Annual Report

At 31 December 2011

SOCIETÀ PER AZIONI

106th financial year

FIAT
SOCIETÀ PER AZIONI

General Meeting

The Company wishes to notify holders of **ordinary** and **preference shares** that an Ordinary and Extraordinary General Meeting will be held at Centro Congressi Lingotto, 280 Via Nizza, Turin at 11 a.m. on 4 April 2012 (single call) to vote on the following:

Agenda

1) Motion for approval of the Statutory Financial Statements for the year ended 31 December 2011 and allocation of profit for the year
2) Election of the Boards of Directors and Statutory Auditors:
   a) Determination of the number of members of the Board of Directors and compensation
   b) Election of the Board of Directors
   c) Election of the Statutory Auditors
   d) Determination of compensation for the Statutory Auditors
3) Audit Engagement: revision of fees
4) Compensation and own shares:
   a) Compensation policy pursuant to Article 123-*ter* of Legislative Decree 58/98
   b) Incentive Plan, resolutions pursuant to Article 114-*bis* of Legislative Decree 58/98
   c) Authorization for the purchase and disposal of own shares
5) Mandatory conversion of preference and savings shares into ordinary shares and consequent changes to the By-laws; related resolutions

Instructions for Ordinary and Extraordinary General Meeting

Attendance and Representation

Those holding the right to vote at the close of business on the record date of 26 March 2012 and for whom the Company has received the necessary communication from an authorized intermediary are entitled to attend the general meeting. Anyone becoming a shareholder subsequent to 26 March 2012 will not be entitled to attend or vote at the meeting. Holders of ordinary shares will have the right to vote on all items on the Agenda. Holders of preference shares will have the right to vote on item 5 on the Agenda only.

As provided by law, those entitled to attend the meetings may appoint a proxy in writing, using the proxy form provided on the Company's website (**www.fiatspa.com**/Investor Relations/Shareholder Info/Shareholder Meetings).

The Company has designated Servizio Titoli S.p.A. as the representative, pursuant to Article 135-*undecies* of Legislative Decree 58/98, upon whom holders of voting rights may, by 2 April 2012, confer proxy and instruct to vote on all or some of the motions on the agenda. The above representative must be appointed proxy in accordance with the instructions and using the proxy form provided on the Company's website (as indicated above). Details on how to communicate appointment of a proxy to the Company electronically are also provided. Proxies are only valid for motions where instructions have been given.

Election of the Boards of Directors and Statutory Auditors

Pursuant to Articles 11 and 17 of the By-laws, the Boards of Directors and Statutory Auditors are elected using lists of candidates submitted to the Company's registered office by 10 March 2012.

Lists may be submitted by those shareholders who, individually or together with others, own ordinary shares representing a percentage of at least 1% of shares carrying the right to vote at ordinary general meetings. Certification of that percentage, if not presented at the time the lists are filed, must be received by the Company by 14 March 2012.

In relation to lists of candidates for the election of the Board of Statutory Auditors, in the event that on March 10th only one list has been submitted, or if the lists presented have been presented by shareholders who are related, as defined by law, additional lists may then be presented up to 13 March 2012 and the percentage ownership required reduced to 0.5% of ordinary shares.

To ensure presentation of a list and related documentation is valid, shareholders should follow the provisions of Article 11 of the By-laws for the election of the Board of Directors and Article 17 of the By-laws for the election of the Board of Statutory Auditors as well as the instructions provided on the Company's website (**www.fiatspa.com**/Investor Relations/Shareholder Info/Shareholder Meetings).

Lists or candidates presented that do not fully comply with the requirements of the By-laws will not be considered.

General Information

Other Rights of Shareholders

Shareholders entitled to attend the respective meetings may submit questions on agenda items, including prior to the meeting, in accordance with the instructions and deadline provided on the Company's website.

Shareholders that, jointly or individually, represent at least one-fortieth of share capital may request additions to the agenda within 10 days of the publication of this notice, indicating the additional items proposed. Conditions, procedures and deadlines for exercise of those rights are provided on the Company's website.

Documentation

Documentation relating to items on the agenda for each meeting and the Annual Report on Corporate Governance will be made available at the Company's registered office, at Borsa Italiana S.p.A. and on the Company's website (**www.fiatspa.com**).

Right of Withdrawal

If the proposed mandatory conversion is approved by shareholders in the extraordinary session of the Annual General Meeting and in the respective Special Meetings, any holders of preference and savings shares who are absent or do not vote in favor of the conversion will have the right to redeem their shares for a period of 15 days from the date the resolutions are filed with the Companies Register. Notice of that filing will be published in the same manner as the present notice.

For shareholders electing to exercise the right of withdrawal, the redemption value for the preference and savings shares of Fiat S.p.A. has been set as follows:

- €3.317 per preference share
- €3.458 per savings share

In accordance with the provisions of Article 2437-*ter* of the Civil Code, calculation of the redemption price for each share class was based strictly on the arithmetic average of the respective closing prices for the six months prior to the date of publication of this notice.

Conversion of each class of shares, or even of one share class independently from the other, will take place if the conversion is approved by shareholders of that class – in addition to holders of ordinary shares – and if the aggregate cash amount to be paid to withdrawing shareholders pursuant to Article 2437-*quater* of the Italian Civil Code does not exceed: (i) as far as the Conversion of preference shares is concerned, €56 million and (ii) as far as the Conversion of savings shares is concerned, €44 million. In any event, the consideration connected with the exercise of the withdrawal rights will not exceed €100 million.

Contents

In this document, the terms "Chrysler Group" or "Chrysler" are used to identify Chrysler Group LLC, together with its direct and indirect subsidiaries. The terms "Fiat", "Fiat Group" or simply "Group" are used to identify Fiat S.p.A., together with its direct and indirect subsidiaries which include, beginning 1 June 2011, Chrysler Group LLC and its direct and indirect subsidiaries.

This document has been translated into English for the convenience of international readers. The original Italian document should be considered the authoritative version.

Board of Directors and Auditors

BOARD OF DIRECTORS

Chairman

John Elkann [1]

Chief Executive Officer

Sergio Marchionne

Directors

Andrea Agnelli
Carlo Barel di Sant'Albano
Roland Berger [3]
Tiberto Brandolini d'Adda
René Carron
Luca Cordero di Montezemolo
Luca Garavoglia [1] [3]
Gian Maria Gros-Pietro [1] [2]
Virgilio Marrone
Vittorio Mincato [2]
Pasquale Pistorio
Ratan Tata
Mario Zibetti [2] [3]

Secretary of the Board

Franzo Grande Stevens

BOARD OF STATUTORY AUDITORS

Regular Auditors

Riccardo Perotta – Chairman
Giuseppe Camosci
Piero Locatelli

Alternate Auditors

Lucio Pasquini
Fabrizio Mosca
Stefano Orlando

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

(1) Member of the Nominating, Corporate Governance and Sustainability Committee

(2) Member of the Internal Control and Risk Committee

(3) Member of the Compensation Committee

Letter from the Chairman

"Revenues grew, trading profit doubled, **net profit increased and net industrial debt decreased**"

Dear Shareholders,

The results presented in this Annual Report are a source of great satisfaction. What has been achieved during the year has strengthened the Group and opened up attractive prospects for the future.

This is the first year that Fiat has been able to focus exclusively on the automobiles business and, with the separation of the capital goods activities and the integration with Chrysler, we made significant progress that was reflected immediately in our financial performance.

Revenues grew, trading profit doubled, net profit increased and net industrial debt decreased. Improvements in these financial indicators are the most concrete evidence that the road embarked on a few years ago is yielding the desired results. The difficulties registered in Europe during the second half of the year – which are expected to continue throughout 2012 – didn't cause us to alter our strategy, but rather they spurred us to continue implementation of our plans with even greater conviction. Expanding our activities in major markets around the world and increasing our competitiveness have been and will continue to be our central focus.

The management team, beginning with CEO Sergio Marchionne, is working diligently to leverage opportunities for further growth. With the contribution of everyone at Fiat and the support of my family, we will continue in pursuit of our principal objective: to create a company that is a leader in the global automobile sector, oriented toward innovation, secure in its values and dedicated to sustainable long-term development.

/s/ John Elkann

John Elkann
CHAIRMAN

Letter from the Chief Executive Officer

Dear Shareholders,

2011 marked the beginning of a new life for our Group.

The alliance established between Fiat and Chrysler in 2009 was further strengthened during the year, as we continued rigorous implementation of our goals.

Acquisition of a majority interest in Chrysler Group in May – with our interest growing to 58.5% in January 2012 following achievement of the Ecological Event – means that we are now also able to view the financial results of this newly constructed alliance.

In fact this year, the Group's financial results include Chrysler's for the first time and, although Chrysler was only consolidated for seven months, those results already reflect the measure of what has been accomplished through the integration so far.

The pages of this Annual Report tell the story of a unified global automaker equipped with a full product range and an extensive geographic presence, as well as the greatest level of cultural openness that either of the two organizations has ever experienced.

But we are still in the beginning stages of our plan to develop and strengthen Fiat-Chrysler: a plan that is being implemented with decisiveness and conviction.

What was achieved during 2011 is a clear demonstration of the benefits of this strategic tie-up.

Today we are far from being a marginal player.

We have become one of the strongest and most competitive automakers globally with some of the most innovative and advanced technologies in the world.

Fiat-Chrysler sold a combined total of more than 4 million vehicles for the year – making it the 7th largest automaker globally – and we are poised to grow even further.

Despite uneven trading conditions across our principal markets, with particular weakness in Europe, we achieved or exceeded all targets.

Revenues and trading profit were significantly ahead of guidance at €59.6 billion and €2.4 billion, respectively.

Total available liquidity remained strong at €20.7 billion, also well above target.

Net industrial debt totaled €5.5 billion at year end, with the increase over €0.5 billion at year-end 2010 being primarily attributable to the effect of initial consolidation of Chrysler's debt, acquisition of the U.S. Treasury and Canada's ownership interests in Chrysler and a healthy level of capital investment. The net debt position was reduced in the fourth quarter, however, on the back of positive operating performance and continued discipline in working capital management.

"Acquisition of a majority interest in Chrysler Group **means that we are now also able to view the financial results of this newly constructed alliance**"

> A well-balanced and unified global group equipped **to effectively manage the unpredictable and volatility in the market**

These accomplishments reflect what Fiat-Chrysler is today.

A well-balanced and unified global group equipped to effectively manage the unpredictable and volatility in the market.

A group that is solid enough to be able to protect and support any individual part of the system that may be vulnerable in a particular moment.

A group that possesses an open and competitive mentality, with the ability and determination to be a leader in its sector.

A group built on a culture of action, where the coming together of distinct industrial traditions has generated a new vitality that is propelling the business forward.

During 2011, we dedicated significant energy and resources toward accelerating the integration process.

A new organizational structure was created with leaders from both organizations to reflect the cultural and geographic diversity of our businesses.

We made significant progress in converging architectures and components, integrating purchasing activities, sharing best practice in manufacturing processes, and optimizing utilization of our combined production capacity.

Much has also been accomplished at the cultural level to merge our strengths and leverage the differences.

We have become a single group with many faces and cultures, endowed with talent and energy as never before.

This integration process is not yet complete, but we are moving forward with determination and with respect for the many identities that make us who we are and represent our true strength. Those many identities allow us to leverage the excellence of one for the benefit of all, to mutually complement each other and to create something new and better.

For what has already been achieved and for the challenges to be faced in the coming years, I want to thank everyone who – every day and in every part of the world – is dedicating their energy and passion into making this project a reality.

We know that 2012 will not be an easy year in some areas.

In particular, the sovereign debt situation and the austerity plans which are being implemented as a response continue to weigh on eurozone markets and to fuel uncertainty concerning economic prospects in Europe in the near term.

Given Fiat’s desire to maintain a high level of liquidity and the fact that Chrysler is subject to certain restrictions on payment of dividends to its members, the Board of Directors has decided to recommend dividend of €39.7 million limited on preference and savings shares only.

As announced in October, the Board of Directors also intends to propose the conversion of all preference and savings shares into Fiat ordinary shares. If approved, preference and savings shares will, in any event, retain their economic rights in relation to 2011 and new ordinary shares resulting from the conversion will be eligible for dividends declared from 2012.

The objective of this transaction is to simplify the Company’s capital and governance structure, as well as benefiting shareholders and satisfying market expectations by eliminating share classes which trade at a discount to the ordinary shares and with very limited turnover.

Fiat-Chrysler remains fully committed to the strategic direction laid out in the 5-year plans presented by Chrysler in November 2009 and by Fiat in April 2010.

Following a review of economic and trading conditions in Fiat-Chrysler’s four operating regions, we confirm expectations for performance in North America, Latin America and Asia-Pacific.

In Europe, weakened trading conditions have cast doubt on volume assumptions for the overall market and, consequently, on the Group’s own development plans up to 2014.

As a result, the Group has provided targets for 2012 ranging from a scenario of continued depressed trading conditions in Europe to a gradual stabilization and recovery at the very end of the year.

Fiat-Chrysler expects to close 2012 with revenues above €77 billion, trading profit between €3.8 and €4.5 billion, net profit between €1.2 and €1.5 billion, and net industrial debt between €5.5 and €6 billion.

The Group expects that it will be able to fully articulate the impact of economic conditions in Europe on its business plan up to 2014 at the time it announces its Q3 2012 results.

Despite the environment of uncertainty and the intense competition in the auto sector, one thing we don't lack is the strength to compete.

We have been made stronger by the various crises we have been through in the past 8 years.

We have been made stronger by the fact that we have always challenged ourselves, which has often meant taking the more difficult path.

And we have held firmly to the values that today remain at the very core of Fiat-Chrysler and are among our most precious assets: honesty and integrity in our choices, humility and respect in our dealings with others, and an understanding that our actions have consequences far beyond the office walls or the factory gate.

Our steadfast commitment to such an approach has been recognized in many quarters.

We are one of the few auto sector companies that has been recognized as a sustainability leader with our inclusion in the DJSI World and DJSI Europe indexes – now for the 3rd consecutive year – which only admit companies judged best-in-class in managing their businesses sustainably, from an economic, social and environmental perspective.

In addition to our long-standing commitment to ecological and sustainable mobility, which has already resulted in Fiat being recognized for the fourth year in a row by JATO for the most eco-performing products among the main automotive brands in Europe, our efforts to reduce the environmental footprint of our manufacturing activities have also led to us being recognized by the Carbon Disclosure Project as one of the world leaders in combating climate change.

Based on research conducted by VIGEO, which assesses organizations on environmental, social and governance issues, Fiat has also become one of a select number of companies included in the ASPI Eurozone® index.

We value this recognition, because it serves as testimony to our sense of duty and the values at the center of how we do business which are also our principal source of pride in being a part of Fiat-Chrysler.

I want to thank our shareholders for having believed in the integration of our two groups, undertaking this new challenge together with us and supporting us as we move to the next phase.

22 February 2012

/s/ Sergio Marchionne

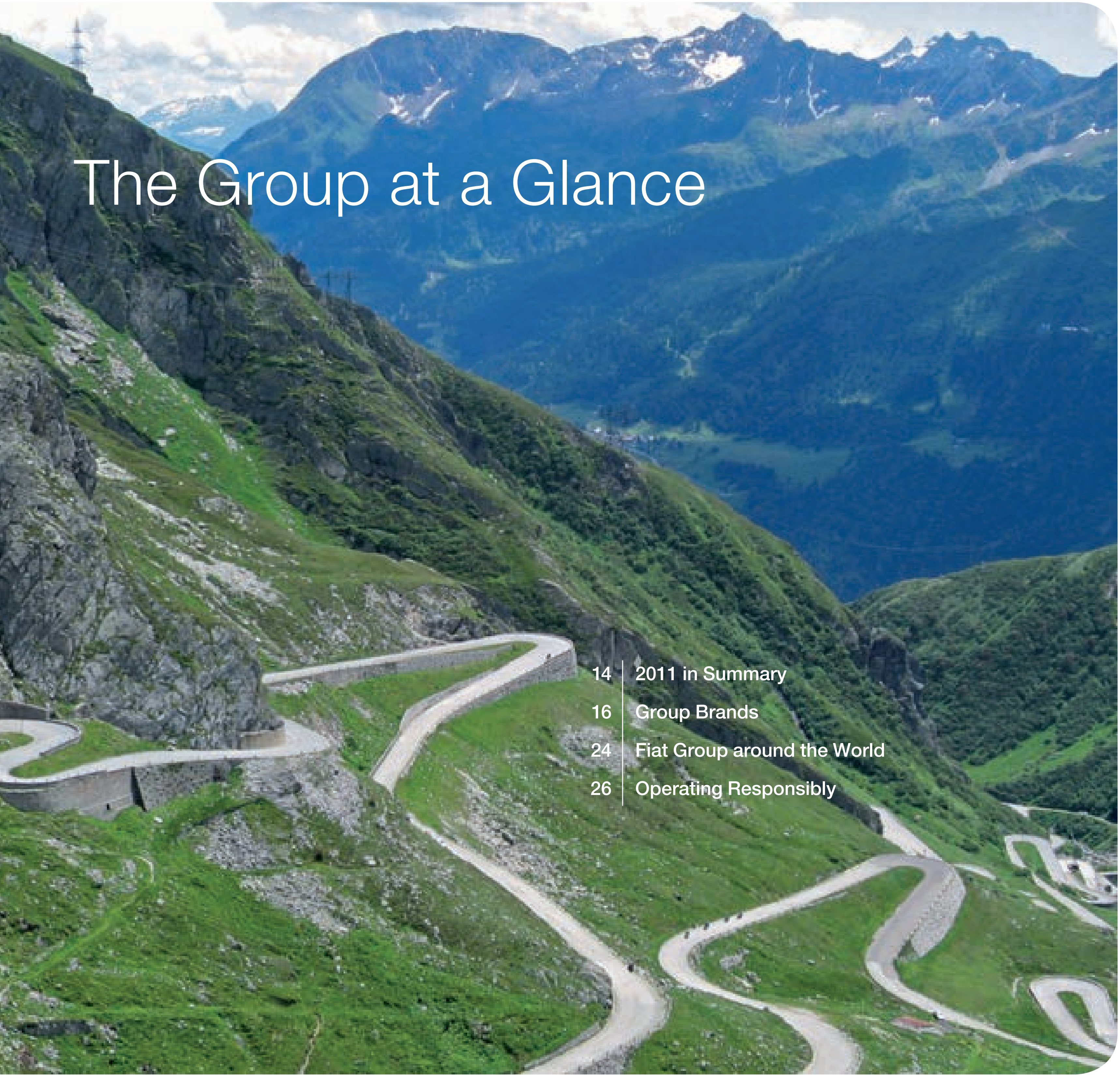
Sergio Marchionne

CHIEF EXECUTIVE OFFICER

"Fiat recognized by JATO for the fourth year in a row for the most eco-performing products **among the main automotive brands in Europe**"


© Brian Wilson
It is a rough road that leads to the heights of greatness.
Lucius Annaeus Seneca

The Group at a Glance



2011 in Summary

2011 Results - Fiat with Chrysler(*)

Revenues

59,559(**)

(€ million)

Net Profit

1,651

(€ million)

Available Liquidity

20,680

(€ million)

Trading Profit

2,392

(€ million)

Net Industrial Debt

5,529

(€ million)

2,175(***)

(€ million)

invested in R&D

80.3

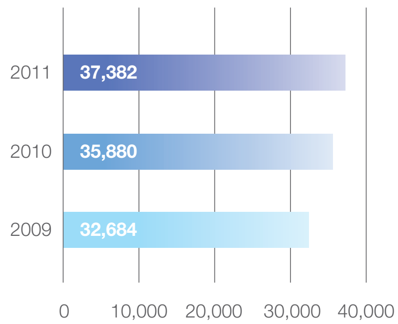
(€ million)

invested in training

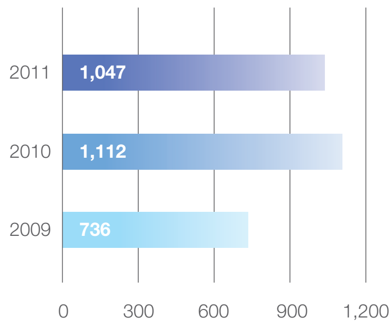
(*) Chrysler included from June 2011
(**) Net of eliminations between Fiat and Chrysler
(***) Includes capitalized R&D and R&D charged directly to the income statement

Fiat excluding Chrysler

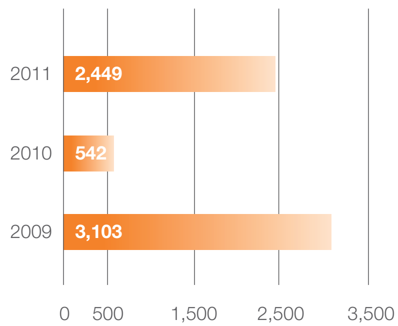
Revenues (€ million)



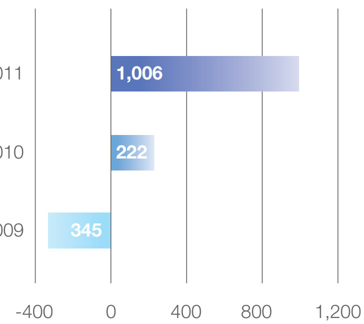
Trading Profit (€ million)



Net Industrial Debt (€ million)



Profit/(loss) (€ million)



Group Brands

Fiat is an international auto group that designs, produces and sells vehicles for the mass market under the Fiat, Lancia, Alfa Romeo, Fiat Professional and Abarth brands, as well as luxury and performance cars under the Ferrari and Maserati brands. The Group has increased its global reach through the integration with Chrysler Group and recently expanded its product portfolio with Jeep and Chrysler brand models that are produced in North America and now also distributed in Europe through the new Lancia-Chrysler and Jeep sales networks. Fiat also operates in the components sector, through Magneti Marelli and Teksid, and in the production systems sector, through Comau.

