55.983	48.800	163,103	150,106	(149,004)	(24,847)
Percentage of line item	**59%**	**42%**	**42%**	**42%**	**56%**	**50%**	**94%**	**71%**

At December 31, 2007 Counterparty (in thousands of euros)	Other fin. assets	Trade recs.	Current fin. recs.	Other current recs.	Employee provisions	Non-curr. fin. pays.	Trade pays.	Current fin. pays.	Other pays.
Ferrari S.p.A.	-	6	-	-	-	-	2,066	-	-
Fiat Group Automobiles S.p.A.	-	492	-	-	-	-	49	-	-
Fiat Automoveis S.A. - FIASA	-	3,461	-	-	-	-	-	-	-
Fiat Finance S.p.A.	-	-	1,077,006	-	-	2,800,000	-	72,578	-
Fiat France S.A.	-	-	-	-	-	-	1,621	-	-
Banco CNH Capital S.A.	-	409	-	-	-	-	-	-	-
Fiat Inf. & Comm. Services S.c.p.A.	-	-	-	-	-	-	1,033	-	-
Fiat Powertrain Technologies S.p.A.	-	1,038	-	-	-	-		-	-
Fiat Services S.p.A.	-	177	-	-	-	-	448	-	-
Fidis S.p.A.	-	144		-	-	-		-	-
Fiat Netherlands Holding N.V.	-	-	146,425	-	-	-	-	1,109	-
C.R.F. Società Consortile per Azioni	-	204	-	-	-	-	-	-	-
Iveco S.p.A.	-	1,972	-	-	-	-	-	-	-
Magneti Marelli Holding S.p.A.	-	1,063	-	-	-	-	-	-	-
Orione S.c.p.A.	-	-	-	-	-	-	327	-	-
Sirio S.c.p.A.	-	-	-	-	-	-	101	-	-
Comau S.p.A.	-	334	-	-	-	-	-	-	-
Elasis S.c.p.A.	-	204	-	-	-	-	-	-	-
Teksid S.p.A.	-	241	-	-	-	-	-	-	-
CNH Capital America LLC	-	101	-	-	-	-	-	-	-
Other Group companies	-	321	-	3	-	-	243	-	6
IRES tax consolidation	-	-	-	436,479	-	-	-	-	345,460
VAT consolidation	-	-	-	-	-	-	-	-	195,886
Financial guarantee contracts	9,388	-	-	-	-	9,388	-	-	-
Total Group companies	**9,388**	**10,167**	**1,223,431**	**436,482**	**-**	**2,809,388**	**5,888**	**73,687**	**541,352**
Other related parties	-	-	-	-	11,516	-	417	-	10,596
Total Group companies and other related parties	**9,388**	**10,167**	**1,223,431**	**436,482**	**11,516**	**2,809,388**	**6,305**	**73,687**	**551,948**
Total line item	19,493	180,981	1,223,431	892,161	21,302	2,809,388	246,495	294,695	580,543
Percentage of line item	**48%**	**6%**	**100%**	**49%**	**54%**	**100%**	**3%**	**25%**	**95%**

At December 31, 2006 Counterparty (in thousands of euros)	Other fin. assets	Trade recs.	Current fin. recs.	Other current recs.	Employee provisions	Non-curr. fin. pays.	Trade pays.	Current fin. pays.	Other pays.
eSPIN S.p.A.	-	-	-	-	-	-	165	-	-
Ferrari S.p.A.	-	-	-		-	-	2,479	-	-
Fiat Auto S.p.A.	-	343	-	37	-	-	9,073	-	34
Fiat Automoveis S.A. - FIASA	-	1,240	-	-	-	-	-	-	-
Fiat Finance S.p.A.	-	-	33	-	-	2,800,000	-	1,399,095	-
Fiat France S.A.	-	-	-	-	-	-	2,074	-	-
Fiat Gesco S.p.A.	-	-	-	-	-	-	325	-	-
Fiat Inf. & Comm. Services S.c.p.A	-		-	-	-	-	2,165	-	-
Fiat Powertrain Technologies S.p.A	-	630	-	-	-	-	-	-	-
Fiat Servizi per l'Industria S.c.p.A.	-	-	-	-	-	-	-	-	3,177
Ingest Facility S.p.A.	-	-	-	-	-	-	464	-	-
Intermap (Nederland) B.V.	-	-	84,140	-	-	-	-	6,459	-
KeyG Consulting S.p.A.	-	-	-	-	-	-	115	-	-
Orione S.c.p.A.	-	-	-	-	-	-	296	-	-
Sirio S.c.p.A.	-	-	-	-	-	-	101	-	-
IRES tax consolidation	-	-	-	146,847	-	-	-	-	154,910
VAT consolidation	-	-	-	-	-	-	-	-	160,957
Financial guarantee contracts	10,029	-	-	-	-	10,029	-	-	-
Other Group companies	-	195	-	24	-	-	289	-	-
Total Group companies	**10,029**	**2,408**	**84,173**	**146,908**	**-**	**2,810,029**	**17,546**	**1,405,554**	**319,078**
Other related parties	-	-	-	-	8,693	-	255	-	4,453
Total Group companies and other related parties	**10,029**	**2,408**	**84,173**	**146,908**	**8,693**	**2,810,029**	**17,801**	**1,405,554**	**323,531**
Total line item	20,134	154,692	84,173	626,429	18,104	2,810,029	184,661	1,627,430	361,246
Percentage of line item	**50%**	**2%**	**100%**	**23%**	**48%**	**100%**	**10%**	**86%**	**88%**

Items arising from the national tax consolidation (see Notes 16 and 25) and from the consolidated VAT settlement procedure (see Note 25) are reported in the above tables in the aggregate, as these do not represent actual trading between Group companies and are carried out solely as part of the financial procedure permitted by tax laws and regulations governing the relations of Italian Group companies with the tax revenue authorities. In a similar manner the asset and liability balances (each of the same amount) relating to the valuation of financial guarantee contracts (see Notes 12 and 20) have also not been reported by individual counterparty as they are not material, being only representative of the present value of the estimated commissions to be earned in future years.

Details of the most significant transactions between Fiat S.p.A. and Group companies summarised in the above table are as follows:

- granting of a licence to use the Fiat trademark to Fiat Group Automobiles S.p.A. and Fiat Automoveis S.A.–FIASA for a consideration calculated as a percentage of turnover;
- services provided by Fiat S.p.A. also through its executives at the premises of various Group companies (Fiat Group Automobiles S.p.A., Ferrari S.p.A., Iveco S.p.A., Magneti Marelli Holding S.p.A., Fiat Powertrain Technologies S.p.A., Publikompass S.p.A., Teksid S.p.A., Comau S.p.A. and other minor);
- lease of property or office space (Fiat Finance S.p.A., Fiat-Revisione Interna S.c.r.l., Fiat Information & Communication Services S.c.p.A., Fiat Partecipazioni S.p.A. and other minor companies) and the recovery of directors' fees and expenses;
- provision of sureties and personal guarantees (see Note 26) on the issues of bonds and Billets de Trésorerie (mainly Fiat Finance and Trade Ltd S.A. and Fiat Finance North America Inc.), bank loans (Banco CNH Capital S.A., Fiat Automoveis S.A., Fiat Finance Canada Ltd and other minor), property rental payments (Fiat Group Automobiles S.p.A. and its subsidiaries) and credit facilities;
- management of current accounts, granting of loans, obtaining of short- and medium-term loans and financial assistance (Fiat Finance S.p.A.);
- management of derivative financial instruments (Fiat Netherlands Holding N.V. and Fiat Finance S.p.A., see Notes 15 and 24);
- purchases of administrative, tax and corporate assistance and consultancy services (Fiat Services S.p.A. and KeyG Consulting S.p.A.), public relations services (Fiat Information & Communication Services S.c.p.A.), personnel and other management services (Fiat Servizi per l'Industria S.c.p.A.), ICT services (eSPIN S.p.A.), security services (Orione S.c.p.A. and Sirio S.c.p.A.), sponsorship, advertising and promotional activities (Ferrari S.p.A. and Fiat France) and supervisory and internal audit services (Fiat-Revisione Interna S.c.r.l.);

Intercompany transactions in 2007 related additionally to the management of the investments portfolio, which led to the effects on the Company's results and balance sheet previously described, and in particular:

- collection of dividends from subsidiaries (see Note 1);
- operations carried out to streamline and simplify the Group's corporate structure, such as the capital contribution of the investments in Magneti Marelli Holding S.p.A. (99.99%) and Teksid S.p.A. (84.79%) to the subsidiary Fiat Partecipazioni S.p.A. (see Note 11);
- capital contributions to restore the financial position of subsidiaries (Comau S.p.A.), taking also into account the losses for the year (see Note 11);
- reimbursement of capital stock made by the subsidiary Iveco S.p.A. and of capital reserves by the subsidiary Fiat Partecipazioni S.p.A. as part of an overall re-balance of the financial positions within the Group (see Note 11).

In 2007, transactions with related parties as defined by IAS 24 which did not involve subsidiaries are presented in the tables above under "Other related parties". In detail said transactions were as follows:

- sponsorship costs totalling 5,575 thousand euros relating to the first part of the 2007-2008 football season in connection with the contract signed with Juventus Football Club S.p.A;
- expenses for services rendered by Soiem S.p.A. (70 thousand euros), RCS Pubblicità S.p.A. (33 thousand euros) and SGS Italia S.p.A. (27 thousand euros);
- professional and advisory services and services as the secretary of the Board of Directors and of the Committees were provided to Fiat S.p.A. by Mr. Franzo Grande Stevens for fees of 1,000 thousand euros;
- Fiat S.p.A. directors' and statutory auditors' fees as well as the compensation component arising from stock option plans with underlying Fiat S.p.A. shares regarding the Chief Executive Officer (see Note 6);

- compensation due to executives having strategic responsibilities in Fiat S.p.A. (see Note 5), as well as the compensation component arising from stock option plans with underlying Fiat S.p.A. shares assigned to them.