Fiat Group Automobiles

Fiat Group Automobiles designs, produces and sells automobiles under the Fiat, Alfa Romeo, Lancia and Abarth brands, and light commercial vehicles under the Fiat Professional brand. In Europe, it also distributes Jeep brand vehicles. From January 2012, the activities of Fiat Powertrain – which researches, develops and produces engines (power output from 65 to 235 hp) and transmissions for passenger cars and light commercial vehicles (torque up to 400 Nm) – were transferred to Fiat Group Automobiles.

Fiat

The world over, Fiat brand cars are synonymous with a fresh, upbeat style. Simplicity, quality and a constant striving for innovation are core to the DNA behind the popularity and success of the entire range of this quintessential symbol of Italian motoring. The 500 – which led the brand's return to the North American market in 2011 – symbolizes the new Fiat. In addition, for the 4th consecutive year, Fiat has been confirmed eco-leader with the lowest average CO_2 emissions among the top selling brands in Europe (source: JATO Dynamics), reflecting a long-standing commitment to the environment that this year led to creation of the new "Air Technologies" brand for Fiat's exclusive eco-technologies, which have been applied across the entire range.

Lancia

The visionary Vincenzo Lancia united the seemingly distant worlds of elegance and technology to create a brand that has become an icon of Italian excellence. The combination of Lancia's passion and style with the American vitality and substance of Chrysler has resulted in a rebirth of the brand. The defining attributes of style, substance and attitude are exemplified in the new range of models resulting from the fusion of two cultures that are unique, but have a common objective: to create cars with a truly distinctive character and design.

Alfa Romeo

The advanced technology, Italian styling, outstanding performance and pure driving pleasure of the new 4C Concept (presented at the Geneva Motor Show in March 2011) embody the new Alfa Romeo. This compact supercar is a bridge between the Alfa of today and the Alfa of tomorrow, combining a sporting heritage that has impassioned generations of enthusiasts with efficiencies of the present and technologies of the future.

Abarth

Synonymous with power, speed, innovation and Italian design, Abarth has been producing and selling on-road sports vehicles since 2007. Over the years, the brand – founded by Karl Abarth in 1949 – has become an icon in the world of motorsport through numerous victories on the track, a line of legendary models developed in partnership with the Fiat brand and the enormous success of its conversion kits.

Fiat Professional

Taking care of our customers also means designing and building the right vehicles to meet their professional ambitions. Fiat Professional – the Fiat Group Automobiles brand dedicated to commercial vehicles – was created to partner businesses, both large and small, with a range of vehicles adapted to their needs.

Maserati

For nearly a century, this legendary brand has produced unique cars recognized throughout the world for their unmistakable allure and elegance and technological excellence. Cars such as the Quattroporte – the ideal balance between luxury and sportiness, Italian style and engineering excellence; or the GranTurismo – the modern 2-door, 4-seat coupé, which combines power and elegance, a futuristic design with surprising practicality. The prestigious range also includes the GranCabrio, the brand's first ever 4-seat cabriolet. The excellence found in Maserati's on-road vehicles is often derived from its experience on the racetrack.

Ferrari

The ultimate symbol of sporting excellence, Ferrari needs no introduction. Its reputation has been built through numerous Formula 1 titles (16 times winner of the Constructors' championship and 15 times winner of the Drivers' championship) and, of course, an impressive series of legendary GT models – cars unique for their design, performance and pure driving pleasure that represent the best of Italian.

Chrysler Group

Chrysler Group, formed in 2009 to establish a global strategic alliance with Fiat, produces Chrysler, Jeep, Dodge, Ram, Mopar, SRT and Fiat brand vehicles and products. With the resources, technology and worldwide distribution network required to compete on a global scale, the alliance builds on Chrysler Group's culture of innovation, first established by Walter P. Chrysler in 1925, and Fiat's complementary technology that dates back to its founding in 1899. Chrysler Group vehicles are sold in more than 120 countries around the world.

Chrysler

The Chrysler brand has delighted customers with distinctive designs, groundbreaking technology, craftsmanship and intuitive innovation – all at an extraordinary value – since the company was founded in 1925. The Chrysler brand continued that tradition in 2011 with a rejuvenated, stylish, well-crafted product lineup. Every 2011 model vehicle the brand sold was all-new or significantly refreshed. This succession of innovative product introductions propels the brand's standing as the leader in design, engineering and value. "Design with purpose" puts the premium for the Chrysler brand in the product, not the price.

Jeep

Built on more than 70 years of legendary heritage, Jeep is the authentic SUV brand with class-leading capability, craftsmanship and versatility for people who seek extraordinary journeys. The Jeep brand delivers an open invitation to live life to the fullest with a full line of vehicles that provide owners a sense of security to handle any journey with confidence.

Dodge

For nearly 100 years, Dodge has defined passionate and innovative vehicles that stand apart in performance and in style. Building upon its rich heritage of muscle cars, racing technology and ingenious engineering, Dodge offers a full line of cars, crossovers, minivans and SUVs built for top performance – from power off the line and handling in the corners, to high-quality vehicles that deliver unmatched versatility and excellent fuel efficiency. Dodge offers innovative functionality combined with class-leading performance, exceptional value and distinctive design.

Ram Truck

Ram Truck continues to establish its own identity and clearly define its customer since its launch as a standalone vehicle brand. Creating a distinct brand for Ram trucks has allowed the brand to concentrate on how core customers use their trucks and what new features they would like to see. Whether focusing on a family that uses its half-ton truck day in and day out, a hard-working Ram Heavy Duty owner or a business that depends on its commercial vehicles every day, Ram has the truck market covered. The Ram Truck brand has the most innovative lineup of full-size trucks on the US market. Ram Truck has emerged as a full-size truck leader by investing substantially in new products, infusing them with great looks, refined interiors, durable engines and features that further enhance their capabilities.

SRT

In 2011, Chrysler Group officially elevated its in-house performance division – the Street and Racing Technology (SRT) team – to a separate company brand. The brand uses a successful product development formula to design, engineer and build benchmark American high-performance vehicles for Chrysler, Jeep and Dodge. Five proven hallmarks are used to achieve this goal: awe-inspiring powertrains; outstanding ride, handling and capability; benchmark braking; aggressive and functional exteriors and race-inspired and high-performance interiors.

Mopar

Mopar is Chrysler Group's service, parts and customer-care brand. With the creation of the Chrysler and Fiat partnership, Mopar is extending its global reach, integrating service, parts and customer-care operations in order to enhance dealer and customer support worldwide. Mopar's global portfolio includes more than 500,000 parts and accessories which are distributed in more than 120 countries. Its reputation with racing and other vehicle enthusiasts dates back to 1937. Mopar (a simple contraction of the words MOtor and PARts) is the source for all genuine parts and accessories for Chrysler and Fiat brands. Mopar parts are unique in that they are engineered with the same teams that create factory-authorized vehicle specifications – a direct connection that no other aftermarket parts company can provide.

Magneti Marelli

The company is an international leader in the design and production of advanced automotive systems and components: from lighting to engine control systems, from electronic systems to suspensions and shock absorbers, from exhaust systems to components for the aftermarket and motorsport. Through a process of continuous innovation, Magneti Marelli seeks to leverage its know-how and the Group's expertise in electronics to develop intelligent systems and solutions that contribute to the evolution of safe and environmentally-sustainable mobility, as well as enhancing the passenger experience.

Teksid

With over 80 years of experience and production of around 600 tons per year of engine blocks, cylinder heads, engine components, parts for transmissions, gearboxes and suspensions, Teksid is the world's largest producer of gray and nodular iron castings. Through Teksid Aluminum, it is also a world leader in production technologies for aluminum cylinder heads and engine components. The company continually focuses on the technical features of its products to meet the specific and increasingly demanding needs of the automotive industry. Teksid's competitive advantages include: a high level of automation; upgrading technology to continuously improve quality standards; and close integration with the product development of its customers, which include the major global producers of cars, trucks, tractors and engines.

Comau

With 23 sites in 13 countries and 40 years of experience in industrial automation, Comau offers its customers worldwide body welding and assembly systems, and machining and assembly for mechanical systems, in addition to a wide range of industrial robots, offering maximum quality, reliability and flexibility. Comau supports customers "from idea to implementation" providing automated production systems that integrate products, processes and services, and delivering turnkey solutions, which include design, construction, installation, production startup and, subsequently, maintenance. The company is a leader in the search for innovative technologies to continuously improve processes. Constant investment in Research & Development has enabled Comau to position itself as an international full-service provider of engineering solutions to the automotive industry, as well as the aerospace, petrochemical, steel and foundry industries. In addition, through eComau solutions, it works with customers to introduce energy-saving technologies through plant and equipment upgrades and new installations.

Fiat Group around the World

Following the demerger of its capital goods businesses to Fiat Industrial, effective 1 January 2011, and the increase in its stake in Chrysler, Fiat has expanded and accelerated its integration with Chrysler Group with the objective of creating a global automaker positioned as an industry leader.

The Group carries out industrial and financial services activities in the automotive sector through companies located in 44 countries and has commercial relationships with customers in approximately 140 countries.

	Italy	Europe excluding Italy
Revenues by destination *(including Chrysler from June 2011)*	15.5%	20.7%
Employees worldwide	31.8%	11.9%
Plants	46	31
R&D Centers	38	13

16	77	472	155	197,000
Brands	R&D Centers	Companies	Plants	Employees

NAFTA	Mercosur	Rest of World
		
36.0%	19.0%	8.8%
30.6%	22.7%	3.0%
47	19	12
16	5	5

Operating Responsibly

"Fiat S.p.A. was named as a sustainability leader and included in **the Dow Jones Sustainability World and Europe Indexes for the third consecutive year**"

For Fiat, acting responsibly means making social and environmental considerations an integral part of its strategy. Accordingly, the Group operates with the conviction that sustainable development can only be achieved if the needs and expectations of stakeholders and future generations are suitably addressed.

Over the years, the Group's focus on sustainability has given rise to a variety of projects designed to promote increasingly sustainable mobility, help protect the environment and natural resources, safeguard the health and safety of employees, invest in their professional development and build a constructive, harmonious relationship with local communities and partners.

This is not an arbitrary commitment, but a way of doing business that requires the daily involvement of senior management and employees alike. The Group Executive Council (GEC) – the decision-making body headed by the Chief Executive Officer of Fiat S.p.A. and made up of the regional Chief Operating Officers, the CEOs of the operating sectors, and the heads of certain central functions – defines the strategic approach to sustainability and receives periodic information on the Group's environmental and social performance. In addition, the Nominating, Corporate Governance and Sustainability Committee (a sub-committee of the Board of Directors) evaluates proposals relating to strategic guidelines on sustainability and reviews the annual Sustainability Report, reporting back to the Board.

This commitment to sustainability has further strengthened stakeholders' level of confidence in the Group and has also been recognized by leading sustainability rating agencies and other international organizations.

In 2011, Fiat S.p.A. was named as a sustainability leader for the third year running, maintaining its place in the **Dow Jones Sustainability World** and **Dow Jones Sustainability Europe Indexes**, the most prestigious equity indexes that only admit companies that are best-in-class in terms of economic, environmental and social performance. Fiat received the maximum score (94/100), together with BMW, compared to an average of 72/100 for Automobiles sector companies evaluated by SAM, the investment group specialized in sustainability investing.

Fiat's leadership was also endorsed by the Carbon Disclosure Project (CDP), a non-profit organization that acts on behalf of 551 institutional investors and has US$71 trillion in assets under management. As a result of its analysis of 400 companies worldwide and their climate change mitigation actions, Fiat entered the **Global 500 Carbon Disclosure Leadership Index** (CDLI) and **Carbon Performance Leadership Index** (CPLI) – the only Italian company among the 23 companies admitted to both indexes. The CDLI includes companies in the FTSE Global Equity Index Series (Global 500) that demonstrate the greatest transparency in disclosure of their strategies and actions taken to combat climate change. The CPLI, on the other hand, includes companies that have demonstrated the greatest commitment in reducing carbon emissions. Fiat received a score of 93/100 for transparency in disclosure and the maximum score ("A") for the commitment shown in reducing carbon emissions.

Following the assessment by Vigeo, a leading European agency in the assessment of companies with regard to social, environmental and governance issues, in December Fiat S.p.A. became one of an elite group of

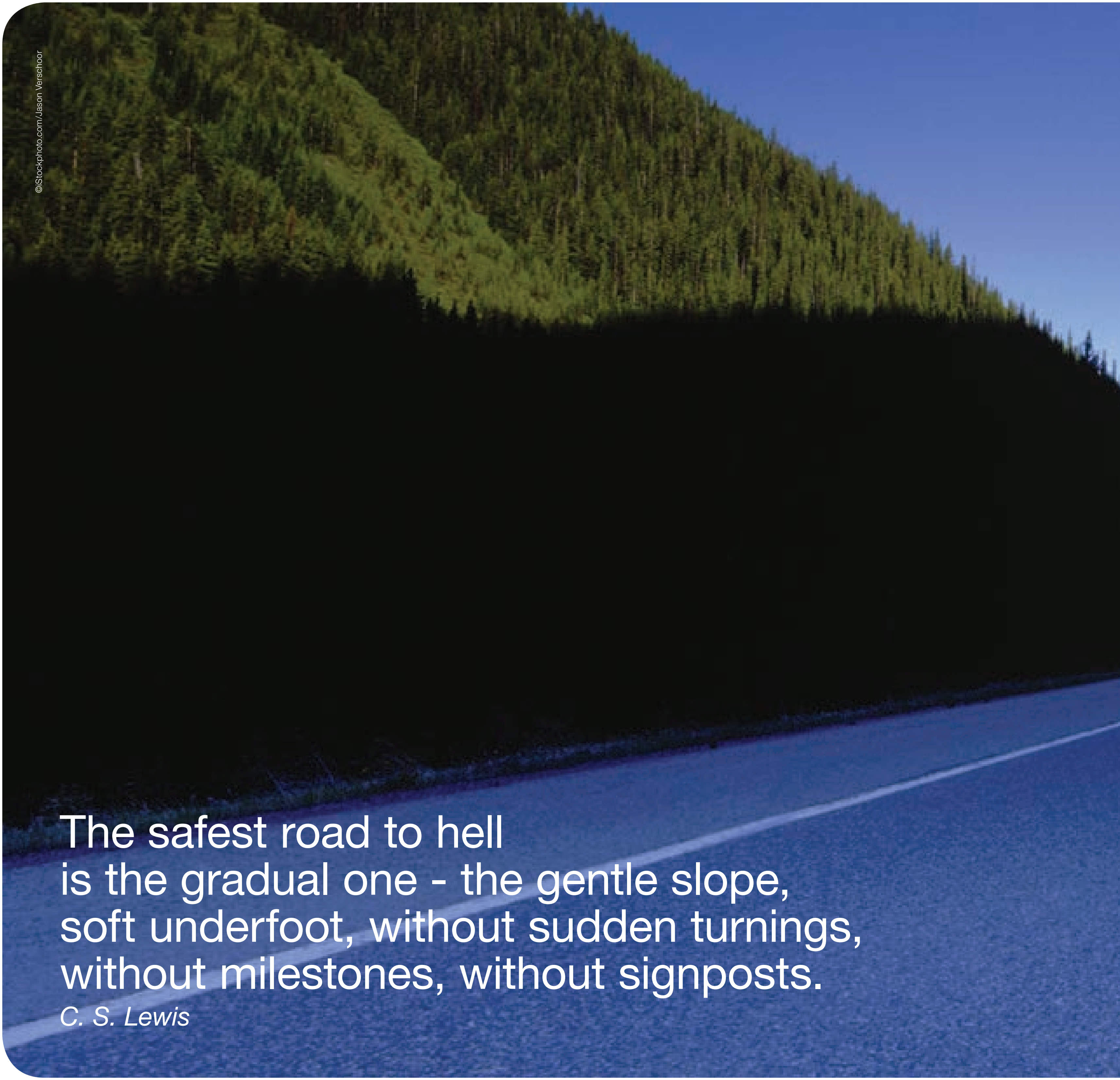
companies included in the **ASPI Eurozone®** index. The Advanced Sustainability Performance Eurozone Index (ASPI Eurozone) is recognized as one of the leading sustainability indexes and is used by the growing community of socially responsible investors to define sustainable investment universes, to benchmark their investment performance or to create index-linked products.

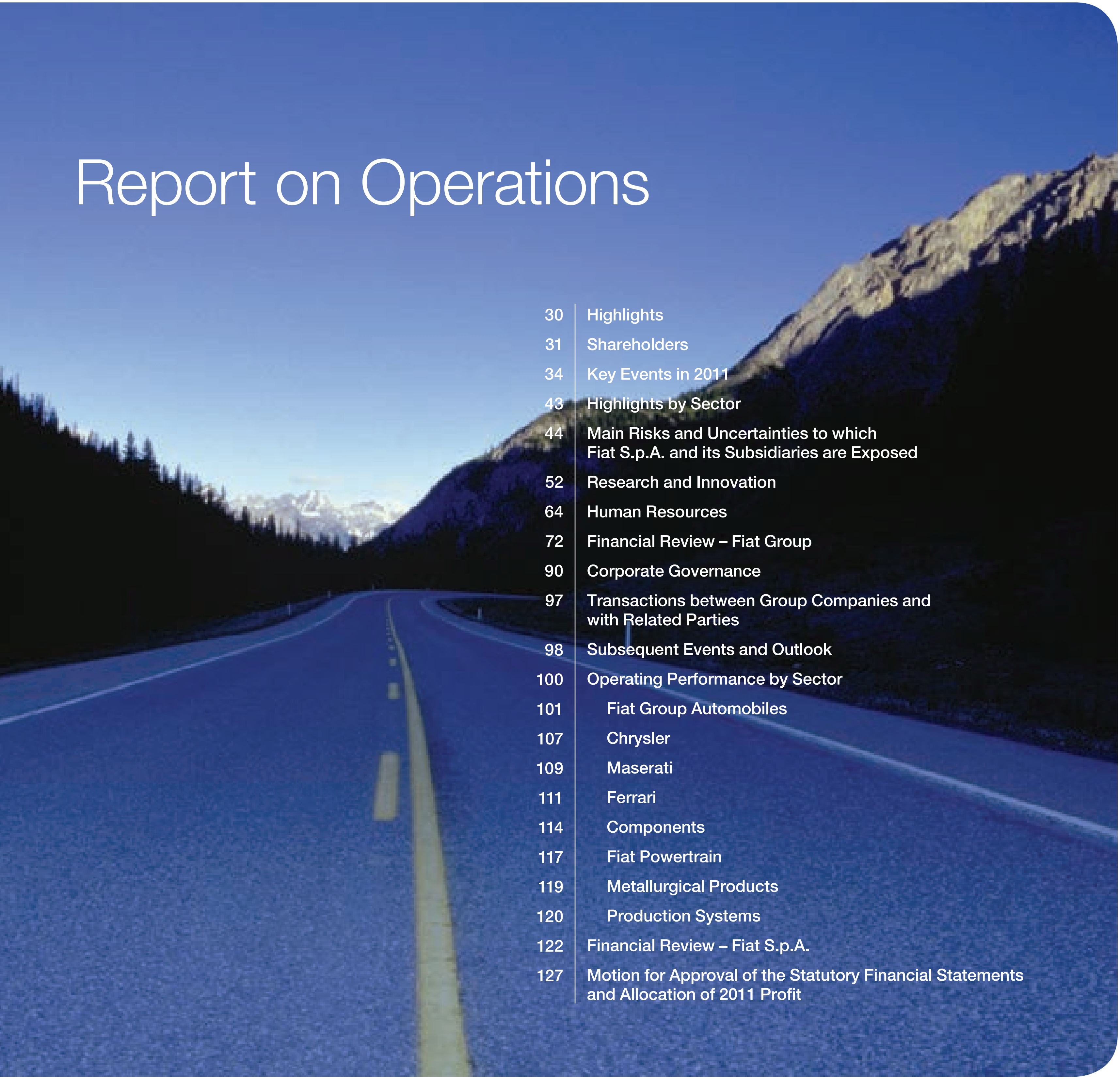
Fiat S.p.A. is also a member of other major sustainability indexes, including STOXX Global ESG Leaders, STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders, STOXX Global ESG Governance Leaders, ECPI Ethical Euro, ECPI Ethical EMU, FTSE ECPI Italia SRI Benchmark and the FTSE ECPI Italia SRI Leaders.