29. Net financial position

Pursuant to the Consob Communication of July 28, 2006 and in compliance with the CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses issued on February 10, 2005, the net financial position of Fiat S.p.A. at December 31, 2007 is as follows:

(in thousands of euros)	At December 31, 2007	At December 31, 2006	Change
Cash and cash equivalents	**524**	608	(84)
Current financial receivables:	**1,223,431**	84,173	1,139,258
- from Group companies	**1,223,431**	84,173	1,139,258
- from Third parties	**-**	-	-
Non-current financial payables:	**(2,809,388)**	(2,810,029)	641
- due to Group companies	**(2,809,388)**	(2,810,029)	641
- due to Third parties	**-**	-	-
Current financial payables:	**(294,695)**	(1,627,430)	1,332,735
- due to Group companies	**(73,687)**	(1,405,554)	1,331,867
- due to Third parties	**(221,008)**	(221,876)	868
Net financial position	**(1,880,128)**	**(4,352,678)**	**2,472,550**
- due to Group companies	**(1,659,644)**	**(4,131,410)**	**2,471,766**
- due to Third parties	**(220,484)**	**(221,268)**	**784**

30. Significant non-recurring transactions

Pursuant to the Consob Communication of July 28, 2006, in 2007 Fiat S.p.A. has not taken part in any significant non-recurring transaction as defined in such Communication.

31. Transactions resulting from unusual and/or abnormal operations

Pursuant to the Consob Communication of July 28, 2006, in 2007 Fiat S.p.A. has not taken part in any unusual and/or abnormal operations as defined in such Communication, under which unusual and abnormal transactions are those which because of their significance or importance, the nature of the parties involved, the object of the transaction, the means of determining the transfer price or the timing of the event (close to the year end) may give rise to doubts regarding the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of an entity's assets or the protection of minority interests.

32. Subsequent Events

The share buy-back programme continued in the first 11 days of January, following the decision to extend the Programme from December 31, 2007 to April 30, 2008. At February 15, 2008, the total number of ordinary shares purchased from the beginning of the programme amounted to 31,540,000, for a total invested amount of 603,367 thousand euros. The company intends to continue its share buy-back programme throughout 2008 and the Board of Directors intends to submit to the next Annual Stockholders Meeting the renewal of the related authority.

List of investments in subsidiaries and associated companies with additional information required by Consob (communication no. DEM/6064293 of July 28, 2006)

• **Subsidiaries**

Company and registered office	Capital (in euros)	Result for the last fiscal year (euro)	Stockholders' Equity (euro)	% owned by Fiat S.p.A.	Number of shares	Book value (in euros)
Fiat Partecipazioni S.p.A. – Turin						
At 12/31 06	306,158,302	942,776,463	7,248,934,765	100.00	306,158,302	7,968,792,082
• capital contribution by Magneti Marelli Holding S.p.A.						
and Teksid S.p.A.					50,000,000	887,004,400
• partial reimbursement of the "capital						
contribution" reserve						(2,050,000,000)
• portion of stock options for employees of subsidiaries						14,498,413
• reversal of impairment losses						1,308,000,000
At 12/31 07	**356,158,302**	**2,314,331,783**	**8,265,629,548**	**100.00**	**356,158,302**	**8,128,294,895**
Fiat Netherlands Holding N.V. - Amsterdam (Netherlands)						
At 12/31 06	2,610,397,295	937,119,160	3,361,946,033	60.56	57,488,376	2,294,868,624
At 12/31 07	**2,610,397,295**	**476,156,300**	**3,440,770,479**	**60.56 +39.44 ind.**	**57,488,376**	**2,294,868,624**
Iveco S.p.A – Turin						
At 12/31 06	858,400,000	141,459,227	819,519,720	60.56	519,871,290	1,593,289,682
• reduction of capital stock					(23,546,998)	
• partial refund of capital stock to stockholders					(272,544,654)	(272,544,654)
• portion of stock options for employees of subsidiaries						5,272,150
At 12/31 07	**369,500,000**	**403,547,860**	**773,047,860**	**60.56 +39.44 Ind.**	**223,779,638**	**1,326,017,178**
Ferrari S.p.A. – Modena						
At 12/31 06	20,260,000	94,470,228	331,476,056	85.00	6,888,400	1,055,203,823
At 12/31 07	**20,260,000**	**109,265,840**	**365,741,896**	**85.00**	**6,888,400**	**1,055,203,823**
Magneti Marelli Holding S.p.A. – Corbetta						
At 12/31 06	254,324,998	(42,698,723)	505,454,556	99.99	254,301,607	811,153,400
Ordinary shares						
At 12/31 06				100.00	250,500,601	799,002,413
• contribution to Fiat Partecipazioni S.p.A.					(250,500,601)	(799,002,413)
At 12/31 07					-	-
Preference shares						
At 12/31 06				99.39	3,801,006	12,150,987
• contribution to Fiat Partecipazioni S.p.A.					(3,801,006)	(12,150,987)
At 12/31 07					-	-
At 12/31 07	**-**	**-**	**-**		**-**	**-**
Teksid S.p.A. – Turin						
At 12/31 06	145,817,739	(30,916,663)	71,403,261	84.79	123,640,010	75,851,000
• contribution to Fiat Partecipazioni S.p.A.					(123,640,010)	(75,851,000)
At 12/31 07	**-**	**-**	**-**		**-**	**-**
Comau S.p.A. – Grugliasco						
At 12/31 06	100,000,000	(348,940,866)	48,013,959	100.00	100,000,000	50,613,200
• reduction of capital stock					(51,986,041)	
• capital contribution						120,000,000
• portion of stock options for employees of subsidiaries						1,318,038
• impairment loss						(60,931,238)
At 12/31 07	**48,013,959**	**(66,068,526)**	**101,945,433**	**100.00**	**48,013,959**	**111,000,000**
Business Solutions S.p.A. – Turin						
At 12/31 06	4,791,396	18,086,645	22,878,041	100.00	10,000,000	36,304,200
• reduction of capital stock					(5,208,604)	
• portion of stock options for employees of subsidiaries						790,822
At 12/31 07	**4,791,396**	**53,810,231**	**59,688,272**	**100.00**	**4,791,396**	**37,095,022**
Itedi - Italiana Edizioni S.p.A. – Turin						
At 12/31 06	5,980,000	8,694,788	37,049,673	100.00	5,980,000	25,899,105
At 12/31 07	**5,980,000**	**1,336,833**	**29,886,506**	**100.00**	**5,980,000**	**25,899,105**

Company and registered office	Capital (in euros)	Result for the last fiscal year (euro)	Stockholders' Equity (euro)	% owned by Fiat S.p.A.	Number of shares	Book value (in euros)
FGI – Fiat Group International S.A. (formerly IHF - Internazionale Holding Fiat S.A.) – Lugano (Switzerland)						
At 12/31 06	62,231,626	272,335,448	360,981,993	100.00	100,000	33,444,877
CHF	100,000,000	437,615,831	580,061,965			
At 12/31 07	**60,433,916**	**29,615,480**	**116,073,427**	**100.00**	**100,000**	**33,444,877**
CHF	**100,000,000**	**49,004,735**	**192,066,700**			
Fiat Finance S.p.A. – Turin						
At 12/31 06	224,440,000	85,039,496	322,158,175	100.00	224,440,000	222,262,897
At 12/31 07	**224,440,000**	**29,919,900**	**454,386,873**	**100.00**	**224,440,000**	**222,262,897**
Fiat Finance North America Inc. –						
Wilmington (United States)						
At 12/31 06	30,440,402	1,355,068	36,657,462	39.47	150	15,557,000
USD	40,090,010	1,784,625	48,277,877			
At 12/31 07	**27,233,211**	**644,641**	**12,535,487**	**39.47**	**150**	**15,557,000**
USD	**40,090,010**	**948,976**	**18,453,491**	**+60.53 ind.**		
Fiat U.S.A. Inc. – New York (United States)						
At 12/31 06	12,779,043	601,656	25,015,728	100.00	1,000	27,257,726
USD	16,830,000	792,381	32,945,714			
At 12/31 07	**11,432,647**	**675,678**	**23,055,758**	**100.00**	**1,000**	**27,257,726**
USD	**16,830,000**	**994,666**	**33,940,381**			
Elasis-Società Consortile per Azioni – Pomigliano d'Arco						
At 12/31 06	20,000,000	736,816	20,871,489	0.17	33,334	29,974
At 31.12.07	**20,000,000**	**1,129,101**	**22,000,590**	**0.17**	**33,334**	**29,974**
				+99.83 ind.		
Fiat Information & Communication						
Services società consortile per Azioni - Turin						
At 12/31 06	800,000	(75,141)	880,116	51.00	408,000	430,000
At 12/31 07	**800,000**	**188,965**	**1,069,081**	**51.00**	**408,000**	**430,000**
				+49.00 ind.		
Fiat-Revisione Interna S.c.r.l. – Turin						
At 12/31 06	300,000	11,525	400,763	51.00	153,000 n.v.	186,980
At 12/31 07	**300,000**	**199,833**	**596,167**	**51.00**	**153,000 n.v.**	**186,980**
				+49.00 ind.		
Fiat Servizi per l'Industria S.c.p.A. - Turin						
At 12/31 06	1,652,669	(465,973)	1,535,987	5.00	82,633	70,720
At 12/31 07	**1,652,669**	**408,259**	**1,944,246**	**5.00**	**82,633**	**70,720**
				+95.00 ind.		
Isvor Fiat Società consortile di sviluppo						
e addestramento Industriale per Azioni – Turin						
At 12/31 06	300,000	133,185	848,273	3.00	9,000	-
At 12/31 07	**300,000**	**17,306**	**865,579**	**3.00**	**9,000**	**-**
				+97.00 ind.		
Orione S.c.p.A.-Società Industriale per la						
Sicurezza e la Vigilanza Consortile per Azioni - Turin						
At 12/31 06	120,000	42,912	223,818	18.00	21,603	21,108
At 12/31 07	**120,000**	**61,101**	**284,919**	**18.00**	**21,603**	**21,108**
				+81.12 ind.		
SIRIO - Sicurezza Industriale Società						
consortile per Azioni – Turin						
At 12/31 06	120,000	16,490	229,062	0.75	901	764
At 12/31 07	**120,000**	**(996,262)**	**227,449**	**0.75**	**901**	**764**
				+ 92.27 ind.		
• Total subsidiaries						**13,277,640,693**

List of investments in subsidiaries and associated companies with additional information required by Consob (communication no. DEM/6064293 of July 28, 2006)