Finally, Fiat Group took second place in the **CSR Online Awards 2011 Italy** (established by the strategic communications consultancy, Lundquist) for online communication in the area of corporate social responsibility.

Although these are major achievements, Fiat will not be resting on its laurels. The Group's objectives are clear: to persevere in improving the environmental and social performance and to continue transforming strategic decisions into tangible actions and results. This is summed up in the Sustainability Plan, which this year also incorporates the commitments of Chrysler Group. The Plan is published each year to communicate in a transparent way how the Group has delivered on its commitments and the focus of future efforts.

A detailed description of the Group's environmental and social initiatives and performance is provided in the Sustainability Report available in the Sustainability section of the corporate website www.fiatspa.com.


©iStockphoto.com/Jason Verschoor
The safest road to hell
is the gradual one - the gentle slope,
soft underfoot, without sudden turnings,
without milestones, without signposts.
C. S. Lewis



Report on Operations

Highlights

(€ million)		2011 Fiat with Chrysler (*)	2011 Fiat excluding Chrysler	2010 Fiat	2009 Fiat
Net revenues		**59,559**	**37,382**	35,880	32,684
Trading profit/(loss)		**2,392**	**1,047**	1,112	736
Operating profit/(loss)		**3,336**	**2,136**	992	378
Profit/(loss) before taxes		**2,185**	**1,470**	706	103
Profit/(loss) for the year		**1,651**	**1,006**	222	(345)
Attributable to:					
Owners of the parent		**1,334**	**980**	179	(374)
Non-controlling interests		**317**	**26**	43	29
Basic earnings/(loss) per ordinary share (€)	(1)	**1.071**	**-**	0.130	(0.302)
Basic earnings/(loss) per preference share (€)	(1)	**1.071**	**-**	0.217	(0.302)
Basic earnings/(loss) per savings share (€)	(1)	**1.180**	**-**	0.239	(0.302)
Diluted earnings/(loss) per ordinary share (€)	(1)	**1.063**	**-**	0.130	(0.302)
Diluted earnings/(loss) per preference share (€)	(1)	**1.063**	**-**	0.217	(0.302)
Diluted earnings/(loss) per savings share (€)	(1)	**1.172**	**-**	0.238	(0.302)
Investments in tangible and intangible assets		**5,528**	**3,592**	2,864	2,684
of which: capitalized R&D costs		**1,438**	**1,059**	886	748
R&D expenditure	(2)	**2,175**	**1,411**	1,284	1,154
Net industrial debt		**5,529**	**2,449**	542	3,103
Employees at year end		**197,021**	**141,334**	137,801	128,771

(*) Includes Chrysler from June 2011
(1) Note 13 to the Consolidated Financial Statements provides additional information on the calculation of basic and diluted earnings per share
(2) Includes capitalized R&D and R&D charged directly to the income statement

Select data by region

	Companies		Employees		Plants		R&D Centers		Revenues by market (€ million)	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011 (*)**	2010
Italy	**113**	112	**62,583**	63,214	**46**	44	**38**	30	**9,258**	9,782
Europe (excluding Italy)	**167**	147	**23,596**	24,616	**31**	29	**13**	13	**12,363**	11,857
NAFTA	**84**	35	**60,336**	5,579	**47**	11	**16**	5	**21,423**	1,270
Mercosur	**30**	27	**44,668**	39,498	**19**	18	**5**	5	**11,298**	10,027
Other regions	**78**	57	**5,838**	4,894	**12**	11	**5**	5	**5,217**	2,944
Total	**472**	**378**	**197,021**	**137,801**	**155**	**113**	**77**	**58**	**59,559**	**35,880**

(*) Includes Chrysler from June 2011

Shareholders

Financial communication

Fiat endeavors to increase its enterprise value on a sustainable basis by maintaining and reinforcing the trust of customers and investors through transparent and responsible management, continuing on from past practices in its first year of operations following the demerger from the capital goods business.

Through its Investor Relations function, Fiat maintains constant dialogue with individual shareholders, institutional investors and financial analysts, actively providing information to the market to consolidate and enhance confidence and the level of understanding of the Company and its business activities.

During the year, the Investor Relations team also communicates with the financial community through conference calls and public presentations held to present financial results or other events that require direct communication to the market. Moreover, the IR program includes seminars, industry conferences and non-deal roadshows in major financial centers that provide the opportunity for direct contact with management.

In 2011, Fiat was distinguished as Best Investor Relations by an Italian Company – based on the opinion of sell-side analysts and buy-side individuals representing leading European and international institutions – in a benchmarking study conducted by a well-recognized publishing and research firm that serves the investment community.

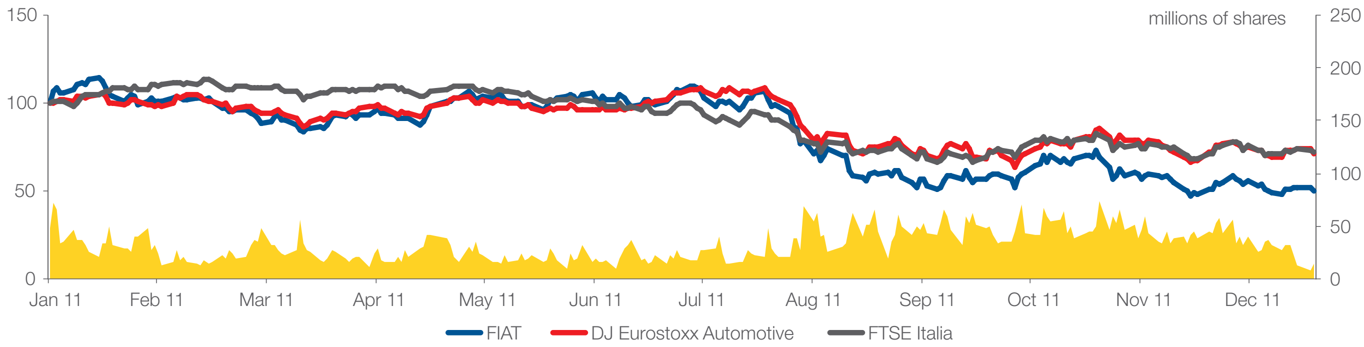
The Investor Relations section of Fiat's corporate website (www.fiatspa.com) provides historic financial data and highlights, investor presentations, periodic publications, corporate announcements and real-time share trading information.

Shareholders can also contact the Company at the following:

For holders of Fiat shares:
Toll-free number in Italy: 800-804027
E-mail: serviziotitoli@fiatspa.com
investor.relations@fiatspa.com

For holders of ADRs:
Toll-free number in the USA and Canada: 800 749 1873
Outside the USA and Canada: +1 (718) 921 8137
Website: www.adr.db.com

Fiat Ordinary Shares – 1/1/2011 to 31/12/2011 performance relative to the FTSE Italia All-Share and DJ Eurostoxx Automotive (rebased to 100: 1/1/2011) and average monthly trading volume



2011 started strongly for investors, with most equity markets continuing 2010's remarkable year-end rally. However, turbulence was soon encountered as stock markets were hit by natural disasters and geopolitical shocks, such as the Japanese earthquake, floods in Thailand and Australia, Middle Eastern uprisings, and the eurozone debt crisis. In the United States, the Dow Jones Industrial Average ended the year with a 5.5% gain, while the S&P 500 remained essentially unchanged. European stock prices were hit hard amid the debt crisis, with most indexes posting losses well into the double digits. In Italy, the stock market fell 25% over the year.

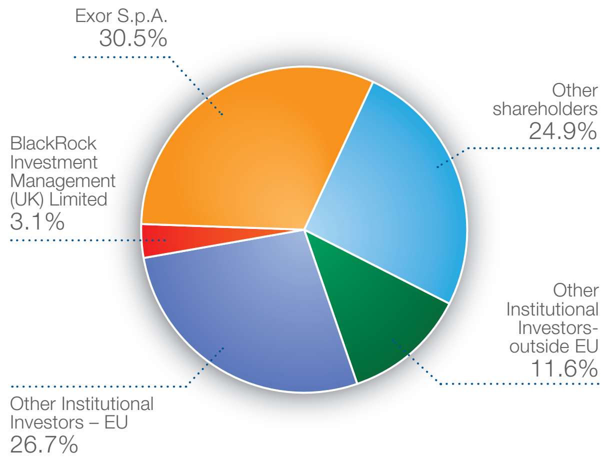
Major Shareholders

At the date of this Report, Fiat had a total of 1,092,680,610 ordinary shares outstanding and the following institutions held more than 2% of ordinary shares:

Ordinary shares: 1,092,680,610

EXOR S.p.A. (*)	30.5%
BlackRock Investment Management (UK) Limited	3.1%
Other Institutional Investors – EU	26.7%
Other Institutional Investors – outside EU	11.6%
Other shareholders	24.9%

(*) In addition to 3.2% of ordinary shares held by Fiat S.p.A.



Earnings per share

(figures in €)	2011	2010	2009	2008	2007
Basic earnings/(loss) per ordinary and preference share	**1.071**	0.410	(0.677)	1.290	1.537
Basic earnings/(loss) per savings share	**1.180**	0.565	(0.677)	1.445	1.692
Diluted earnings/(loss) per ordinary and preference share	**1.063**	0.409	(0.677)	1.285	1.526
Diluted earnings/(loss) per savings share	**1.172**	0.564	(0.677)	1.440	1.681

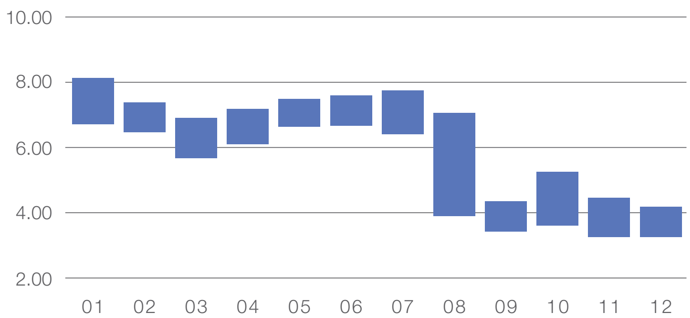
Reference price per share (*)

(figures in €)	30.12.11
Ordinary shares	**3.550**
Preference shares	**3.072**
Savings shares	**3.254**

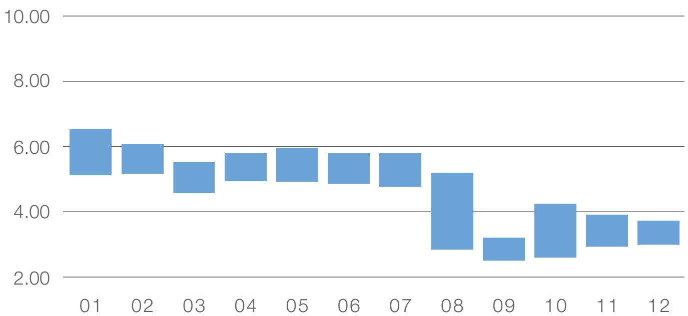
(Source: Reuters)
(*) Equivalent to the closing auction price

Monthly minimum and maximum price in 2011 (figures in €)

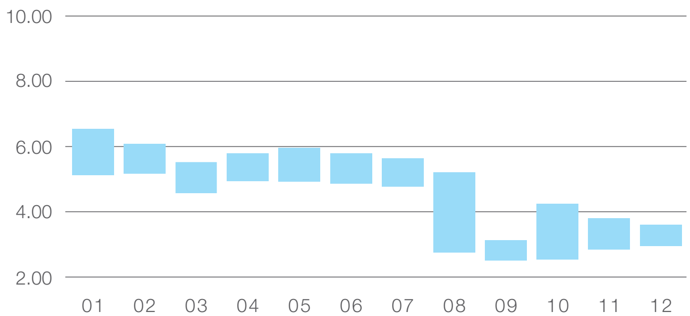
Fiat Ordinary



Fiat Savings



Fiat Preference



Key Events in 2011

January
2011 Chrysler 300 and Jeep Compass unveiled at the North American International Auto Show in Detroit.

February
TV commercial showcasing the new Chrysler 200 sedan and "Imported from Detroit" tagline is launched during Super Bowl XLV. The commercial receives global media attention and is honored with 5 awards at the Cannes Lions 58th International Festival of Creativity in June.

March
Fiat Freemont, the first Fiat brand model based on a Chrysler platform resulting from the alliance with Chrysler Group, debuts at Geneva Motor Show.

January

On January 10th, Fiat increases ownership in Chrysler Group LLC from 20% to 25% following achievement of first of 3 Performance Events stipulated in alliance agreement (regulatory approval and commitment to produce a FIRE family engine in the U.S.).

Giulietta awarded "La novità dell'anno 2011" by *Quattroruote* magazine in Italy and "Die Besten Autos" (compact category) by *Auto Motor und Sport* in Germany. Readers of the German magazine also vote the MiTo best economy car for 3rd consecutive year.

February

Fiat Powertrain agrees to acquire Penske Corporation's 50% interest in VM Motori S.p.A., specialist in diesel engine design and production. Agreement is finalized on June 19th and Fiat Powertrain takes joint control with General Motors.

Fiat presents €500 million investment plan for relaunch of Officine Automobilistiche Grugliasco plant (formerly Carrozzeria Bertone) with production of new E-segment Maserati due to commence December 2012.

International debut of the 2011 Chrysler 200 Convertible at the Chicago Auto Show.

March

Maserati unveils the GranCabrio Sport at the Geneva Motor Show equipped with more powerful and fuel-efficient version of the 4.7-liter V8 engine configured to deliver 510 Nm torque and 450 hp.

March

At Geneva Motor Show, Ferrari gives world premiere of the FF, a revolutionary mid-front mounted V12 with 4 seats and patented all-wheel drive technology (4RM), and the 458 Italia, equipped with High Emotions Low Emissions system (HELE).

March

For the 4th consecutive year, JATO (global leader in automotive intelligence) recognizes Fiat as brand with lowest CO_2 emissions for cars sold in Europe in 2010, with average of 123.1 g/km (-4.7 g/km over 2009). Fiat also first in Group ranking, with average emissions down 5.1 g/km to 125.9 g/km.

Alfa Romeo showcases the Giulietta and MiTo at the Geneva Motor Show with innovations in styling and technological content. Also presented is the 4C Concept, a compact 2-seat "supercar".

One year from launch of its product integration with Chrysler brand, Lancia introduces the new Ypsilon, Thema and Voyager at the Geneva Motor Show. Also unveiled are the Flavia Concept and Flavia Cabrio Concept and the Delta with new trim and engine options.

European debut of the new Jeep Compass (compact SUV) at the Geneva Motor Show and world debut of the new Grand Cherokee with 3.0 MultiJet II turbodiesel.

European Investment Bank and Fiat sign agreement for €250 million in financing for Fiat R&D projects in Italy.

In U.S. and Canada, first deliveries of the Fiat 500 Prima Edizione begin: the first Fiat cars sold in North America since 1983.

April
At the Shanghai Motor Show, Maserati gives Asian premiere of the GranTurismo MC Stradale, the new coupé based on the MC Trofeo racing model.

April
Chrysler Group presents 2012 Jeep Grand Cherokee SRT8® and Chrysler 300 SRT8® at the New York Auto Show.

April

On April 1st, €1 billion bond (6.375%, due 2016) is issued by Fiat Finance and Trade Ltd. S.A. (a wholly-owned subsidiary of Fiat S.p.A.) under the Global Medium Term Note program guaranteed by Fiat S.p.A.

On April 12th, Fiat announces achievement of 2nd Performance Event by Chrysler ($1.5 billion in cumulative revenues from sales outside NAFTA and formalization of certain cooperation agreements). As a result, Fiat's ownership interest in Chrysler increases from 25% to 30%.

The restyled Delta with new trim and engine options goes on sale in Italy.

Alfa Romeo recognized at NC AWARDS (Italy) for best advertising campaign of the year for the Giulietta.

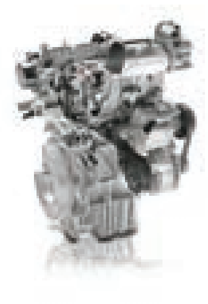
In Germany, Fiat 500 ranks top in customer satisfaction in the J. D. Power and Associates "Vehicle Owner Satisfaction Study".

May

Fiat Group Automobiles and PSA Peugeot Citroën announce plans to extend JV in Italy for production of LCVs (SevelSud) to 2019. Due to changes in future product strategies, the partners agree not to renew SevelNord JV in France beyond 2017.

May

Launch of the new Fiat Ducato, the 5th generation of the best-selling van that has won numerous international awards and sold more than 2.2 million units since 1981. More than 2,000 combinations of chassis, engine and mechanics are offered, together with an expanded range of Euro 5 diesel and CNG engines.



May

Two-cylinder TwinAir named "International Engine of the Year" for 2011 by international panel of journalists. It is also judged best in the under 1 liter category and named "Green Engine of the Year" and "Best New Engine of the Year".

Fiat launches new 500 TwinAir (standard and cabriolet versions) in Europe. The "TwinAir" badge now designates entire range of products with innovative two-cylinder turbo engine, combined with unique styling and content.

Concurrent with Chrysler's debt refinancing and repayment in full of all loans from the U.S. and Canadian governments, Fiat pays $1,268 million to Chrysler for exercise of Incremental Equity Call Option, increasing its interest in Chrysler from 30% to 46% (fully diluted).

Alfa Romeo 4C Concept car voted "Most Attractive Concept Car of the Year" by readers of *Auto Bild*.

Chrysler brand nominated "Top Popular Brand" at 15th edition of the AutoPacific "Vehicle Satisfaction Awards", based on an annual survey of 68,000 new vehicle owners. In addition, the 2011 Chrysler Town & Country (minivan) and 2011 Jeep Grand Cherokee (premium mid-size SUV) take first in their categories.

June

Agreement signed between Fiat Powertrain and Suzuki Motor Corporation for supply of 120 hp 1.6 MultiJet II diesel for the new Suzuki SX4, replacing the 135 hp 2.0 Fiat Powertrain engine used on the current SX4 platform.

Following presentation in Geneva, the Lancia Ypsilon is launched across Europe.

September

Fiat launches 3rd generation Panda at the Frankfurt Motor Show. The new model is offered with 4 engines (85 hp 0.9 TwinAir turbo, 65 hp 0.9 TwinAir, 69 hp 1.2 Fire and 75 hp 1.3 MultiJet II), 3 trim packages and other options providing more than 600 different combinations. Also unveiled in Frankfurt is the new All-Wheel Drive Freemont offered with two engines (170 hp 2.0 MultiJet II diesel and 280 hp 3.6 V6 gasoline) and automatic transmission.

September

Lancia showcases the Thema and Voyager at the Frankfurt Motor Show (the first 2 models resulting from its partnership with Chrysler). The Thema is offered with 3 trim packages and 3 engines (286 hp 3.6 V6 gasoline with 8-speed automatic transmission and a 190 hp & 239 hp 3.0 V6 diesel). The new Voyager comes with a 283 hp 3.6 V6 gasoline with 6-speed automatic transmission and a 163 hp 2.8 diesel.

September

Ferrari premieres the 458 Spider at the Frankfurt Motor Show, the marque's first ever mid-rear engined 8-cylinder with an innovative folding aluminum hard-top.