• Other companies

Company and registered office	% owned by Fiat S.p.A.	Number of shares	Book value (in euros)
Mediobanca S.p.A. – Milan			
At 12/31 06	1.84	15,003,207	268,257,341
• adjustment to fair value			(46,209,877)
• sale		(15,003,207)	(222,047,464)
At 12/31 07		**-**	**-**
Assicurazioni Generali S.p.A. – Trieste			
At 12/31 06	0.01	164,083	5,459,041
• bonus issue of shares		16,408	
• adjustment to fair value			136,180
At 12/31 07	**0.01**	**180,491**	**5,595,221**
Fin.Priv. S.r.l. – Milan			
At 12/31 06	14.29		14,354,662
• adjustment to fair value			13,893,417
At 12/31 07	**14.29**		**28,248,079**
Consortium S.r.l. – Milan			
At 12/31 06	2.76		286,263
• sale			(286,263)
At 12/31 07			**-**
Consorzio Lingotto – Turin			
At 12/31 06	5.40		279
At 12/31 07	**5.40**		**279**
• Total other companies			**33,843,579**

% owned by Fiat S.p.A.

The indirect percentage held in the ordinary capital of subsidiaries is also indicated.

Fees paid to Members of the Board of Directors and Control Bodies, General Managers and Executives with Strategic Responsibilities (in thousands of euros) (Article 78 of Consob Regulation No. 11971/99)

First name and last name	*Office held in 2007*	*Term of office*	*Expiration (*)*	*Compensation for office held*	*Non-cash benefits (**)*	*Bonuses and other incentives*	*Other fees*	*Total*
Luca Cordero di Montezemolo	Director Chairman	01/01-12/31/2007	2009	550.0 1)	10.0		6,523.0 2)	7,083.0
John Elkann	Director Vice Chairman	01/01-12/31/2007	2009	550.0 3)	30.4		2.1 4)	582.5
Sergio Marchionne	Chief Executive Officer	01/01-12/31/2007	2009	3,050.0		3,500.0 5)	356.1 6)	6,906.1
Andrea Agnelli	Director	01/01-12/31/2007	2009	71.0				71.0
Roland Berger	Director	01/01-12/31/2007	2009	68.0				68.0
Tiberto Brandolini d'Adda	Director	01/01-12/312007	2009	71.0				71.0
René Carron	Director	07/24-12/31/2007		31.1				31.1
Luca Garavoglia	Director	01/01-12/31/2007	2009	86.0				86.0
Gian Maria Gros-Pietro	Director	01/01-12/31/2007	2009	86.0				86.0
Virgilio Marrone	Director	01/01-12/31/2007	2009	56.9 7)				56.9
Vittorio Mincato	Director	01/01-12/31/2007	2009	89.0				89.0
Pasquale Pistorio	Director	01/01-12/31/2007	2009	74.0				74.0
Carlo Sant'Albano	Director	01/01-12/31/2007	2009	71.0 8)				71.0
Ratan Tata	Director	01/01-12/31/2007	2009	65.0				65.0
Mario Zibetti	Director	01/01-12/31/2007	2009	92.0				92.0
Hermann-Josef Lamberti	Director	01/01-07/24/2007		46.1				46.1
Carlo Pasteris	Chairman of the Board of Statutory Auditors	01/01-12/31/2007	2009	63.0				63.0
Giuseppe Camosci	Statutory Auditor	01/01-12/31/2007	2009	42.0				42.0
Cesare Ferrero	Statutory Auditor	01/01-12/31/2007	2009	42.0			45.0 9)	87.0
Executives with strategic responsibilities (***)					131.0 10)	8,881.0 11)	10,054.0 12)	19,066.0 13)

(*) Year in which the Stockholders Meeting is convened for approval of the Annual Report, coinciding with expiration of the term of office.

(**) They include the use of means of transport for personal purposes.

(***) It includes 17 executives.

1) The gross annual compensation for the office of Chairman amounts to 500,000 euros.

2) Compensation for office held in Ferrari S.p.A., including variable compensation. It includes also 6 thousand euros for the office of Director held at the subsidiary Editrice La Stampa S.p.A.. Mr. Montezemolo, as Chairman of Ferrari S.p.A., has the right to receive, in case of termination of the office held, a sum payable over twenty years, the amount of which, after ten years, may not be greater than five times the fixed portion of his annual compensation. The relevant accrual posted by Ferrari in 2007 amounted to 682.3 thousand euros.

3) The gross annual compensation for the office of Vice Chairman amounts to 500,000 euros.

4) Compensation for office held at the subsidiary Editrice La Stampa S.p.A.

5) Variable compensation subject to the achievement of pre-determined targets related to the annual budget and which may not be greater than 2.5 times the gross annual fixed compensation.

6) Compensation for office held in the Fiat Group International S.A. subsidiary (formerly IHF S.A.). This amount does not include the compensation for the office held in Fiat Group Automobiles (500 thousand euros) which he does not receive but is channelled to Fiat S.p.A. The Chief Executive Officer has the right to receive, in case of termination of the office held, a sum payable over twenty years, the amount of which, after 10 years, may not be greater than five times the fixed portion of his annual compensation. The relevant accrual posted by Fiat S.p.A. in 2007 amounted to 915.9 thousand euros.

7) Compensation channelled to IFI S.p.A.

8) Compensation channelled to IFIL Investments S.p.A.

9) Compensation for the office of Chairman of the Board of Statutory Auditors of Fiat Group Automobiles S.p.A.

10) Includes fringe benefits.

11) Variable portion of the compensation.

12) Including wages and compensation for offices held at subsidiaries that are not channelled.

13) Social contributions paid by the company are not included.

Stock Options granted to Members of the Board of Directors, General Managers and Executives with Strategic Responsibilities (Article 78 of Consob Regulation No. 11971/99)

Grantee		*Options held at the beginning of the year*			*Options granted during the year*			*Options exercised during the year*			*Options expired in the year*	*Options held at the end of the year*		
First name and last name	*Office held at the date of the grant*	*Number of options*	*Average exercise price*	*Exercise period (mm/yy)*	*Number of options*	*Average exercise price*	*Exercise period (mm/yy)*	*Number of options*	*Average exercise price*	*Average market price at exercise date*	*Number of options*	*Number of options*	*Average exercise price*	*Exercise period (mm/yy)*
Fiat shares														
Paolo Fresco	Chairman	2,250,000	20.614	07/01-01/10				500,000	12.699	19.773		1,750,000	20.813	07/01-01/10
Sergio Marchionne	Chief Executive Officer	10,670,000	6.583	06/08-01/11 (1)	10,000,000	13.37	11/10-11/14 (2)					20,670,000	9.867	06/08-11/14
Executives with strategic responsibilities		620,400	17.325	02/01-09/10 (3)	2,620,000	13.37	(4)	274,000	13.301	22.478	26,400	2,940,000	20.045	02/01-11/14
Ferrari shares														
Luca Cordero di Montezemolo	-	80,000	175	10/03-12/10 (5)								80,000	175	10/04-12/10
CNH shares (6)														
Executives with strategic responsibilities	-	196,430	46.082	12/01-07/12	36,881	37.960	01/08-02/13	77,029	19.698	49.731		156,282	57.17	12/01-2/13

(1) Vesting of the options is subject for one third to the achievement of profitability targets predetermined by size and reference period.

(2) Plan resolved by the Board of Directors on November 3, 2006 and approved by the Stockholders Meeting on April 5, 2007 pursuant to Article 114 bis of Legislative Decree 58/98. Vesting of the options is subject for one half to the achievement of profitability targets predetermined by size and reference period.

(3) Vesting of the options is in part subject to the achievement of profitability targets predetermined by size and reference period.

(4) Plan resolved by the Board of Directors on November 3, 2006 and approved by the Stockholders Meeting on April 5, 2007 pursuant to Article 114 bis of Legislative Decree 58/98. Vesting of the options is subject to the achievement of profitability targets predetermined by size and reference period. The vesting period begins with the approval of the 2010 Financial Statements and terminates in November 2014.

(5) Options exercisable upon placement of Ferrari shares on the stock market.

(6) Prices expressed in US dollars.

February 15, 2008

On behalf of the Board of Directors

/s/ LUCA CORDERO DI MONTEZEMOLO
Luca Cordero di Montezemolo

Chairman

Appendix
Information requested by Art. 149-duodecies of the "Regolamento Emittenti" issued by Consob

The following table, prepared in accordance with Art. 149-duodecies of the "Regolamento Emittenti" issued by Consob, reports the amount of fees charged in 2007 for the audit and audit related services provided by the Audit Firm. No services were provided in 2007 by entities that are part of the Audit Firm network.

(in thousands of euros)	Service provider		2007 fees
Audit	Deloitte & Touche S.p.A.		172
Attestations	Deloitte & Touche S.p.A.	(1)	395
Other services	Deloitte & Touche S.p.A.	(2)	795
Total			**1,362**

(1) Residual for Sarbanes Oxley Act §404 certification, attestation of tax forms (Unico and 770)

(2) Activities related to the SEC Comment Letter, depth analysis upon matters relevant for the preparation of Form 20F, agreed upon procedures on some aspects of the Internal control system over financial reporting.

Certification of the Statutory Financial Statements pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended

- The undersigned, Sergio Marchionne (as Chief Executive Officer), and Alessandro Baldi and Maurizio Francescatti, (as the Managers responsible for preparing Fiat S.p.A.'s financial reports), hereby certify, having also taken into consideration the provisions of Article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24 1998, that:

  the administrative and accounting procedures for the preparation of the Statutory Financial Statements for the 2007 fiscal year:
  - are adequate with respect to the company structure and
  - have been effectively applied.

- The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the Statutory Financial Statements at December 31, 2007 was based on a process defined by Fiat in accordance with the *Internal Control – Integrated Framework* model issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, an internationally - accepted reference framework.

- The undersigned also certify that the Statutory Financial Statements at December 31, 2007:
  - correspond to the results documented in the books, accounting and other records and
  - have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (as well as with the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005) and based on their knowledge, fairly and correctly present the financial condition, results of operations and cash flows of the issuer.

February 15, 2008

/s/ SERGIO MARCHIONNE

Sergio Marchionne
Chief Executive Officer

/s/ ALESSANDRO BALDI
/s/ MAURIZIO FRANCESCATTI
Alessandro Baldi
Maurizio Francescatti
Managers responsible for preparing
Fiat S.p.A.'s financial reports

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AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998

To the Stockholders of
FIAT S.p.A.