Launch of the Fiat Freemont.

Chrysler elevates its Street and Racing Technology (SRT®) team to a distinct performance brand. SRT designs, engineers and builds benchmark American high-performance models for Chrysler, Jeep and Dodge.

The 2011 Chrysler Town & Country and Dodge Challenger rank highest in the minivan and mid-size sport car segments, respectively, in the J.D. Power and Associates 2011 U.S. Initial Quality Study℠.

July

Issue of €900 million bond (6.125%, due 2014) and €600 million bond (7.375%, due 2018) by Fiat Finance and Trade Ltd. S.A. (a wholly-owned subsidiary of Fiat S.p.A.) under the Global Medium Term Note program guaranteed by Fiat S.p.A.

On July 21st, following receipt of regulatory approvals, Fiat purchases U.S. Treasury's 6% fully-diluted ownership interest in Chrysler for $500 million. On the same date, the UST assigns Fiat its rights under the Equity Recapture Agreement for consideration of $75 million. Fiat also purchases the Canadian government's 1.5% fully-diluted ownership interest in Chrysler for $125 million.

An historic milestone for the Fiat Panda as the 2 millionth vehicle rolls off the production line in Tychy, Poland. Fiat 500 receives the "ADI Compasso d'Oro".

September

Fiat S.p.A. is included in the DJSI World and DJSI Europe indexes for the 3rd consecutive year, receiving a score of 94/100, the highest in its sector (together with BMW), compared to an average of 72/100 for all Automobiles companies.

September

Fiat S.p.A. enters the Global 500 Carbon Disclosure Leadership Index (CDLI) and Carbon Performance Leadership Index (CPLI) in report by the Carbon Disclosure Project (CDP) that analyzes more than 400 companies worldwide. Fiat receives score of 93/100 for transparency in disclosure and maximum score ("A") for commitment to reducing carbon emissions.

September

Three European premieres at the Frankfurt Motor Show: the new high-performance Grand Cherokee SRT8 with 470 hp 6.4 HEMI® engine; the 284 hp 3.6 Pentastar V6 gasoline engine to power the 2012 Jeep Wrangler and Jeep Wrangler Unlimited; and the special edition all-terrain Jeep Wrangler Arctic.

At the Frankfurt Motor Show, Maserati unveils the Kubang – an SUV concept that paves the way for the brand's entry into the luxury SUV segment.

On September 30th, Fiat announces decision to withdraw from Confindustria (the confederation of Italian businesses) with effect from 1 January 2012.

Nursery school inaugurated in the Bazzano area of L'Aquila. Rebuilding of the school following the April 2009 earthquake was made possible by donations from Fiat S.p.A. and the Italian dealer networks of Fiat, Alfa, Lancia, Abarth, Fiat Professional and Maserati.

October

Fiat confirms intention to install one of its three main architectures at Mirafiori for production of various nameplates for Group brands. Installation of the production infrastructure is scheduled to begin in 2012 and production of the first nameplate, a Jeep SUV, is expected to commence in 2013. Production of the Alfa Romeo MiTo at Mirafiori is also confirmed.

December

Fiat S.p.A. joins the Advanced Sustainability Performance Eurozone Index (“ASPI Eurozone®”) of 120 companies selected on the basis of research conducted by VIGEO. The ASPI Eurozone® is recognized by investors as one of the leading sustainability indexes.

December

On December 13th, Fiat announced the signing of a new collective agreement with the majority of trade unions, which is applicable to all Fiat employees in Italy with effect from 1 January 2012.

Fiat announces development of a new gasoline direct injection turbo engine for Alfa Romeo to be produced at the FMA plant in Pratola Serra, Italy beginning early 2013. The new engine will be a 1.8 4-cylinder with maximum output of 300 hp designed to meet future emissions standards in Europe (Euro 6) and the U.S. (Tier 2 Bin 5).

On October 13th, Fiat S.p.A. closes a 3-year syndicated facility launched July 27th. Due to strong demand from banks, the facility is increased from €1.75 billion to €1.95 billion. The facility replaces a 3-year €1 billion revolving credit facility signed February 2009.

On October 27th, the Board of Directors of Fiat S.p.A. passes a resolution to propose to Shareholders the conversion of the Company’s preference and savings shares into Fiat ordinary shares for the purpose of simplifying the Company’s capital and governance structure.

On October 26th, the UAW ratifies a new national four-year labor agreement with Chrysler Group.

December

Fiat and Chrysler Group announce the opening of Mopar parts distribution centers in Shanghai and Dubai in support of the Group’s growing presence in international markets.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Highlights by Sector

(€ million)	Net revenues 2011	Net revenues 2010	Trading profit/(loss) 2011	Trading profit/(loss) 2010	Operating profit/(loss) 2011	Operating profit/(loss) 2010	Total operating assets 2011	Total operating assets 2010
Fiat Group Automobiles	27,980	27,860	430	607	1,876	515	22,190	17,027
Chrysler (1)	23,609	-	1,345	-	1,200	-	31,251	-
Maserati	588	586	40	24	40	24	477	382
Ferrari	2,251	1,919	312	303	318	302	1,911	1,667
Components (Magneti Marelli)	5,860	5,402	181	98	27	73	3,365	3,395
Fiat Powertrain	4,450	4,211	131	140	134	172	3,258	3,419
Metallurgical Products (Teksid)	922	776	26	17	(2)	17	546	581
Production Systems (Comau)	1,402	1,023	10	(6)	(120)	(6)	742	697
Other Businesses and Eliminations	(7,503)	(5,897)	(83)	(71)	(137)	(105)	(4,818)	(399)
TOTAL FIAT GROUP	**59,559**	**35,880**	**2,392**	**1,112**	**3,336**	**992**	**58,922**	**26,769**

(€ million)	Total operating liabilities 2011	Total operating liabilities 2010	Capital expenditure(2) 2011	Capital expenditure(2) 2010	R&D expense(3) 2011	R&D expense(3) 2010	Number of employees 2011	Number of employees 2010
Fiat Group Automobiles	16,587	14,796	2,367	1,652	771	722	59,714	57,611
Chrysler (1)	20,686	-	1,936	-	764	-	55,687	-
Maserati	391	350	134	104	113	62	714	696
Ferrari	1,524	1,141	231	239	143	148	2,695	2,721
Components (Magneti Marelli)	2,110	2,045	487	383	309	292	34,804	34,269
Fiat Powertrain	1,795	1,826	269	385	87	80	12,552	12,453
Metallurgical Products (Teksid)	325	293	38	31	1	2	7,865	7,275
Production Systems (Comau)	648	513	20	24	14	12	14,457	12,216
Other Businesses and Eliminations	(1,224)	2,287	46	46	(27)	(34)	8,533	10,560
TOTAL FIAT GROUP	**42,842**	**23,251**	**5,528**	**2,864**	**2,175**	**1,284**	**197,021**	**137,801**

(1) Consolidated from 1 June 2011
(2) Investments in tangible and intangible assets (net of vehicles sold under buy-back commitments and leased out)
(3) Includes capitalized R&D and R&D charged directly to the income statement

Main Risks and Uncertainties to which Fiat S.p.A. and its Subsidiaries are Exposed

Following is a brief description of main risks and uncertainties that could potentially have a significant impact on the activities of Fiat S.p.A and its subsidiaries, that since June 2011 include Chrysler. Other risks and uncertainties, which are currently unforeseeable or considered to be unlikely, could also have a significant influence on the operating performance, financial position and future prospects of Fiat Group.

Risks associated with global financial markets and general economic conditions

The Group's earnings and financial position may be influenced by various macroeconomic factors – including increases or decreases in gross domestic product, the level of consumer and business confidence, changes in interest rates on consumer and business credit, energy prices, the cost of commodities or other raw materials and the rate of unemployment – within the various countries in which it operates.

For example, the global economic recession in 2008 and the first half of 2009 had a negative impact on the Group's earnings. Weak economic conditions resulted in a significant decline in demand for most of the Group's products. The current economic weakness in the eurozone, including Italy, cast serious uncertainty on the possible evolution of the economic activity in this region in the foreseeable future. In Europe, despite the measures taken by several governments, international and supranational organizations and monetary authorities to provide financial assistance to euro area member states of the European Union in economic difficulty and to face the possibility of default by certain European countries on their sovereign debt obligations, concerns persist regarding the debt burden of certain eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency (or, in more extreme circumstances, the possible dissolution of the euro entirely), given the diverse economic and political circumstances in individual member states of the eurozone. These potential developments could adversely affect the businesses and operations of the Group.

Following the acquisition of control of Chrysler in 2011, nearly 45% of Group's on-going revenues are generated in the NAFTA region. Substantially all of Chrysler's vehicles sales occur in North America (U.S. and Canada). Although Chrysler is seeking to increase the proportion of its vehicle sales outside of North America (directly or through Fiat), it anticipates that its results of operations will continue to depend substantially on vehicle sales in the principal North American markets, particularly the U.S. Any significant deterioration in the economic conditions in the U.S. and/or Canada may consequently adversely affect Fiat Group's result of operations, financial position and cash flows.

In general, the sector in which the Group operates have historically been subject to highly cyclical demand and tend to reflect the overall performance of the economy, in certain cases even amplifying the effects of economic trends. Given the difficulty in predicting the magnitude and duration of economic cycles, there can be no assurances as to future trends in the demand for or supply of products sold by the Group in any of the markets in which it operates.

Additionally, even in the absence of slow growth or recession, other economic circumstances – such as increases in energy prices, fluctuations in prices of raw materials or contractions in infrastructure spending – could have negative consequences for the industry in which the Group operates and, together with the other factors referred to previously, could have a material adverse effect on the Group's business prospects, earnings and/or financial position.

Risk associated with the high level of competition and cyclicality of the automobile industry

Substantially all of the Group's revenues are generated in the automobile industry, which is highly competitive and encompasses the production and distribution of passenger cars, light commercial vehicles and the related components and production systems. The Group faces competition from other international passenger car and light commercial vehicle manufacturers and distributors and components suppliers in Europe, North and Latin America. These markets are highly competitive in terms of product quality, innovation, pricing, fuel economy, reliability, safety, customer service and financial services offered.

Competition, particularly in pricing, has increased significantly in the Group's industry sector in recent years. In addition, partly as a result of the contraction in demand for automobiles, global production capacity for the car industry significantly exceeds current demand. This overcapacity, combined with high levels of competition and weakness of major economies, could intensify pricing pressures.

Fiat has a relatively high proportion of fixed costs and may have significant limitations on the ability to reduce fixed costs by closing facilities and/or reducing labor expenses. Fiat's competitors may respond to these conditions by attempting to make their vehicles more attractive or less expensive to customers by adding vehicle enhancements, providing subsidized financing or leasing programs, offering option package discounts, price rebates or other sales incentives, or by reducing vehicle prices in certain markets. In addition, manufacturers in countries which have lower production costs have announced that they intend to export lower-cost automobiles to established markets. These actions have had, and could continue to have, a negative impact on Fiat's vehicle pricing, market share, and operating results. Offering desirable vehicles that appeal to customers can mitigate the risks of stiffer price competition, while offer of vehicles that are perceived to be less desirable (whether in terms of price, quality, styling, safety, or other attributes) can exacerbate these risks.

In the Automobiles business, sales to end customers are cyclical and subject to changes in the general condition of the economy, the readiness of end customers to buy and their ability to obtain financing and the possible introduction of measures by governments to stimulate demand. The sector is also subject to constant renewal of the product offering through frequent launches of new models. A negative trend in the automobiles business could have a material adverse impact on the business prospects, earnings and/or financial position of the Fiat Group.

Should the Group be unable to adapt effectively to external market conditions, this could have a material adverse effect on its business prospects, earnings and/or financial position.

Risks associated with the ability to offer innovative products

The success of the Group's businesses depends, among other things, on their ability to maintain or increase their share in existing markets and/or to expand into new markets through the development of innovative, high-quality products that provide adequate profitability. In particular, a failure to develop and offer innovative products that compare favorably to those of the Group's principal competitors in terms of price, quality, functionality and features, or delays in bringing strategic new models to market, could result in reduced market share, having material adverse effects on the Group's business prospects, earnings and/or financial position.

Risks associated with the policy of targeted industrial alliances

The Group has engaged in the past, and may engage in the future, in significant corporate transactions such as mergers, acquisitions, joint ventures and restructurings, the success of which is difficult to predict. There can be no assurance that any such significant corporate transaction which might occur in the future will not encounter administrative, technical, industrial, operational, regulatory, political, financial or other difficulties (including difficulties related to control and coordination among different shareholders or business partners) and thus fail to produce the benefits expected of it. The failure of any significant strategic alliance, joint venture, merger or similar transaction could have an adverse effect on the Group's business prospects, earnings and/or financial position.

Risk associated with the alliance with Chrysler

The acquisition of a controlling interest in Chrysler and the related alliance is intended to provide both Fiat and Chrysler with a number of long-term benefits, including sharing new vehicle platforms and powertrain technologies, as well as procurement benefits, management services and global distribution opportunities. The alliance is also intended to facilitate both parties penetration in several international markets where the companies' products would be attractive to consumers, but where one of the parties does not have significant penetration.

The ability to realize the benefits of the alliance is critical for Fiat and Chrysler to compete with their competitors. If the parties are unable to convert the opportunities presented by the alliance into long-term commercial benefits, either by improving sales of our vehicles and service parts, reducing costs or both, the Group's financial condition and results of operations will be materially adversely affected.

Additionally, any adverse development in the Chrysler investment and the related alliance could have a material adverse effect on the Group's business prospects, financial condition and results of operations. Therefore, if the investment and the related alliance do not bring their intended benefits or changes in circumstances at Fiat or Chrysler occur, there may be a material adverse effect on the Group's business prospects, financial condition and results of operations.

Risks associated with selling in international markets and exposure to changes in local conditions

The Group is subject to risks inherent to operating globally, including those related to:

- exposure to local economic and political conditions;
- import and/or export restrictions;
- multiple tax regimes, including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments to or from subsidiaries;
- foreign investment and/or trade restrictions or requirements, foreign exchange controls and restrictions on repatriation of funds; and/or
- the introduction of more stringent laws and regulations.

Unfavorable developments in any one of these areas (which may vary from country to country) could have a material adverse effect on the Group's business prospects, earnings and/or financial position.

Risks associated with operating in emerging markets

The Group operates in a number of emerging markets, both directly (e.g., Brazil and Argentina) and through joint ventures and other cooperation agreements (e.g., Turkey, India, China and Russia). The Group's exposure to these countries has increased in recent years, as have the number and importance of such joint ventures and cooperation agreements. Economic and political developments in emerging markets, including economic crises or political instability, have had and could in the future have material adverse effects on the Group's business prospects, earnings and/or financial position.

Risks associated with relationships with employees and suppliers

In many countries where the Group operates, Group employees are protected by various laws and/or collective labor agreements that guarantee them, through local and national representatives, the right of consultation on specific matters, including downsizing or closure of production units and reductions in personnel. The laws and/or collective labor agreements applicable to the Group could impair its flexibility in reshaping and/or strategically repositioning its business activities. The Group's ability to reduce personnel or implement other permanent or temporary redundancy measures may be subject to government approvals and the agreement of the labor unions. Industrial action by employees could have an adverse impact on the Group's business activities.

Furthermore, the Group purchases raw materials and components from a large number of suppliers and relies on services and products provided by companies outside the Group. Some of these companies are highly unionized. Close collaboration between a manufacturer and its suppliers is common in the industries in which the Group operates and although this offers economic benefits in terms of cost reduction, it also means that the Group is reliant on its suppliers and is exposed to the possibility that difficulties, including those of a financial nature, experienced by those suppliers (whether caused by internal or external factors) could have a material adverse effect on the Group's business prospects, earnings and/or financial position.

Risk associated with increase in costs, disruption of supply or shortage of raw materials

Fiat uses a variety of raw materials in its business including steel, aluminum, lead, resin and copper, and precious metals such as platinum, palladium and rhodium. The prices for these raw materials fluctuate and at times in recent periods, these commodity prices have increased significantly in response to changing market conditions. Fiat seeks to manage this exposure, but it may not be successful in hedging these risks. Substantial increases in the prices for raw materials would increase the Group's operating costs and could reduce profitability if the increased costs will not be offset by changes in vehicle prices. In addition, certain raw materials are sourced only from a limited number of suppliers and from a limited number of countries. The Group cannot guarantee that it will be able to maintain arrangements with these suppliers that assure access to these raw materials, and in some cases this access may be affected by factors outside of Group's control and the control of its suppliers. For instance, the recent earthquake and tsunami in Japan have negatively affected commodity markets, and any similar event may have severe and unpredictable effects on the price of certain raw materials in the future. As with raw materials, the Group is also at risk for supply disruption and shortages in parts and components for use in its vehicles.

Any interruption in the supply or any increase in the cost of raw materials, parts and components could negatively impact Group's ability to achieve growth in vehicle sales and improved profitability.

Risks associated with environmental and other government regulation

The Group's products and activities are subject to numerous environmental laws and regulations (local, national and international) which are becoming increasingly stringent in many countries in which it operates (particularly in the European Union). Such regulations govern, among other things, products – with requirements relating to emissions of polluting gases, reduced fuel consumption and safety becoming increasingly strict – and industrial plants – with requirements for emissions, treatment of waste and water and prohibitions on soil contamination. In order to comply with such laws and regulations, the Group employs considerable resources and expects it will continue to incur substantial costs in the future.

In addition, government initiatives to stimulate consumer demand for products sold by the Group, such as changes in tax treatment or purchase incentives for new vehicles, can substantially influence the timing and level of revenues. The size and duration of such government measures are unpredictable and outside of the Group's control. Any adverse change in government policy relating to those measures could have material adverse effects on the Group's business prospects, earnings and/or financial position.

Risks associated with management

The Group's success is largely dependent on the ability of its senior executives and other members of management to effectively manage the Group and individual areas of business. The loss of any senior executive, manager or other key employees without an adequate replacement or the inability to attract, retain and incentivize senior executive managers, other key employees or new qualified personnel could therefore have a material adverse effect on the Group's business prospects, earnings and/or financial position.

Risks associated with financing requirements

The Group's future performance will depend on, among other things, its ability to finance debt repayment obligations and planned investments from operating cash flow, available liquidity, the renewal or refinancing of existing bank loans and/or facilities and possible recourse to capital markets or other sources of financing. Although the Group has measures in place that are designed to ensure levels of working capital and liquidity are maintained, further declines in sales volumes could have a negative impact on the cash-generating capacity of its operating activities. The Group could, therefore, find itself in the position of having to seek additional financing and/or having to refinance existing debt, including in unfavorable market conditions with limited availability of funding and a general increase in funding costs. Any difficulty in obtaining financing could have material adverse effects on the Group's business prospects, earnings and/or financial position.

Risks associated with Fiat indebtedness as a result of the acquisition of control of Chrysler

Even after the acquisition of control by Fiat, Chrysler continues to manage financial matters, including funding and cash management, separately. Additionally, Fiat has not provided guarantees or security or undertaken any other similar commitment in relation to any financial obligation of Chrysler, nor does it have any commitment to provide funding to Chrysler in the future.

In any case, certain bonds issued by Fiat include provisions that may be affected by circumstances related to Chrysler. In particular these bonds include cross-default clauses which may accelerate Fiat's obligation to repay its bonds in the event that a "material subsidiary" of Fiat fails to pay certain debt obligations on maturity or is otherwise subject to an acceleration in the maturity of any of those obligations. As a result of Fiat's acquisition of control over Chrysler, Chrysler Group LLC is a "material subsidiary" and certain of its subsidiaries may become material subsidiaries of Fiat within the meaning of those bonds. Therefore, the cross-default provision could require early repayment of the Fiat bonds in the event Chrysler's debt obligations are accelerated or are not repaid at maturity. There can be no assurance that the obligation to accelerate the repayment by Chrysler of its debts will not arise or that it will be able to pay its debt obligations when due at maturity.

Risks associated with Fiat's credit rating

The ability to access the capital markets or other forms of financing and the related costs are dependent, amongst other things, on the Group's credit ratings. Following downgrades by the major rating agencies in the first quarter of 2009 and during 2011, Fiat is currently rated below investment grade, with ratings on its long-term debt of Ba2 (Ba3 for senior unsecured bonds) with negative outlook from Moody's Investors Service Inc., BB with credit watch negative from Standard & Poor's Ratings Services (a subsidiary of The McGraw-Hill Companies, Inc.), and BB with negative outlook from Fitch Ratings Ltd. The rating agencies review their ratings at least annually and, as such, the assignment of new ratings to Fiat during 2012 cannot be excluded. It is not currently possible to predict the timing or outcome of any rating review. Any further downgrades would increase Fiat's cost of capital and potentially limit its access to sources of financing with a consequent material adverse effect on Fiat's business prospects, financial condition and/or results of operations.