We have audited the consolidated financial statements of Fiat S.p.A. and its subsidiaries (the "Fiat Group") as of and for the year ended December 31, 2007, which comprise the consolidated balance sheet, the consolidated statements of income, changes in stockholders' equity, and cash flows and the related explanatory notes. These consolidated financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Regulatory Commission for listed Companies and the Stock Exchange. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. For the opinion on the prior year's consolidated financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on February 22, 2007.

In our opinion, the consolidated financial statements present fairly the financial position of the Fiat Group as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

DELOITTE & TOUCHE S.p.A.
Fabrizio Fagnola
Partner

Turin, Italy
February 18, 2008

This report has been translated into the English language solely for the convenience of international readers.

Deloitte.

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AUDITORS' REPORT ON THE FINANCIAL STATEMENTS PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998

To the Stockholders of
FIAT S.p.A.

We have audited the financial statements of Fiat S.p.A. as of and for the year ended December 31, 2007, which comprise the balance sheet, the statements of income, changes in stockholders' equity and cash flows and the related explanatory notes. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. For the opinion on the prior year's financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on February 22, 2007.

In our opinion, the financial statements present fairly the financial position of Fiat S.p.A. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

DELOITTE & TOUCHE S.p.A.
Fabrizio Fagnola
Partner

Turin, Italy
February 18, 2008

This report has been translated into the English language solely for the convenience of international readers.

Report of the Board of Statutory Auditors on the Consolidated Financial Statements

Stockholders:

The consolidated financial statements of Fiat S.p.A. at December 31, 2007, including the Balance Sheet, Income Statement and the related explanatory Notes, which are made available to you, report a net income of 1,953 million euros attributable to equity holders of the parent. They were provided to us within the statutory terms, together with the Report on Operations, and were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of national regulations issued pursuant to Article 9 of Italian Legislative Decree no. 38/2005.

The controls carried out by Deloitte & Touche S.p.A., which is responsible for the audit, have led to their opinion that "the consolidated financial statements present fairly the financial position of the Fiat Group as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to Article 9 of Italian Legislative Decree no. 38/2005".

Consequently, in accordance with Article 41, Section 3 of Legislative Decree No. 127 of April 9, 1991, the Board of Statutory Auditors did not review these results and information and the consolidated financial statements, except for the items discussed below.

The definition of the scope of consolidation, the selection of the standards used to consolidate subsidiaries and the procedures used for that purpose comply with the requirements of IFRS. Therefore, the structure of the consolidated financial statements is technically correct and overall consistent with the pertinent legislation.

The Report on Operations presents fairly the results of the operations in 2007 and the financial position at year end, as well as the events that have occurred since the end of the fiscal year for the consolidated companies. Based on our examination, this Report is consistent with the consolidated financial statements.

Turin, February 28, 2008

The Statutory Auditors

/s/ CARLO PASTERIS
Carlo Pasteris

/s/ CESARE FERRERO
Cesare Ferrero

/s/ GIUSEPPE CAMOSCI
Giuseppe Camosci

Report of the Board of Statutory Auditors to Stockholders

Stockholders:

Article 153 of Legislative Decree no. 58 of February 24, 1998 requires the Board of Statutory Auditors to report the results of its oversight activity to the Stockholders Meeting, convened to approve the statutory financial statements, indicating any omissions or improper transactions it discovered, and empowers it to submit motions regarding the financial statements, their approval and other matters under its jurisdiction.

This Report is provided in accordance with the abovementioned provision and pursuant to Article 2429, Section 2, of the Italian Civil Code.

During the past fiscal year, we performed our duties pursuant to Article 149 of Legislative Decree no. 58 of February 24, 1998, and are able to report specific information on the subjects listed below.

We attended the meetings of the Board of Directors, where we received detailed information on the Company's business and on the main operating, financial and asset transactions carried out or in the process of being carried out by the Company and/or its subsidiaries. In this regard, we determined and ascertained that all pending or completed transactions complied with all pertinent provisions of the law and the By-laws, were not in conflict with any resolution adopted by the Stockholders Meeting and were consistent with management best practices.

The Company's organization appears to be adequate, based on the size of the Company. As part of our work, we met with the heads of the various Company Departments and with representatives of the External Auditors, from whom we obtained comprehensive information indicating that the Company was in compliance with management best practices.

The internal control system, which is constantly upgraded, has been implemented at Group level and is operational both at the Parent Company and its subsidiaries.

We express a favorable opinion on the adequacy of the Company's internal control system, intended as a system aimed to assess the compliance with the internal operating and administrative procedures adopted to ensure that the Company is correctly and efficiently managed, while at the same time identifying, preventing and minimizing financial and operating risks as well as the risk of frauds. The Board of Statutory Auditors attended all Internal Control Committee meetings.

Based on our determinations and on what we ascertained also in previous fiscal years, we further believe that the Company's administrative and accounting system is adequate for the purpose of presenting fairly the results of operations.

The guidelines provided by Fiat S.p.A. to its subsidiaries pursuant to Article 114, Section 2, of Legislative Decree no. 58/98 also appear to be adequate.