Chrysler has been assigned a corporate credit rating of B2 (with a positive outlook) by Moody's Investor Service and B+ (with a stable outlook) by Standard & Poor's. Because Chrysler is more highly leveraged and has a lower corporate credit rating than Fiat, it is possible that consolidation of Chrysler's financial information into Fiat's financial information could result in a rating review of Fiat and potentially a lower credit rating.

Risks associated with restrictions arising out from Chrysler's debt instruments

In connection with the refinancing transactions finalized at the end of May 2011, Chrysler entered into a credit agreement for the senior secured credit facilities (including a revolving facility) and an indenture for two series of secured senior notes. These debt instruments include covenants that restrict Chrysler's ability to make certain distributions, prepay other debt, encumber assets, incur additional indebtedness, engage in certain business combinations, or undertake various other business activities.

The credit agreement governing the senior secured credit facility and the indenture governing the secured senior notes contain restrictive covenants that limit Chrysler's ability to, among other things:

- incur or guarantee additional secured indebtedness;
- pay dividends or make distributions or purchase or redeem capital stock;
- make certain other restricted payments;
- incur liens;
- sell assets;
- enter into sale and lease-back transactions;
- enter into transactions with affiliates (as defined in the relevant contractual documents), including Fiat; and
- effect a consolidation, amalgamation or certain merger or change of control (except for the acquisition of control by Fiat).

These restrictive covenants could have an adverse effect on Chrysler's business by limiting its ability to take advantage of financing, mergers and acquisitions, joint ventures or other corporate opportunities. In addition, the Senior Credit Facilities contain, and future indebtedness may contain, other and more restrictive covenants and also prohibit Chrysler from prepaying certain of their indebtedness. The Senior Credit Facilities require Chrysler to maintain borrowing base collateral coverage and a liquidity threshold. A breach of any of these covenants or restrictions could result in an event of default on the indebtedness and any of the other indebtedness of Chrysler or result in cross-default under certain of its indebtedness.

Furthermore, the indenture governing the VEBA Trust Note limits the ability of Chrysler's subsidiaries to incur debt.

If Chrysler is unable to comply with all of these covenants, it may be in default, which could result in the acceleration of its outstanding indebtedness and foreclosure on mortgaged properties. In this case, Chrysler may not be able to repay its debt and it is unlikely that it would be able to borrow sufficient additional funds. In any case, even if new financing is made available to Chrysler in such circumstances, it may not be available on acceptable terms.

In addition, compliance with certain of these covenants could restrict Chrysler's ability to take certain actions that its management believes are in Chrysler's best long-term interests.

Should Chrysler be unable to undertake strategic initiatives due to the covenants provided for by the above instruments, Fiat business prospects, financial condition and/or results of operations could be harmed.

Risks associated with fluctuations in currency and interest rates and credit risk

The Group, which operates in numerous markets worldwide, is naturally exposed to market risks stemming from fluctuations in currency and interest rates. The exposure to currency risk is mainly linked to the difference in geographic location between the Group's manufacturing activities and its commercial activities, resulting in cash flows from exports denominated in currencies that differ from those associated with production activities.

The Group uses various forms of financing to cover funding requirements for its industrial activities and for financing customers and dealers. Moreover, liquidity for industrial activities was also principally invested in variable-rate or short-term financial instruments. The Financial Services companies normally operate a matching policy to offset the impact of differences in rates of interest on the financed portfolio and related liabilities. Nevertheless, changes in interest rates can result in increases or decreases in revenues, finance costs and margins.

Consistent with its risk management policies, the Group seeks to manage risks associated with fluctuations in currency and interest rates through the use of financial hedging instruments. Despite such hedges being in place, sudden fluctuations in currency or interest rates could have a material adverse effect on the Group's business prospects, earnings and/or financial position.

The Group's Financial Services activities are also subject to the risk of insolvency of dealers and end customers, as well as unfavorable economic conditions in markets where these activities are carried out, which the Group seeks to mitigate through the credit approval policies applied to dealers and end customers.

Risks associated with the availability of adequate financing for Chrysler's dealers and retail customers

In the United States and Canada, Chrysler's dealers enter into wholesale financing arrangements to purchase vehicles from Chrysler and retail customers use a variety of finance and lease programs to acquire vehicles. Insufficient availability of financing to dealers and retail customers contributed to sharp declines in Chrysler's vehicle sales during 2008, and was one of the key factors leading to Chrysler's bankruptcy filing.

Chrysler's lack of a captive finance company may increase the risk that dealers and retail customers will not have access to sufficient financing on acceptable terms and may adversely affect vehicle sales in the future. Furthermore, most of Chrysler's competitors operate and control their own captive finance companies: as a result, they may be better able to implement financing programs designed principally to maximize vehicle sales in a manner that optimizes profitability for them and their captive finance companies on an aggregate basis. Since Chrysler's ability to compete also depend on access to appropriate sources of financing for dealers and retail customers, its lack of a captive finance company could adversely affect its results of operations. In addition, unless financing arrangements other than for retail purchase continue to be developed and offered by banks to retail customers in Canada, Chrysler's lack of a captive finance company could present a competitive disadvantage in Canada, since banks are restricted by law from providing retail lease financing in Canada.

In connection with the 2009 restructuring of the U.S. automotive industry, and with the assistance of the U.S. Treasury, Chrysler entered into an auto finance relationship with Ally Financial Inc. (hereafter "Ally"); the agreement with Ally extends through April 20, 2013, with automatic one year renewals unless either party elects not to renew. Ally historically was the captive finance company of General Motors Company, one of Chrysler's main competitors.

Pursuant to this agreement, Ally is neither obligated to provide financing to dealers, nor is Ally required to fund a certain number of vehicle sales or leases for customers. On the other hand, Chrysler must offer all subvention programs to Ally, and it is required to ensure that Ally finances a specified minimum percentage of the units sold by Chrysler in North America under rate subvention programs in which it elects to participate.

Chrysler expects Ally to provide services comparable to those Ally provides to its other strategic business partners, including General Motors. Nevertheless, Chrysler's ability to fully realize the value of their relationship with Ally may be adversely affected by a number of factors, including General Motors' historic and ongoing relationship with Ally, and General Motors' current equity ownership in Ally.

To the extent that Ally is unable or unwilling to provide sufficient financing at competitive rates to Chrysler's dealers and retail customers, and dealers and retail customers do not otherwise have sufficient access to such financing. As a result, Chrysler's vehicle sales and market share may suffer, which would adversely affect its and Fiat's financial condition and/or results of operations.

Risks associated with Chrysler's pension plans

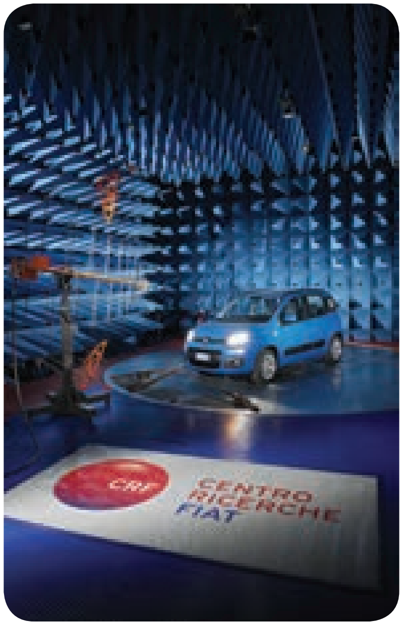
Chrysler's defined benefit pension plans are currently underfunded and its pension funding obligations may increase significantly if investment performance of plan assets does not keep pace with increases in obligations. These funding obligations may increase based upon the future returns on the assets placed in trusts for these plans, the level of interest rates used to determine funding levels, the level of benefits provided for by the plans, investment decisions that do not achieve adequate returns and any changes in applicable law related to funding requirements. Chrysler's defined benefit pension plans currently hold significant investments in equity and fixed income securities, as well as investments in less liquid instruments such as private equity, real estate and hedge funds. Due to the complexity and magnitude of certain of their investments, additional risks may exist, including significant changes in investment policy, insufficient market capacity to complete a particular investment strategy, and an inherent divergence in objectives between the ability to manage risk in the short term and inability to quickly rebalance illiquid and long-term investments.

To determine the appropriate level of funding and contributions to Chrysler's defined benefit pension plans, as well as the investment strategy for the plans, Chrysler is required to make various assumptions, including an expected rate of return on plan assets and a discount rate used to measure the obligations under the defined benefit pension plans. Interest rate increases generally will result in a decline in the value of fixed income securities while reducing the present value of the obligations. Conversely, interest rate decreases will increase the value of fixed income securities, partially offsetting the related increase in the present value of the obligations.

If the total values of the assets held by Chrysler's defined benefit plans fall and/or the returns on these assets underperform the relevant assumptions, Chrysler pension expenses and contributions could increase and, as a result, could materially adversely affect the Group's financial condition and/or results of operations. If Chrysler fails to make required minimum funding contributions, it could be subjected to reportable event disclosure to the Pension Benefit Guaranty Corporation, as well as interest and excise taxes calculated based upon the amount of funding deficiency.

If Fiat's ownership in Chrysler were to exceed 80%, Fiat may become subject to certain US legal requirements making it secondarily responsible for any funding shortfall in certain of Chrysler's pension plans in the event Chrysler were to become insolvent. Chrysler's organizational documents contain certain protections designed to ensure that Fiat will not inadvertently become subject to these obligations.

Research and Innovation



Following the demerger of activities by Fiat Group at the beginning of the year, Centro Ricerche Fiat (CRF) remained a subsidiary of Fiat to ensure continuity of support to Fiat Industrial, a number of service agreements specifically targeted at research and development activities have been set up with Iveco and CNH.

In addition, with Fiat's increasing ownership interest in Chrysler, activities between the two have been expanded from development of shared platforms and models to also include plans for a shared research and innovation program. As a result, in March 2011, CRF reorganized its research and development activities and created a new FGA-Chrysler Innovation & Methodologies Synergies unit whose main task is to facilitate bi-lateral sharing and coordination. In this initial stage, innovation activities are being shared in the areas of connectivity, postural and climate comfort, and fuel consumption reduction. Additionally, to promote a more intensive and focused collaborative process, the two partners undertook a review of strategies and processes which led to the formulation of a joint innovation plan for 2012. Other technology sharing initiatives include target deployment and testing methodologies, particularly in the areas of ergonomics and fuel consumption, as well as joint development of virtual simulation know-how. The primary objective for 2012 will be to expand the collaboration between the two groups in order to fully leverage their respective technical capabilities and experience.

Expenditure on Research & Development[1] totaled approximately €2.2 billion for the year, equivalent to 4.2% of net revenues for the Industrial Activities, and R&D activities involved some 17,000 specialized personnel at 77 centers.

Centro Ricerche Fiat (CRF)

Profile

CRF (headquartered in Orbassano, near Turin) was established in 1978 to serve as a center of expertise for the Group's innovation and development activities. Recognized internationally as a center of excellence, its mission is to provide a strategic lever for Fiat businesses.

With approximately 1,000 employees, CRF draws on a broad array of technical skills and a series of state-of-the-art laboratories, covering all automotive engineering disciplines. CRF has achieved significant results over the years, with 2,860 patents filed or pending, and a global network of over 1,760 industrial partners, universities and research centers that further strengthen the Center's innovation strategies, as well as facilitating local implementation of projects and development of specialized know-how.

At the international level, CRF had 19 projects approved in 2011 under the EU's Seventh Framework Program for 2007-2013, bringing the total active projects under this Program to 133. Its status as a well-established European research center together with its recognized know-how and extensive presence throughout Italy have also led to its participation in public-private partnerships (PPPs) set up to focus public and private research on areas of common interest and on industrial applications both in Italy and at the European level (Green Car Initiative, Factories of the Future, etc.). Particularly active in the area of sustainable mobility, CRF studies innovative mobility solutions through a 360-degree approach encompassing vehicles, components, energy, safety, telematics, innovative materials and related technologies, and mechatronics, as well as innovative concepts in engine technologies, alternative propulsion systems and transmissions.

(1) Includes capitalized R&D and R&D charged directly to the income statement

CRF's activities are grouped into the following three core areas: environmental sustainability, social sustainability and economically-sustainable competition.

Environmental Sustainability

This area consists of research aimed at increasing the energy efficiency of vehicles and reducing environmental impacts over their entire life cycle (i.e., production to dismantling). Major achievements in 2011 include:

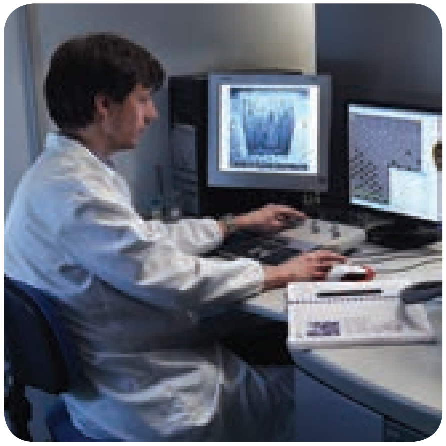
- **Application of MultiJet II Injection Rate Shaping (IRS) technology to 2.0L and 3.0L V6 diesel engines.** During 2011, the IRS technology (developed and patented by CRF at its Research & Technology laboratories in Orbassano, Italy) was applied to the new MultiJet II diesel engines fitted on the Jeep Grand Cherokee (241 hp 3.0L V6) and the Fiat Freemont (170 hp 2.0L). The MultiJet II technology uses a new injector with a balanced solenoid valve, enabling 8 injections per combustion cycle, and incorporates Injection Rate Shaping technology, which combines the 2 main injections into a single continuous modulated flow of fuel to the cylinders. This results in lower fuel consumption and polluting emissions than a conventional injector, and also drastically reduces combustion noise.
- **MultiAir modular application.** The development and application of MultiAir technology on naturally-aspirated and turbo versions of the FIRE engine (2009) and the 2-cylinder TwinAir Turbo (2010) demonstrated the potential of this revolutionary technology in

"€2.2 billion in R&D expenditure, equivalent **to 4.2% of net revenues for Industrial Activities**"

reducing fuel consumption on gasoline engines by more than 10%, while also having a measurable benefit in terms of driving performance. In 2011, CRF worked on the second generation MultiAir which, on the same engine hardware, offers new valve control capabilities for full control of the combustion process under all operating conditions, optimizing the compression ratio and level of exhaust gas recycled, instant by instant and cylinder by cylinder. During the year, CRF's research activities in this area focused on development of a vehicle for comprehensive testing of engine modularity in terms of reductions in consumption and driving performance, focusing on enhancements to software and control strategies to yield the maximum benefits from this advanced engine control technology. Results achieved both on the demo vehicle and from bench tests were very promising. From "cylinder deactivation" alone, the potential reductions in fuel consumption are estimated at between 3% and 5%, with Noise, Vibration and Harshness (NVH) in line with regulatory standards and no impact on vehicle performance.

- **Optimization of on-board energy use.** The efficiency of the latest-generation engines and the resulting lack of heat that can be extracted from engine coolants, have made the introduction of devices such as smart heaters necessary to improve engine warm-up and passenger comfort. Through the recovery of engine exhaust heat, which accounts for around a third of the energy generated from fuel combustion, engine warm-up can be accelerated, improving both passenger comfort and energy efficiency. On next-generation vehicles, new smart cooling systems will increase vehicle energy efficiency by operating at two levels: first by dispersing high temperature heat (heat generated by the engine) and second, for lower temperature heat, by optimizing the utilization of systems for splitting cooling flows for localized cooling of auxiliary systems. Application of these systems can achieve real reductions in fuel consumption of around 5%.

Optimization of a vehicle's aerodynamics is another factor that can contribute to improvements in energy efficiency. Here a solution has been developed that improves the air outflow from the front wheel housing, which is a critical element in the aerodynamic drag of the vehicle. Using calculation and optimization



techniques developed by CRF, a reduction in drag coefficient of more than 3% was achieved without the use of aerodynamic spoilers on the front wheel housing. That benefit will be even further enhanced once the rear profile of the vehicle has been optimized to take account of the faster flow generated by the modification to the front wheel housing.

- **Biomethane.** CRF assisted Fiat Group Automobiles in development of the biomethane supply chain in Italy through a detailed analysis of applicable best practice in Europe. During 2011, CRF worked with local stakeholders in the Province of Trento (Italy) to study the feasibility of constructing plants for the production of biomethane from various types of biomass. Specifically, a feasibility and conceptual design study was completed for a biogas production and biomethane purification plant for the Oil Free Zone initiative in Primiero and Vanoi (in the north-east of the Province of Trento). CRF is also a partner in the European “BIOMASTER” project, whose objective is to demonstrate that biomethane can be a viable option for transport, despite regulatory and tax barriers currently hindering deployment.
- **Weight reducing materials.** In 2011, CRF introduced austenitic steel, an innovative material whose first application was the crossbeam for the crash-box of the new Fiat Panda. The manganese-based austenitic steel used is the most resistant and flexible cold pressed steel currently available. The innovation consisted of applying the metallurgical properties of traditional stainless austenitic steel – high strength, excellent malleability, and good corrosion resistance – to automobile components at a lower cost through the use of manganese, instead of the more precious and expensive nickel and chromium. The result was a weight reduction of around 1 kg and cost reduction compared to the same component mounted on the Fiat 500, while also eliminating a step in the pressing process. The resulting component represents a world first for application of this material on a passenger car.
- **Ecological materials.** A concrete example of the application of eco-compatible materials is the use of the polyamide PA1010 (Zytel FE240017) for fuel lines on diesel engines. The material was developed in collaboration with various suppliers and in 2011 it was used for the first time ever on a large scale. Derived completely from castor oil, it represents a bio-alternative to PA 12 polyamides and has several attractive properties including superior temperature resistance and long-term aging performance with biodiesels when compared to PA 12. Use of PA 1010 also reduces dependence on PA 12, which is increasingly costly and difficult to procure as a result of demand for the base material, butadiene, for use in higher margin production processes. The PA 1010 fuel line won the top prize in the Environmental category of the Society of Plastics Engineers’ “Most Innovative Use of Plastics Awards”.
- **Vehicle life cycle and end-of-life.** CRF has been using Life Cycle Assessment (LCA) for a number of years to assess environmental performance of its European projects and also to assist Fiat Group Automobiles in design choices that impact the eco-sustainability of products or processes. In 2011, LCAs were conducted for the NANOTOUGH, ATLANTIS and RIGENERA projects, as well as new products for cathodic electropainting and biocomposites.

“17,000 people involved **in R&D activities at 77 centers**”

Social Sustainability

This area consists of research aimed at enhancing accident prevention capabilities through systems that can identify potential dangers, assist the driver in taking evasive action, and also ensure maximum protection for the vehicle occupants and other road users in the event of an accident.

During 2011, CRF's research activities in this area primarily focused on traffic conditions and the ability to avoid dangerous situations, by improving driver perception of conditions and preventing distraction. This requires development of systems capable of monitoring conditions around the vehicle and communicating to the driver most effectively in those conditions. One example of this is the INTERACTIVE project in which CRF has developed a demo vehicle that suggests the correct maneuver for the driver to avoid a potentially dangerous situation. In addition, the ability to monitor the vehicle's position with greater precision enables activation of warning and control systems to correct driver error and avoid dangerous situations attributable to, for example, accidental lane changes or driver fatigue.

Sophisticated sensor systems enable utilization of a range of information – including position, relative speed and distance, deceleration – to contribute actively to the control of the vehicle by acting on the principal control systems (such as brakes or transmission) to avoid or reduce the severity of an impact. In addition to autonomous on-board systems, research activities also include development of systems to support vehicle-to-infrastructure and vehicle-to-vehicle communications, including sharing information on traffic conditions and potentially dangerous situations between vehicles in the same traffic area. The widespread use of telematic devices in vehicles has enabled the development of innovative navigation systems that can suggest the best route based on traffic conditions, nature of trip and driver preferences. As part of the OASIS project, CRF has developed a driver assist system that uses a human-machine interface to minimize distractions in critical situations and is adapted to the specific needs of elderly passengers.

Passive protection systems, such as airbags and safety belts, can be deployed more effectively through the use of new sensors that provide essential real-time information on the movement of the vehicle or on a collision that is imminent or in course.

Economically-sustainable competition

This area consists of research aimed at increasing the competitiveness of new products through enhancements in performance and functionality and a reduction in the time it takes to bring new technologies to market. The most significant achievements in this area during 2011 include:

- **Innovative content.** One of the safest and most immediate ways to control on-board telematic systems is through voice commands. However, the level of performance of a speech recognition system must be high enough to ensure effectiveness and ease of use. The "New speech-to-text solutions" project uses an off-board recognition engine, which has access to networked servers with the calculating power needed for high quality speech recognition. Voice commands are given through a vehicle-to-infrastructure connection based on smartphone technology. This solution provides a simpler, more affordable on-board architecture together with a high level of performance. The European SOFIA project, whose objective is to maximize integration of personal devices (e.g., cell phones, media players, wireless headsets, etc.) with the on-board information system, has introduced an interoperable platform that provides transparent access to the resources made available by devices inside the vehicle. When a device connects to the SOFIA platform, it grants access to its resources (connectivity, contacts, music files, audio playback) which are managed by the on-board telematic platform in a secure and user-friendly format.
- **Comfort and perceived quality.** During 2011, development in the area of human-machine interfaces and user dialog led to creation of a system to actively manage information and assist drivers based on workload, in order to reduce and control that workload, as well as increasing the effectiveness of communications and assistance given to the driver, through innovations such as collision avoidance and lane assist.

  Developed as part of the CAMMI project, the system detects driver workload in real time, by assessing driving

behavior and interaction with on-board systems (driving style, response times), and generates a workload indicator. This enables on-board systems to adapt the complexity and priority of information displayed on the instrument panel and multi-functional information system and, consequently, optimize driver interaction. As a result, the driver is better able to concentrate on the main task of driving. The system can also prompt the collision avoidance system to giving warning signals sooner when drivers are in a high workload situation as a result, for example, of speaking on the telephone or using the navigator.

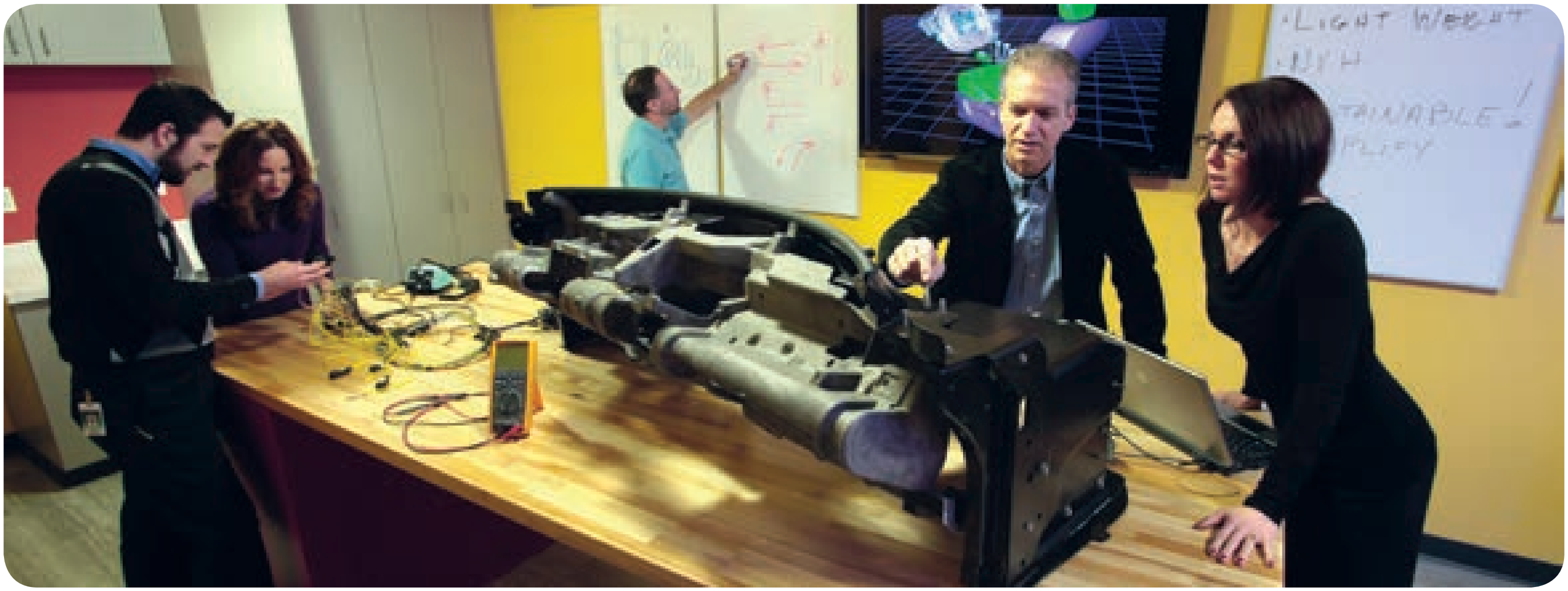
The system was developed using an embedded approach, where all on-board systems interact and tap into existing information via a network. This also minimizes costs as the workload detection system primarily acts on the software used for management of the driver assist and interface systems.

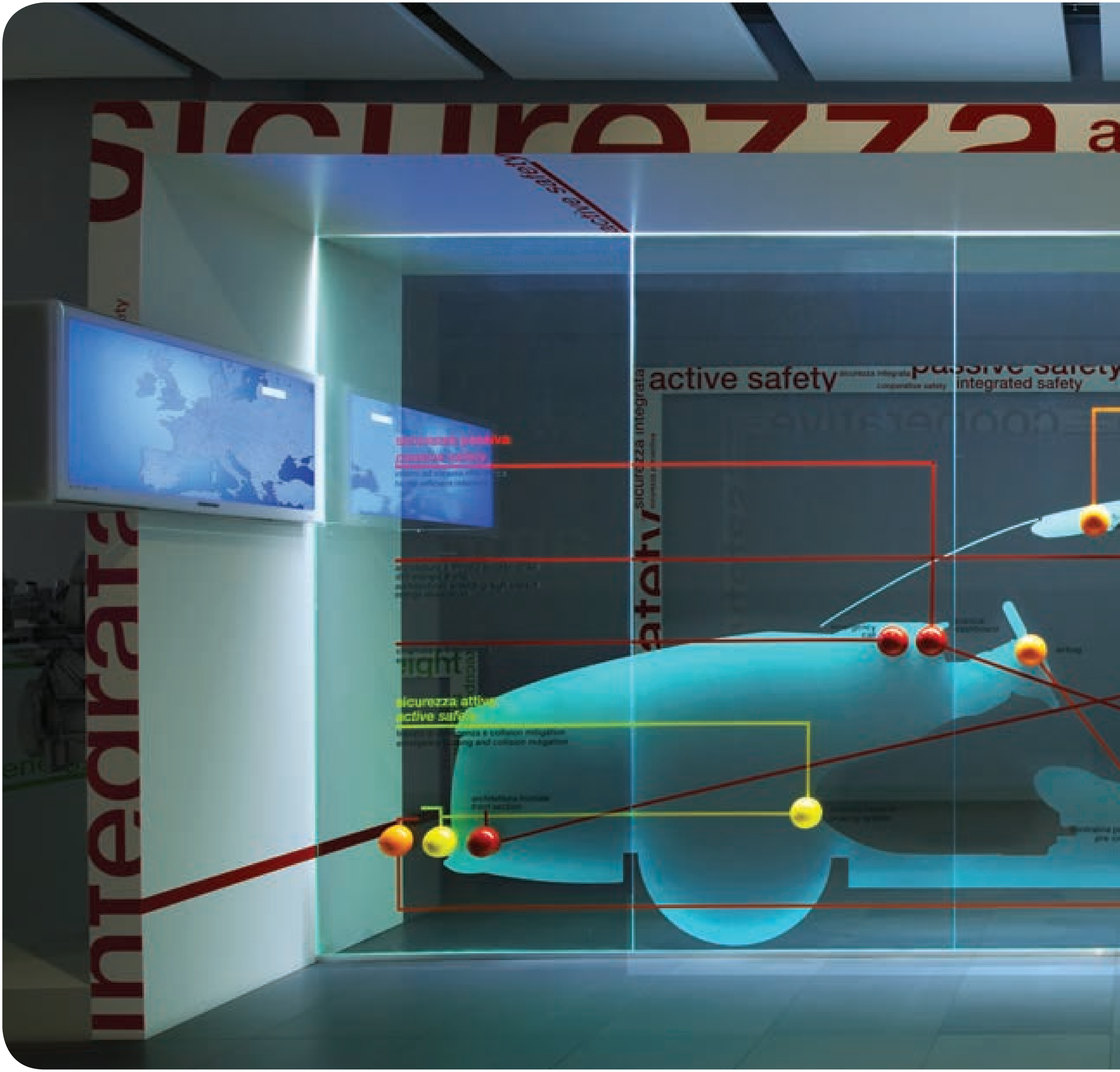
- **Process and product competitiveness.** During 2011, CRF developed, tested and delivered a new methodology to FGA's Manufacturing Engineering unit for predicting and optimizing numeric predictions of aesthetic and spatial quality. This methodology enables simulation of each phase of the production cycle factoring, in the interaction between processes, and allows reconfiguration and optimization of the entire production process in a virtual environment. As a result, all these activities can now be carried out prior to the production phase. The methodology was tested on models in production and is already being applied in the design phase for future models.

Chrysler

Chrysler Group is active in the research and development of new vehicles and technologies to improve performance, safety, fuel efficiency, reliability and customer perception. At 31 December 2011, there were over 4,000 engineers with an average of approximately 13 years of experience at Chrysler and expertise in a broad range of disciplines including mechanical, electrical, material and chemical engineering. Chrysler also has several internal programs through which a portion of engineers receive cross-training in various technical and business areas.

In the early phases of new product development initiatives, consumer research is typically conducted to identify the key features and vehicle attributes desired by customers. Although a substantial portion of R&D work is directly related to models in development, Chrysler's innovation activities also include development of new technologies outside of the regular product development cycle that,





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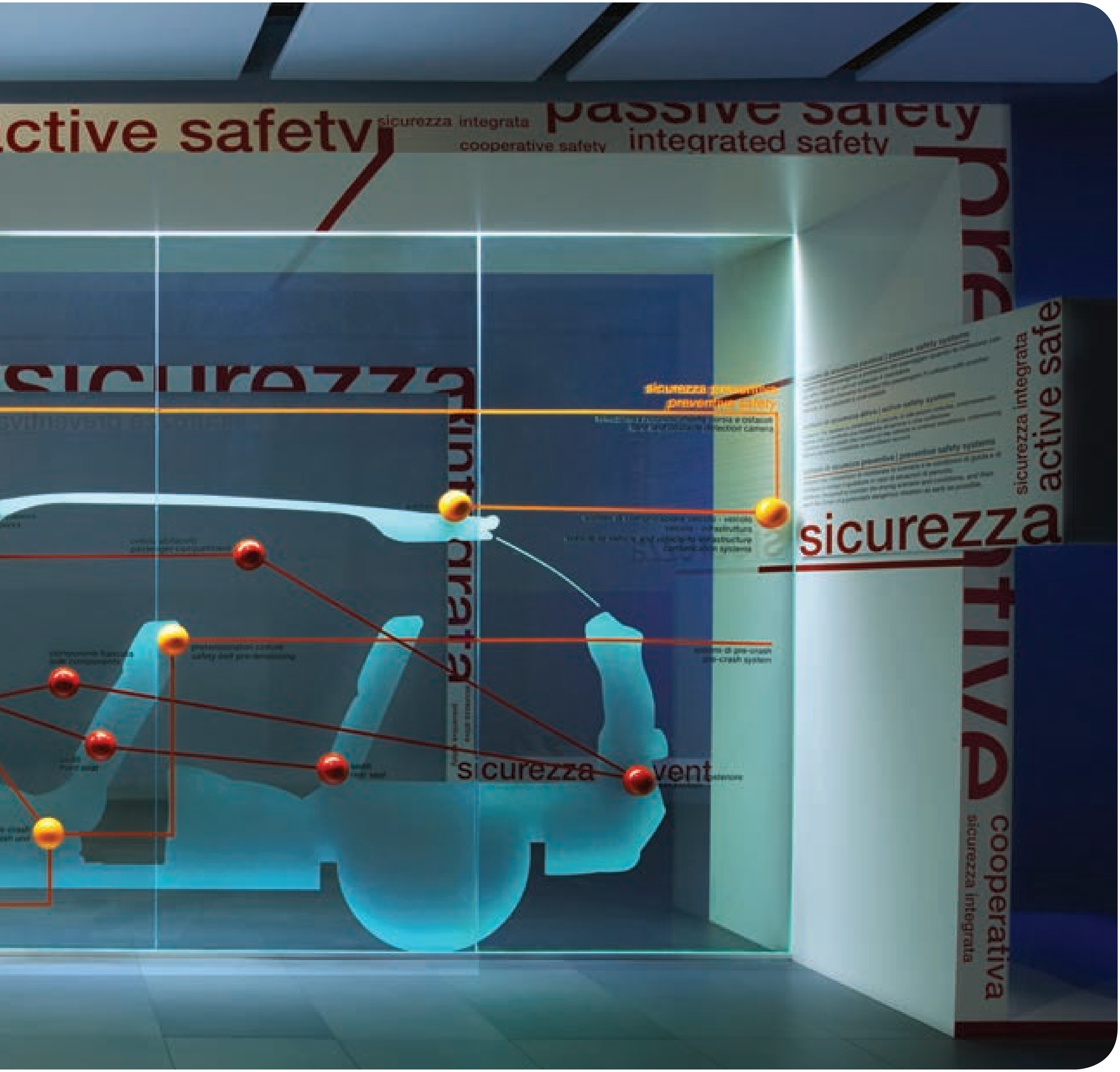
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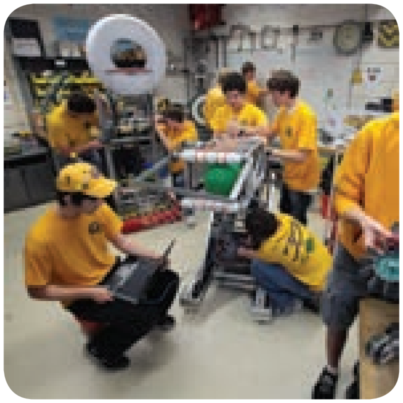


“Pentastar named one of the Ten Best Engines for 2011 and 2012”

if successful, can be applied on new products. As is typical in the industry, Chrysler also collaborates with suppliers, government agencies and higher educational institutions on R&D.

R&D spending encompasses a number of activities that support the development of new and existing vehicle and powertrain technologies, including creating three-dimensional models, virtual simulation, prototype building and testing (including integration of safety and powertrain technologies) and assembly of pre-production pilot models. In 2011, investment in R&D was significantly expanded and priority given to development of vehicles with increased fuel efficiency and reduced emissions. These efforts culminated in the development of the 2012 Chrysler 300 and 2012 Dodge Charger, both with a fuel economy of 31 miles per gallon on the highway, 15% better than their predecessor 2011 models. It also led to the development of the all-new Dodge Dart, a small fuel-efficient vehicle with a verified unadjusted combined fuel economy of 40 miles per gallon.

Fuel-Efficiency and Reduced Emissions

Chrysler has made development of more fuel-efficient vehicles a priority to satisfy retail customer preferences, comply with future regulation and reinforce its commitment to sustainability. As a result, research efforts are focused on five areas centered around reducing fuel consumption and emissions: vehicle energy use, engines, transmissions and axles, as well as hybrid propulsion and alternative fuel technologies.

Vehicle Energy Use

This area of research activity examines ways to optimize vehicle weight, aerodynamic drag, tire performance, braking drag and driveline loss, such as for example, increasing the use of high-strength steel and other lightweight materials to reduce vehicle weight, and improve fuel efficiency, while maintaining vehicle safety standards. Approximately 70% of the body structure in the new CUSW platform, co-developed with Fiat and introduced in the new Dodge Dart, will consist of high-strength steel. Technologies are also being developed to reduce electrical loads through application of higher efficiency fans and fuel pumps.

Research activities also include applications for thermal management, which optimize the way energy is utilized, extracted and re-utilized to reduce total energy consumption. Thermal management technologies will not only help reduce fuel consumption, but will also be a critical factor in extending battery range for hybrid electric and all-electric vehicle models in the future. Current research efforts include strategies to warm engines and transmissions faster, to enable vehicles to run at an ideal set point, and to recapture waste heat.

The new Dodge Dart incorporates many of the technologies developed to manage energy use, including active grille shutters to improve aerodynamic drag and to moderate temperature. In addition, its electric power steering and increased use of LED lighting reduces the vehicle’s overall energy consumption.

To further reduce fuel consumption, Start&Stop technology was incorporated on the diesel version of the Jeep Wrangler for the European market. Stop/start technology turns off the engine and fuel flow when the vehicle comes to a full stop and re-starts the engine automatically when the driver accelerates. Chrysler plans to initiate fleet-wide integration of this fuel-saving start/stop technology on a global basis and also aims to apply this technology on 90% of models in North America by 2017.

Powertrain

- **Engines.** In 2010, Chrysler introduced the new Pentastar V-6 engine, which features a lighter weight aluminum block with variable valve timing that improved fuel efficiency an average 7% over predecessor engines. *Ward’s Auto* has recognized the Pentastar engine among the “10 Best Engines for 2011” and as one of the “10 Best Engines for 2012” for its refinement, power, fuel-efficiency and low emissions.

  The Pentastar V-6 was introduced on the 2011 Jeep Grand Cherokee and has since been launched on 11 other vehicles. Because of the engine’s flexible architecture, it can be used on a wide range of models and with a variety of advanced technologies, such as the Fiat MultiAir, direct injection and turbo-chargers. The Pentastar V-6 engine is manufactured at the Trenton (Michigan, U.S.) and Saltillo (Mexico) plants. Despite its recent 2010 launch, high demand for this engine resulted in production of one million Pentastar engines by January 2011 and steps were taken to further expand production capacity. In 2012, the Ram pickup will also be offered with the Pentastar V-6.

In connection with the launch of the Fiat 500 in North America in December 2010, manufacture also began of Fiat's 1.4L FIRE engine which incorporates Fiat's proprietary MultiAir technology. This has added an eco-efficient small engine to the portfolio. Chrysler has adapted MultiAir technology to the new 2.4L 4-cylinder Tigershark engine, which will be used in future C- and D-segment vehicles starting in 2012. This engine, utilized on the new Dodge Dart, provides better fuel economy and refinement than the current World Gas Engine which it will replace by 2015.

As intended, engine mix is moving increasingly toward smaller, 4-cycliner engines. In 2011, 24% of vehicles incorporated a 4-cylinder engine, as compared to the 19% mix in 2010. Engine downsizing is expected to continue through 2014.

- **Transmissions.** Chrysler is currently adapting Fiat's dual dry clutch transmission, or DDCT, for use in select vehicles. On small- to medium-sized vehicles, the DDCT offers improved fuel economy over conventional automatic transmissions. Chrysler plans to introduce DDCT technology in the U.S. market in 2012.

  Chrysler entered into two commercial agreements with a key supplier, ZF, for the design, engineering and manufacture of new automatic transmissions that deliver reduced fuel consumption with improved driving performance. The first agreement is for a rear-wheel drive, 8-speed transmission for light- and medium-duty applications that was introduced on the Chrysler 300 in 2011, and has also been introduced on select versions of the Dodge Charger, both of which showed marked fuel efficiency improvements, as described above. In late 2012 and 2013, this transmission will also be available on the Jeep Grand Cherokee, the Dodge Durango and Ram 1500 pick-up. This transmission reduces fuel consumption up to 12% over the current 5-speed transmissions. Ultimately, Chrysler plans to use this transmission in all of its rear-wheel drive vehicles except heavy-duty versions of the Ram pick-up.

  The second agreement with ZF was for an all-new 9-speed front-wheel drive transmission for medium-duty applications. The 9-speed ZF transmission is not yet in production anywhere in the world. Once developed, it will be made available for a Chrysler Group vehicle before being offered to any other manufacturer. The transmission is expected to reduce fuel consumption by up to 11% over current 6-speed transmissions, and Chrysler plans to use it in many of its next generation C- and D-segment front-wheel drive vehicles beginning in 2013. The majority of 8- and 9-speed ZF transmissions for Chrysler vehicles will be manufactured at the Kokomo plant in Indiana under license from ZF, with any remaining requirement met by purchase directly from ZF.