The Board of Directors provided us with the Report on Operations for the first half of 2007 within the statutory deadline and published it in accordance with the Consob requirements. It also complied with statutory requirements as regards quarterly reports. With regard to Consob communications, on matters falling under our jurisdiction, we can confirm the following:

- The information provided by the Directors in their Report on Operations is comprehensive and complete.
- As required by the Consolidated Financial Act (Legislative Decree no. 58/98), we have been informed on a constant basis on matters falling under our jurisdiction.
- No atypical or unusual transactions were revealed by the checks and audits we have periodically performed.
- With regard to intercompany transactions, the Board of Directors mentions in the Notes to the Financial Statements that numerous transactions involving the sale of goods and the provision of services took place between the

Company, other Group companies and/or related parties. The Report on Operations further states that these transactions were executed on commercial terms deemed normal in the respective markets, considering the characteristics of the goods or services involved.

- The External Auditors' report is clean of both qualifications and emphasis paragraphs.

- In fiscal 2007, the Board of Directors met seven times, as did the Internal Control Committee. We attended all of those meetings. The Board of Statutory Auditors met 11 times. The External Auditors attended four of those meetings.

- In compliance with Article 149, paragraph 1, letter c) bis of Legislative Decree no. 58 of February 24, 1998, we acknowledge that the Directors affirm in their Annual Report on Corporate Governance that:
"The Fiat Group adopted and abides by the Corporate Governance Code of Italian Listed Companies issued in March 2006, supplemented and amended as necessary to align its corporate governance system to the regulatory requirements arising from the listing on the NYSE, withdrawn on August 23, 2007, and the characteristics of the Group".

We confirmed that the Group actually complies with the Corporate Governance Code and that its various aspects were discussed in the Annual Report on Corporate Governance submitted to you by the Board of Directors. Reference is made to that report for more complete information in this regard.

We have received a communication from Deloitte & Touche S.p.A. stating that Fiat S.p.A. retained its services to perform, in addition to auditing the statutory and consolidated financial statements, limited auditing of the consolidated first half report, agreed upon procedures for auditing of the quarterly reports, as well as auditing of the Form 20-F consolidated financial statements, the engagements listed below for which the respective fees are indicated:

- Signing of the tax returns (Unico and 770 Forms), for a fee of 5,000 euros.

- Completion of the audit of the internal control system over financial reporting of the Fiat Group at December 31, 2006 as required by Section 404 of the United States Sarbanes Oxley Act ("Attestation 2006"), for a fee of 390,000 euros.

- Studies and analyses on the accounting treatment in Form 20-F for fiscal 2006 of significant transactions carried out by Fiat S.p.A. or subsidiaries in the reference year, for a fee of 412,700 euros.

- Activities connected to assistance in the analysis of the SEC Comment Letter of December 18, 2006, for a fee of 167,000 euros.

- Auditing of the final statement of costs approved by the joint committee founded by Fiat S.p.A. and the Turin Polytechnic University for the establishment of university degree courses in automotive engineering, for a fee of 6,000 euros.

- Agreed upon procedures with regard to certain aspects of the internal control system over financial reporting of the Fiat Group for the fiscal year 2007, for a fee of 172,000 euros.

- Audit activities connected to due diligence procedures, for a fee of 36,900 euros.

Complaint pursuant to Article 2408 of the Italian Civil Code

We also examined the complaint filed pursuant to Article 2408 of the Italian Civil Code that was submitted by the stockholder Mr. Bava during the Stockholders Meeting of April 5, 2007.

In his complaint, Mr. Bava criticized the Chief Executive Officer of Fiat S.p.A., Mr. Sergio Marchionne, in regard to Fiat stock price performance and, in particular, to an alleged promise about the achievement of the price of 15 euros. Mr. Bava asked the Board of Statutory Auditors, pursuant to Article 2408 of the Italian Civil Code, to investigate whether Mr. Marchionne did anything, and what, in order to raise the stock price to 15 euros and beyond.

We observe that Article 2408 of the Italian Civil Code envisages the possibility for a stockholder to file complaints with the Board of Statutory Auditors for "acts that he considers improper".

The filed complaint in question here does not indicate any “act”. Instead, it makes utterly groundless allegations regarding a simple forecast of growth, which subsequently did occur and stabilize on the market, in consequence of what was clearly effective management of the company.

Therefore, for the reasons set out above we find that the above mentioned complaint was groundless.

We also acknowledge that during the fiscal year, the company assessed the effective independence of the independent directors, and we confirm that the principles and procedures for assessment were fairly applied in accordance with Article 3 Section 5 of the Corporate Governance Code. We confirmed our own continuing independence as envisaged in Article 10 Section 2 of the Corporate Governance Code.

Based on the audits we performed in those areas that fall under our jurisdiction pursuant to Article 149 of Legislative Decree no. 58 of February 24, 1998 and the information received from the External Auditors, we have verified that the statutory financial statements, which report net income of 2,068,858,902 euros, have been prepared and are presented in accordance with the applicable provisions of law.

We therefore recommend that you approve these financial statements as they have been submitted to you, together with the motion proposed by the Board regarding the allocation of net income.

Turin, February 28, 2008

The Statutory Auditors

/s/ CARLO PASTERIS
Carlo Pasteris

/s/ CESARE FERRERO
Cesare Ferrero

/s/ GIUSEPPE CAMOSCI
Giuseppe Camosci