- **Axles.** Chrysler also has a commercial agreement with an affiliate of ZF for production of lightweight axles at the new facility in Marysville (Michigan, U.S.). This will give Chrysler access to advanced axle technologies that would otherwise require significant time and capital to develop. The proprietary ZF axles weigh up to 34% less than comparable axles with a resulting improvement in fuel consumption of around 2%. In 2011, the front and rear ZF axles have been incorporated on the Jeep Grand Cherokee, the Dodge Durango and the Ram pick-up truck.

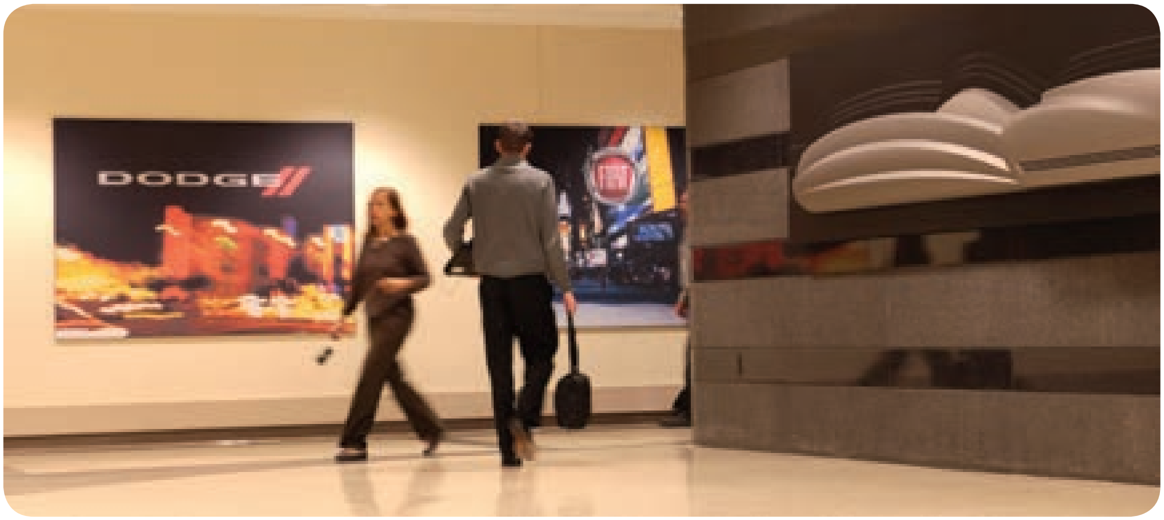
  Also in 2011, Chrysler began to produce the only all-wheel drive passenger vehicles that incorporate front axle disconnect technology. This feature, which was incorporated in the all-wheel drive versions of the Dodge Charger and the Chrysler 300, automatically changes the vehicle's mode between two-wheel and all-wheel as changes in driving conditions occur. When the axle is disconnected, the number of rotating components in the driveline is reduced, thus enhancing fuel efficiency, safety and performance.

Hybrid Propulsion and Alternative Fuel Vehicles

Research activities include development of technologies that can be used in a range of electric vehicles, including conventional hybrids, plug-in hybrids, fully electric and range-extended electric vehicles. A conventional hybrid vehicle includes both an internal combustion engine and an electric motor to propel the vehicle, and the battery is charged using the combustion engine. A plug-in hybrid vehicle is similar to a conventional hybrid vehicle, but the battery can also be charged through an external power cord. A fully electrified vehicle contains only an electric motor to propel the vehicle that is charged by a power cord, and a range-extended vehicle is a fully electrified vehicle that also contains a generator to power the vehicle when the batteries run low. With respect to these advanced technologies, Chrysler is creating modular solutions that can be utilized across various types of electrified vehicles.

Additionally, significant effort is focused on optimizing existing combustion engine technology to make it synergistic with hybrid electric vehicle technology, and addressing cost reduction strategies to ensure the affordability of such vehicles in the future.

In the U.S., Chrysler is currently developing a fully-electrified version of the Fiat 500 with a 100 mile range, using battery technology developed by Chrysler Group. Due to its compact size and weight, the Fiat 500 is particularly



well-suited for electric technology. Chrysler plans to design, manufacture and sell this version of the Fiat 500 in North America. Production is scheduled to begin in 2012.

In 2010, a 3-year demonstration project for a Ram truck plug-in hybrid was launched. This rear-wheel drive vehicle is equipped with a lithium ion battery and has a zero–emission, pure electric operating range of 20 miles. For the demonstration project, Chrysler has begun testing a portion of the 140 trucks it plans to run in various climates. A similar front-wheel drive vehicle demonstration project is also being conducted using a minivan.

Finally, development of non-electrified hybrid vehicles is currently being explored. In 2010, Chrysler partnered with the EPA to develop and study a hybrid powertrain that will operate using hydraulic power coupled with a gasoline engine. This hybrid hydraulic powertrain study will be aimed at light-duty vehicle applications.

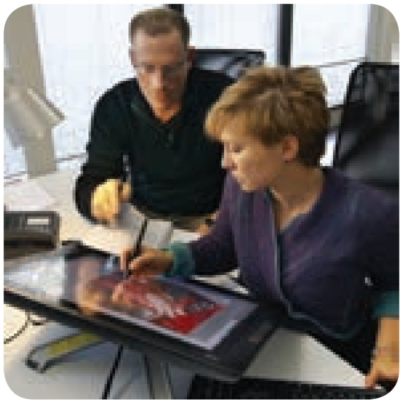
As for alternative fuels, in early 2013, a Jeep Grand Cherokee with diesel engine will be introduced in North America. This version of one of the Group's best-selling vehicles is expected to provide significantly improved fuel economy. Chrysler and Fiat are also exploring the potential for vehicles utilizing compressed natural gas and other alternative fuel sources.

Uconnect Technology
Uconnect systems currently provide customers access to broadcast media, including satellite broadcasts, personal content and rear seat entertainment, navigation services, traffic and travel data, and hands-free communication.

In 2011, Chrysler began installing the second generation of Uconnect radios with new touch-screen, simplified steering wheel controls and hands-free voice commands. A third-generation, flexible Uconnect systems platform is being developed that can be personalized to adapt to the varying degrees of skill and comfort customers have with technology. This new platform is expected to include the option to load user-selected applications, similar to smartphones and tablets, as well as accommodating connectivity with the user's own smartphone. Vehicles will be connected through cellular technology, Bluetooth and WiFi capabilities to provide navigational services, vehicle diagnostic services, emergency notification services, on-demand radio content and other services. As currently contemplated, this new platform will provide users the option of controlling the radio with a hands-free system that recognizes natural speech. The platform design will have the flexibility to be used across the entire vehicle range and be easily upgraded in the future as technology continues to evolve. Production of vehicles equipped with the new Uconnect technology is expected to begin in late 2012, including a wide range of connectivity options and intuitive and responsive user interface capabilities to enhance the driving experience and reduce driver distraction.

Human Resources

"Over 4 million hours of training provided **and €80.3 million invested**"



At 31 December 2011, the Group had 197,021 employees, an increase of 59,220 over the 137,801 figure at year-end 2010. The change was primarily attributable to the consolidation of Chrysler in June 2011 (55,687 employees). The remaining increase reflects other changes in the scope of operations and the positive difference between new hires (approximately 21,800) and departures (approximately 19,300) recorded for the year, with the increase relating primarily to higher production volumes in Latin America.

Organization and managerial development

During 2011, the Group underwent a phase of organizational change and growth, as well as expansion in international markets, resulting from the demerger of the capital goods activities and the continued integration with Chrysler. In September, the Group's management structure was reorganized to reflect the multi-cultural and geographically diverse nature of its business activities. The Group Executive Council (GEC) continued in its mission of reviewing operating performance of the businesses, setting performance targets, making key strategic decisions and investments for the Group, as well as promoting sharing of best practice and development and deployment of key personnel. GEC was reorganized into 4 main groupings consisting of: **Chief Operating Officers** of the principal geographic regions and business areas, who are accountable for the profit and loss of their respective areas; **Brand Leaders**, who are accountable for continuous improvement and development of appropriate brand portfolios; and, finally, **Industrial Process Leaders** and **Support Process Leaders**, who are accountable for ensuring consistency and rigor across operating regions, in addition to optimization of the Group's capital allocation in their respective areas of responsibility.

The HR IT system launched in 2009 was progressively rolled out to Group companies in parallel with organizational changes in Fiat Services' personnel administration activities. Through this system, the Group has been able to merge employee and organizational information into a single, global database and standardize HR management practices and processes.

The Performance and Leadership Management process, which has been in place for managers and professionals for a number of years, continues to serve as the basis for all human resource management decision-making processes and, together with the Talent Review process, enables early identification of high-potential individuals and charting of their professional development.

Training

Investment in training in support of the Group's business activities and the professional development of employees totaled around €80.3 million for the year with more than 4 million hours of training provided. The Human Resources organization which manages training at Group level continued application of the guidelines established in 2010, responding rapidly to specific needs and seeking to leverage synergies and adopt best practices across sectors.

Fiat Sepin Training continued to work with all sectors and provide support for cross-sector activities, such as management and reporting of training-related funding, language services, online corporate training and targeted programs for the various professional families.

Grants and scholarships

In 2011, Fiat continued the grant and scholarship program for children of Group employees around the world.

A total of 1,554 grants and scholarships were awarded (568 in Italy) totaling approximately €2.3 million. Recipients were located in Italy, as well as France, Spain, Poland, Belgium, England, China, Brazil, Mexico, Canada and the U.S.

Industrial relations

During the year, **collective bargaining** led to several positive developments in labor relations: in Italy, Fiat and Fiat Industrial negotiated a new contractual system (CCSL), tailored to the specific needs of their industrial activities replacing the national contract (CCNL), applicable to all metalworking companies; in the U.S., Chrysler reached a labor agreement with the UAW for the period 2011-2015, which includes new bonus and incentive mechanisms, and; in Brazil, a contractual framework was established for the Group's new plant at Pernambuco.

In addition, dialog was maintained with trade unions and employee representatives at company level to achieve consensus-based solutions for managing the impact on workers of measures taken to respond to market conditions, which varied significantly from market to market. Overall, production stoppages attributable to reductions in demand remained at 2010 levels and were managed using temporary benefit schemes, where available, or other measures based on collective agreements or company policy. Increased production in some markets, primarily the United States and Latin America, was largely managed through the use of overtime work and new hiring.

"1,554 grants and scholarships awarded with **a value of around €2.3 million**"

Social dialogue

At the **European level**, an agreement was signed on 28 June 2011, which introduces amendments to the Establishing Agreement for the Fiat Group European Works Council. The new agreement largely preserves the content of the 28 October 2010 agreement (which it replaces), with amendments to reflect the new structure of the Group post demerger.

In **Italy**, Fiat worked for and achieved a step change in the system of industrial relations. Following the agreements signed on 15 June 2010 for Pomigliano, 23 December 2010 for Mirafiori and 4 May 2011 for Grugliasco – all linked to the CCSL established on 29 December 2010 – Confindustria (the Italian employers' association) also implemented changes to the rules for collective bargaining and representation, through an agreement signed on 28 June 2011 with CGIL, CISL and UIL that marked the first step toward a modernization of the existing system. In September, the Italian government introduced legislation (Article 8 of Law 148/2011) that enables a departure from existing contractual and legal convention in collective bargaining by recognizing the validity of agreements signed with the majority of trade unions.

Despite those positive developments, Fiat determined that the appropriate course of action was to continue the process initiated with the CCSL signed on 29 December 2010 – which replaces the national agreement (CCNL) for metalworking employees – and, in order to be able to apply the new conditions on flexibility and governability at all Group companies in Italy (rather than just Pomigliano, Mirafiori and Grugliasco), it announced that it would leave Confindustria effective 1 January 2012.

“New collective agreement: the courage to change together”

On 1 January 2012, Fiat replaced the CCNL with the new Group-level agreement, which under Article 8 of Law 148/2011 has full validity given that the majority of metalworking sector trade unions are signatories.

As a result of the departure from Confindustria, national collective bargaining in relation to employee representation is no longer applicable. Therefore, representation is based on statute, under which only trade unions that are signatories to the agreement can run in elections for employee representatives.

Indirectly connected to the new agreement was the establishment of a joint Health & Safety board on 4 April 2011. The role of this bilateral board – composed of representatives from Fiat and Fiat Industrial as well as FIM, UILM and FISMIC – is to define training programs, as well as proposing and developing joint initiatives relating to health and safety in the workplace, in line with initiatives first implemented in 2009 under the Health and Safety First project. Formally instituted in the agreement of December 13th, this board provides a model for bilateral development of training initiatives and will work alongside the analogous joint board for training and apprenticeships.

Fiat completed the process for closure of the Termini Imerese plant by year end – as first announced on 18 June 2009 at a meeting between Fiat Group and the Italian government, local authorities and trade unions – in accordance with the original intent of ensuring a continuation of industrial activities at the site. From the outset, the Group had declared its willingness to work with government and unions in supporting any viable proposals for conversion of the site put forward by the Region of Sicily, or other public or private sector entities. At the technical roundtable initiated on 29 January 2010 at the Ministry for Economic Development – involving representatives from the national government, the Region of Sicily, trade unions, Confindustria Sicily and Fiat – Invitalia (advisor to the Ministry for Economic Development) selected the plan put forward by DR Motor Company, which committed to hiring all Fiat Group employees in the area, with the exception of those that would qualify for retirement during the periods covered by the temporary and permanent layoff benefit schemes, paving the way for finalization of the investment plan presented on 16 February 2011. On this basis, an agreement was concluded at the Ministry for Economic Development on 1 December 2011, under which Fiat will also transfer ownership of the plant to DR Motor Company at no cost once the company has satisfied its commitments relating to employment. Finally, on 5 December 2011 an agreement was reached with trade unions to place 629 workers on a redundancy scheme who will become eligible for retirement during the scheme period.

Management of production levels

During 2011, conditions remained extremely varied from market to market, with North America being the only region to demonstrate signs of a recovery from the dramatic contraction in demand first evidenced at the end of 2008. In **Italy**, the auto sector underwent a further contraction and all Group companies, with the exception of Comau and Ferrari, increased utilization of temporary benefit schemes to manage the impacts of reduced production levels. Where funds available under ordinary layoff benefit schemes were exhausted, companies made recourse to extraordinary schemes applicable for company restructuring or crisis.

For Officine Automobilistiche Grugliasco (part of FGA) the existing extraordinary scheme for company restructuring was extended for a further 12 months, until November 2012, in consideration of the Group’s significant commitment to invest in production of the new Maserati.

On August 9th, a similar arrangement was reached for the FGA plant in Pomigliano d'Arco (valid for a period of 24 months ending 14 July 2013), which will provide income support for workers who will be gradually involved in the production on the new Panda.

Outside Italy, recourse to production stoppages continued to be necessary in 2011, with the use of Chômage Partiel in France, Expediente de Regulación de Empleo in Spain and Kurzarbeit in Germany. Poland also suffered the effect of continuing difficulties in European markets. At the Tychy plant, Fiat Auto Poland managed the decline in production volumes through discontinuation of Saturday shifts and a reduction in temporary positions (more than 400 since September).

In Brazil, in December 2010 the Group broke ground for construction of a new plant at Pernambuco and in March 2011 an agreement was signed with unions that will regulate the Group's activities at Pernambuco, in addition to serving as a basis for those of some 30 suppliers that are to locate in the area. Negotiations on pay conditions were completed in October 2011. At the plant in Betim, the requirement to further increase production levels led to conclusion of an agreement on 24 January 2011 enabling Fiat Automòveis, Fiat Powertrain and Comau to operate two shifts on Saturdays and to reduce collective holidays during the Carnival period. Combined, this will enable an increase in production of some 90,000 vehicles per year.

Several agreements were concluded during the year in **Italy** to reduce personnel who qualify for retirement during the period of *mobilità* (a government-funded redundancy benefit). No significant restructuring or reorganization initiatives were launched in **other countries** during the year.

Despite general economic conditions, the Group was able to convert more than 5,000 employees **worldwide** from temporary to unlimited term contracts. This included 562 workers in Italy, 1,058 in Poland, 973 in Mexico, 1,675 in Brazil and 435 in the United States.

"WCM implemented at 106 plants representing **97% of total manufacturing costs**"

World Class Manufacturing (WCM)

The Group continued with implementation of the World Class Manufacturing program, which is now in place at 106 plants, representing 97% of the Group's total manufacturing costs.

Fiat Powertrain's Termoli Engine plant and Magneti Marelli's Venaria and Jilhave plants achieved Bronze level during the year, bringing the total of Bronze plants to 14 and Silver to 7.

One of the cornerstones of WCM is people involvement, and 2011 saw an increase in the percentage of workers actively involved in World Class Manufacturing activities at Group plants. One of the key indicators of the level of involvement is the average number of suggestions received per worker which, despite the level of production stoppages throughout the year, reached 12 per person for a total of more than 1,600,000 suggestions Group wide.

The number of projects proposed by plants increased (up from 34,500 for 2010 to 39,200 for 2011), with a consequent increase in quality consistent with the concept of continuous improvement, which is also reflected in the average cost savings generated per project.

The number of audits at plants remained in line with the 2010 level and, in line with the objective of continued improvement, a new edition of the course for WCM auditors was conducted, including a special "Auditor Alignment" session. In addition, 41 workshop sessions were held at plants to consolidate and accelerate development of WCM activities.

The 2011 year-end WCM Web Convention was expanded in both format and content, with participation from the community of WCM experts and 12 sessions on the integration platform (internal social network) being held prior to the event.

Two methodological pillars were further developed to respond to the specific needs of efficient evolution:

- Early Equipment Management: used to improve new products at the design phase beginning with the running cost of the product to be replaced
- Energy: developed for research into energy loss in use, transfer and generation. This activity led to results which exceeded expectations

The gradual extension of the WCM program at Chrysler plants also continued and to date more than 9,500 projects have been implemented.

In addition, WCM has now been introduced at more than 174 supplier plants.

Collective bargaining

In **Italy**, the definitive version of the CCSL was signed on 13 December 2011, representing the first application of Article 8 of Law 148/2011 referred to above.

The CCSL largely reflects the content of the agreement signed on 29 December 2010, with modifications to certain key provisions in addition to incorporating the elements necessary for application at all Fiat Group and Fiat Industrial Group companies. Pursuant to a Group-level agreement signed on the same date, the CCSL took effect at all Group companies from 1 January 2012.

The agreement, which was ratified by a majority of employee representatives, provides: a uniform set of conditions for all Group companies, with pay conditions simplified in terms of structure; a more flexible system of shifts and working hours, enabling greater ability to respond to changes in production requirements; a system of employee representation involving only those unions that signed the new agreement; and an explicit undertaking of responsibility from unions that are signatories to the agreement to adhere to the stipulated commitments contained therein.

Withdrawal from the Confindustria system was completed on December 23rd with signature of a collective agreement for managers of Fiat and Fiat Industrial.

With regard to pay conditions, increases provided in the CCNL for metalworking sector employees (non-management) – which covers approximately 97% of Group employees in Italy – were applied and adjustments to base pay established under the national collective labor agreement for managers of industrial companies, renewed in November 2009, were also implemented.

This is the last year that these two agreements will impact the Group's workers as they were replaced by the agreements signed by Fiat and the respective trade unions on 13 and 23 December 2011.

Outside Italy, company-level agreements established during 2011 included the annual negotiation in **France**, which resulted in salary increases of approximately 1.5%, in line with inflation, and in **Germany** pay increases of 2.7% established in 2010 with regard to 2011 were applied from April 2011.

In **Poland**, company-wide pay negotiations resulted in average monthly increases in line with inflation, and one-off bonuses.

In **Brazil**, negotiations for renewal of the collective agreement were concluded during the year, and included pay increases agreed with the local industry associations (e.g., FIEMG for companies in Belo Horizonte, Betim, and Contagem), as well as one-off bonuses applicable to automotive activities in Betim.

Chrysler successfully negotiated a new four-year national agreement ratified by the UAW in October 2011. The provisions of this new agreement, which covers 26,000 hourly and salaried employees, continued many of the concessions achieved through amendments to the previous UAW collective bargaining agreement, but also include certain opportunities for success-based compensation based on certain quality metrics and financial performance. Finally, the new agreement provides UAW-represented employees with a simplified profit-sharing plan that is directly aligned with Chrysler's profitability.

In **Serbia**, an agreement was signed for the Fiat Automobiles Serbia plant in Kragujevac in November 2011 setting out the agreed trade union representation process, including the associated undertakings of responsibility, and redefining pay conditions and work organization. With regard to work organization, in particular, it was established that the plant would operate 10-hour shifts, 4 days a week once production begins in 2012, with full flexibility in setting collective holidays in the first year of production.

The level of **labor unrest** in **Italy** was in line with 2010. The most significant labor actions taken during the year were strikes called by FIOM-CGIL to protest against contractual negotiations for the Pomigliano and Mirafiori plants and proposed extension of application of the CCSL. The overall level of labor unrest in countries **outside Italy** was once again negligible this year.

Financial Review – Fiat Group

Principal changes in the scope of consolidation in 2011

- On 24 May 2011, Fiat acquired an additional 16% ownership interest (fully diluted) in Chrysler Group LLC ("Chrysler"), increasing its total interest to 46% (fully diluted). In consideration of the potential voting rights associated with options held by Fiat that also became exercisable on that date, under IAS 27 – *Consolidated and Separate Financial Statements*, Fiat was deemed to have acquired control of Chrysler. Accordingly, Chrysler was fully consolidated by Fiat from that date. On July 21st, Fiat purchased the 6.031% and 1.508% fully-diluted ownership interests held in Chrysler by the U.S. Treasury and the Canadian government, respectively. As a result of these transactions, at 31 December 2011 Fiat held a 53.5% fully-diluted ownership interest in Chrysler.
- On 29 June 2011, Fiat Powertrain completed the acquisition of a 50% interest in VM Motori Group, a joint venture between General Motors and Fiat Powertrain specialized in design and production of diesel engines and parts. From that date, the investment has been accounted for using the equity method.

Financial Review

Operating Performance

			2011	2010
(€ million)	Fiat with Chrysler	Chrysler	Fiat excluding Chrysler	Fiat
Net revenues	59,559	23,609	37,382	35,880
Cost of sales	50,704	20,003	32,133	30,718
Selling, general and administrative	5,047	1,866	3,181	2,956
Research and development	1,367	385	982	1,013
Other income/(expense)	(49)	(10)	(39)	(81)
TRADING PROFIT/(LOSS)	**2,392**	**1,345**	**1,047**	**1,112**
Gains/(losses) on disposals of investments	21	-	21	12
Restructuring costs	102	(7)	109	118
Other unusual income/(expense)	1,025	(152)	1,177	(14)
OPERATING PROFIT/(LOSS)	**3,336**	**1,200**	**2,136**	**992**
Financial income/(expense)	(1,282)	(486)	(796)	(400)
Result from investments	131	1	130	114
Share of profit/(loss) of investees accounted for using the equity method	146	1	145	120
Other income/(expense) from investments	(15)	-	(15)	(6)
PROFIT/(LOSS) BEFORE TAXES	**2,185**	**715**	**1,470**	**706**
Income taxes	534	70	464	484
PROFIT/(LOSS)	**1,651**	**645**	**1,006**	**222**
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Owners of the parent	1,334	354	980	179
Non-controlling interests	317	291	26	43

Following is a review of net revenues and trading profit by individual business/sector. All other data relates to the consolidated group.

Net revenues
Net revenues for the Group for 2011 totaled €59.6 billion. **Fiat Group Automobiles (FGA)** posted revenues of approximately €28 billion, in line with 2010, with 2,032,900 passenger cars and light commercial vehicles shipped (-2.4% over the prior year). The 7.6% increase in light commercial vehicle volumes for the year did not fully offset the 4.6% decline in passenger car shipments, which were impacted by continuing weak demand in Italy. In Brazil, FGA shipped a record total of 772,700 vehicles, representing an increase of 1.5% over 2010.

Chrysler reported revenues of €23.6 billion for the 7 months from June-December on worldwide vehicle shipments of 1,190,000 (2,011,000 for the full year, up 26% year-over-year).

For **Luxury and Performance brands**, Ferrari posted revenues of €2.3 billion, up 17.3% over 2010, while revenues for Maserati were €588 million, in line with the prior year.

Components & Production Systems had revenues of approximately €12.0 billion, a 10.1% increase over 2010, with all sectors posting solid growth for the year. For Magneti Marelli, revenues were up 8.5% to €5.9 billion.

Revenues by business

(€ million)	2011	2010	% change
Automobiles (Fiat Group Automobiles, Chrysler, Maserati, Ferrari)	**52,967**	30,130	75.8
Components & Production Systems (Magneti Marelli, Fiat Powertrain[1], Teksid, Comau)	**11,965**	10,865	10.1
Other Businesses (Publishing, Holding Companies and Other)	**1,083**	1,159	-6.6
Eliminations	**(6,456)**	(6,274)	-
Total Fiat Group	**59,559**	**35,880**	**66.0**

(1) Fiat Powertrain includes activities of the Passenger & Commercial Vehicles business line of the former FPT Powertrain Technologies

Following is a review of net revenues by business/sector:

Automobiles
In 2011, the **Automobiles** businesses posted revenues of €52,967 million, including the contribution from Chrysler (from June) of €23,609 million.

(€ million)	2011	2010	% change
Fiat Group Automobiles	**27,980**	27,860	0.4
Chrysler	**23,609**	-	-
Maserati	**588**	586	0.3
Ferrari	**2,251**	1,919	17.3
Eliminations	**(1,461)**	(235)	-
Total	**52,967**	**30,130**	**75.8**

- **Fiat Group Automobiles (FGA)** posted revenues of €27,980 million for the year, substantially unchanged over 2010, with a decline in volumes being offset by a more favorable product mix.

  FGA shipped[2] 2,032,900 passengers cars and light commercial vehicles (LCV), down 2.4% over the prior year, with the decline in passenger car volumes being partially offset by an increase for LCVs.

(2) "Shipments": new cars & LCVs invoiced to external customers (i.e., dealer network, importers and other customers such as rental companies, corporate fleets, government agencies and local authorities, etc.)

In Europe, the passenger car market was down 1.4% overall to approximately 13.6 million vehicles for the year, with performance uneven across markets. Demand in Germany was up 8.8% for the year, while in Italy it was down a further 10.9%, following a 9.2% decline in 2010, to 1.75 million units (the lowest level since 1996). Declines were also recorded in Spain (-17.7%) and the UK (-4.4%). In France, the market was down 2.1% for the year and contracted 8.6% in the fourth quarter. For other markets, demand was up in the Netherlands, Switzerland, Austria and Belgium, but down sharply in both Greece and Portugal.

For passenger cars only, FGA shipped 1,612,900 vehicles, a 4.6% decrease over 2010. In Europe, shipments were down 10.7% to 860,000 units due to an unfavorable market and segment mix. The significant volume increase in Germany (+7.2%) only partially offset reductions in the other major markets (Italy -12.4%, France -15.8%, the UK -1.9% and Spain -21.6%), although gains were achieved in several of FGA's smaller markets.

In terms of market share in Europe, FGA recorded a 6.9% share for the year, a 0.8 percentage point decrease primarily attributable to the reduced weight of the Italian market and a shift in demand towards larger vehicle segments. The contraction in demand in the A and B segments in particular (-15% and -9%, respectively, compared to a 1.4% decline for the market overall) accounted for a 0.6 p.p. decrease in share. In addition, 2011 saw a 73% reduction in demand for CNG and LPG vehicles in Italy, where FGA is market leader, following on from an already significant decline in 2010.

In Italy, FGA's share was 29.4%, down 0.9 p.p. for the year – primarily as a result of a 2.3 p.p. loss in Q1 2011 compared to Q1 2010, which benefited from the tail of eco-incentives – notwithstanding significant share increases in its three main market segments. There were modest declines in the other major European markets, with Germany down 0.1 p.p. to 3.1%, France -0.4 p.p. to 3.6%, the UK -0.2 p.p. to 3.0% and Spain -0.2 p.p. to 3.1%. Elsewhere in Europe, notable performance was achieved in the Netherlands, which, with approximately 37,000 vehicles sold and a share of 6.7%, has become FGA's fifth largest market in Europe.

For LCVs, demand in Europe was 7.6% higher for the year at nearly 1,800,000 units. In the major markets, demand was uneven with double-digit growth in Germany (+15.3%) and the UK (+15.3%), a more modest increase in France (+3.4%), but declines in both Italy (-4.7%) and Spain (-10.3%). Throughout the rest of Europe, demand was 12.6% higher for the year.

FGA shipped a total of 420,000 LCVs, representing a 7.6% increase over 2010. For Europe, 223,700 vehicles were shipped, representing a 10.5% increase over 2010. In terms of market share, Fiat Professional achieved a 0.4 p.p. gain in Italy to 44.4%. For Europe, share of the LCV market remained essentially stable at 12.5%[3] (excluding Italy, share was up 0.2 p.p. to 9.0%). The primary contribution came from the Ducato, which recorded a 13.5% increase in sales over the prior year to 110,000 vehicles and the best ever share in its segment.

In Brazil, demand for passenger cars and LCVs rose 2.9% to over 3.4 million units. The passenger car market was in line with the prior year, while demand for LCVs was up 13.0%.

FGA shipped a total of 772,700 passenger cars and LCVs, representing a 1.5% increase over 2010 and an all-time annual record. Including Chrysler Group brands, overall share in Brazil was 22.2% (+1.8 p.p. over the nearest competitor). Fiat brand retained its leadership for the 10th consecutive year, while maintaining pricing discipline in an increasingly competitive market.

In Argentina, where overall demand was approximately 29% higher, FGA increased sales by around 34% to 88,000 units, with share up 0.4 p.p. to 10.8%.

- **Chrysler** posted revenues for the 7 months from June-December of €23,609 million (USD 32.9 billion) on worldwide shipments of 1,190,000 vehicles, of which the U.S. and Canada accounted for 82%. For the full year, worldwide vehicle shipments totaled 2,011,000 (up 26% over 2010) with 72% shipped in the U.S., 12% in Canada and 16% in other regions. Vehicle sales[4] were up 26% for the full year in the U.S. and 13% in Canada. Share increased 1.3 p.p. over the prior year in both markets, coming in at 10.5% and 14.3%, respectively.
- **Maserati** closed 2011 with total shipments up 8.5% to 6,159 vehicles, generating revenues of €588 million. The U.S. remained Maserati's no. 1 market, with shipments up 20% over the prior year to 2,437 vehicles. With a total of 842 shipments for the year, China became the brand's second largest market worldwide.
- **Ferrari** reported 2011 revenues of €2,251 million, up 17.3% over 2010 on the strength of higher volumes and the contribution from the personalization program. A total of 7,195 vehicles were shipped during the year, representing a 9.5% increase over 2010 and an all-time record for the brand.

Components & Production Systems

The **Components & Production Systems** businesses reported revenues of €11,965 million, a 10.1% increase driven primarily by the volume growth registered for all sectors.

(3) Due to the unavailability of data since January 2011, figures for Italy are an extrapolation and, therefore, the EU total is subject to a margin of error
(4) "Sales" represents sales to end customers as reported by Chrysler dealer network

(€ million)	2011	2010	% change
Components (Magneti Marelli)	**5,860**	5,402	8.5
Fiat Powertrain	**4,450**	4,211	5.7
Metallurgical Products (Teksid)	**922**	776	18.8
Production Systems (Comau)	**1,402**	1,023	37.0
Eliminations	**(669)**	(547)	-
Total	**11,965**	**10,865**	**10.1**

- **Magneti Marelli** reported revenues of €5,860 million for 2011, representing an 8.5% increase over the prior year, driven by strong performance in Germany, Brazil and China, in addition to a recovery in North America. There was also a positive impact from demand in the LCV segment. The Lighting business posted an increase in revenues of approximately 14% over 2010, primarily due to strong demand in the German market, in addition to a recovery in the NAFTA region, Brazil and Russia. For the Electronic Systems business, growth in both China and Europe drove revenues 16% higher for the year. Revenues for the Engine Controls business were substantially unchanged over the prior year, with an increase in volumes for Gasoline Direct Injection applications for external customers in Europe, offset by declines in both Brazil and the U.S.
- **Fiat Powertrain** reported 2011 revenues of €4,450 million, an increase of 5.7% over the prior year. Sales to Fiat companies accounted for 86% of revenues (87% in 2010), with the remainder consisting principally of diesel engines sold to external customers. A total of 2,352,000 engines (+0.2%) and 2,278,000 transmissions (+2.0%) were sold during the year.
- **Teksid** had revenues of €922 million for 2011, up 18.8% over the prior year, mainly due to higher volumes. The Cast Iron business unit recorded a 14.3% increase in volumes, driven by production of components for heavy vehicles, with positive performance in the Mercosur and NAFTA regions, as well as in Europe. Volumes for the Aluminum business unit were down 8.0%.
- **Comau** reported revenues of €1,402 million for 2011, a 37% increase over 2010. All business lines recorded increases, with the Body Welding, Powertrain Systems and Robotics operations and activities in China, in particular, making a significant contribution.

Other Businesses

Other Businesses includes the contribution from the Group's publishing businesses, service companies and holding companies. In 2011, Other Businesses had revenues of €1,083 million, 6.6% lower than the €1,159 million for 2010.

Trading profit/(loss)

Trading profit for 2011 totaled €2,392 million, with trading margin at 4.0%. Excluding Chrysler, trading profit was €1,047 million (€1,112 million for 2010), with trading margin at 2.8% (3.1% for 2010).

Trading profit/(loss) by business

(€ million)	2011	2010	Change
Automobiles (Fiat Group Automobiles, Chrysler, Maserati, Ferrari)	**2,127**	934	1,193
Components & Production Systems (Magneti Marelli, Fiat Powertrain[1], Teksid, Comau)	**348**	249	99
Other Businesses (Publishing, Holding Companies and Other) and **Eliminations**	**(83)**	(71)	-12
Total Fiat Group	**2,392**	**1,112**	**1,280**
Trading margin (%)	**4.0**	**3.1**	

(1) Fiat Powertrain includes activities of the Passenger & Commercial Vehicles business line of the former FPT Powertrain Technologies

Following are details of trading profit by business/sector:

Automobiles

The **Automobiles** businesses reported trading profit of €2,127 million for 2011, including the contribution from Chrysler of €1,345 million for the period June-December 2011.

(€ million)	2011	2010	Change
Fiat Group Automobiles	430	607	-177
Chrysler	1,345	-	1,345
Maserati	40	24	16
Ferrari	312	303	9
Total	**2,127**	**934**	**1,193**
Trading margin (%)	**4.0**	**3.1**	

- **Fiat Group Automobiles** closed the year with a trading profit of €430 million (1.5% trading margin), compared with €607 million (2.2% margin) for 2010. Efficiencies in purchasing and World Class Manufacturing only partially offset volume declines for passenger cars in Europe, in addition to an increase in advertising costs related to new model launches and higher R&D expenditure for future products.
- **Chrysler** reported trading profit of €1,345 million for the period June-December, driven by a continued positive trend in volume, mix and pricing for new vehicles in both the U.S. and Canada. Trading margin benefited from a low amortization charge for R&D, as current spending relates to products still in development.
- **Maserati** posted a trading profit of €40 million for 2011 (6.8% trading margin), a significant increase over 2010 (€24 million, 4.1% trading margin) attributable to an improved mix and further optimization of operating costs.
- **Ferrari** closed 2011 with a trading profit of €312 million (13.9% trading margin), compared to €303 million for 2010. The increase was attributable to higher sales volumes and a more favorable product mix, partially offset by higher R&D expenditure.

Components & Production Systems

Components & Production Systems reported 2011 trading profit of €348 million (+40% over 2010).

(€ million)	2011	2010	Change
Components (Magneti Marelli)	181	98	83
Fiat Powertrain	131	140	-9
Metallurgical Products (Teksid)	26	17	9
Production Systems (Comau)	10	(6)	16
Total	**348**	**249**	**99**
Trading margin (%)	**2.9**	**2.3**	

- **Magneti Marelli** posted a trading profit of €181 million for 2011, compared to €98 million for the previous year. The improvement was driven by higher sales volumes and manufacturing efficiencies, which more than compensated for cost pressures from higher materials prices.
- **Fiat Powertrain** closed 2011 with a trading profit of €131 million, compared to €140 million for 2010. The reduction was principally attributable to an increase in raw material costs and in costs associated with new products. Both of these factors were only partially compensated by overhead and manufacturing efficiencies.
- **Teksid** closed the year with a trading profit of €26 million, compared to €17 million for 2010, reflecting the positive trend in volumes.
- **Comau** reported a trading profit of €10 million for 2011, compared with a trading loss of €6 million for 2010.

Other Businesses
In 2011, **Other Businesses** reported a trading loss of €83 million, which included the impact of eliminations and consolidation adjustments, compared to a loss of €71 million for 2010.

Operating profit/(loss)
Operating profit for 2011 was €3,336 million, including positive net unusuals of €944 million. For Fiat excluding Chrysler, operating profit was €2,136 million (€992 million for 2010) including net unusual income of €1,089 million.

Net gains on the disposal of investments totaled €21 million. In 2010, net gains on the disposal of investments totaled €12 million and included €10 million relating to the accounting impact of the acquisition of the remaining 50% in Fiat-GM Powertrain Polska.

Restructuring costs for 2011 totaled €102 million, compared to €118 million for 2010, and mainly related to Fiat Group Automobiles (€78 million for 2011; €90 million for 2010) and Magneti Marelli (€16 million for 2011; €26 million for 2010).

Fiat Group reported **other unusual income** (net) of €1,025 million for 2011. Unusual income totaled €2,100 million, of which €2,017 million related to the fair value re-measurement of the 30% ownership interest held in Chrysler prior to the acquisition of control and of the right to receive an additional 5% ownership interest following achievement by Chrysler of the third Performance Event (which occurred in early January 2012). Unusual expense totaled €1,075 million, of which €855 million ex-Chrysler was largely attributable to the impact on Fiat's businesses of the strategic realignment with Chrysler's manufacturing and commercial activities, further accelerated following the increase of Fiat's ownership interest, and to one-off charges mainly related to the realignment of certain minor activities of the Group.

Chrysler's June-December 2011 operating profit of €1,200 million includes €220 million in unusual expense recognized in relation to an upward revaluation of its inventories associated with the recognition of assets acquired and liabilities assumed at fair value at the date of acquisition of control. Due to rapid inventory turnover, this amount was fully written off (a one-off non-cash charge) in June.

Following is a summary of the principal components of operating profit, by sector:

	Trading profit/(loss)		Gains/(losses) on disposal of investments		Restructuring costs		Other unusual income/ (expense)		Operating profit/(loss)	
(€ million)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Fiat Group Automobiles	430	607	1	-	78	90	1,523	(2)	1,876	515
Chrysler	1,345	-	-	-	(7)	-	(152)	-	1,200	-
Maserati	40	24	-	-	-	-	-	-	40	24
Ferrari	312	303	6	-	-	-	-	(1)	318	302
Components (Magneti Marelli)	181	98	-	1	16	26	(138)	-	27	73
Fiat Powertrain	131	140	3	10	-	(3)	-	19	134	172
Metallurgical Products (Teksid)	26	17	-	-	-	-	(28)	-	(2)	17
Production Systems (Comau)	10	(6)	-	-	-	-	(130)	-	(120)	(6)
Other Businesses and **Eliminations**	(83)	(71)	11	1	15	5	(50)	(30)	(137)	(105)
Total Fiat Group	**2,392**	**1,112**	**21**	**12**	**102**	**118**	**1,025**	**(14)**	**3,336**	**992**

Profit/(loss)

Net financial expense for 2011 totaled €1,282 million. Excluding Chrysler, net financial expense was €796 million (€400 million in 2010). Net of the result from the marking-to-market of the two Fiat stock option-related equity swaps (€108 million loss for 2011, compared to €111 million gain for 2010), net financial expense for Fiat excluding Chrysler increased by €177 million over the prior year (from €511 to €688 million), reflecting higher cost of carry in 2011 and a non-recurring gain in 2010.

Income from investments totaled €131 million (of which €1 million relating to Chrysler), up from €114 million for 2010. The figure primarily relates to the Group's share of the profit or loss of investees recognized using the equity method (€146 million in 2011 vs. €120 million in 2010), broken down by sector as follows: Fiat Group Automobiles €146 million (€131 million in 2010), Magneti Marelli -€18 million (-€5 million in 2010), other sectors €3 million (-€12 million in 2010).

Profit before taxes was €2,185 million. Excluding Chrysler, profit before taxes was €1,470 million (€706 million for 2010). The €764 million increase mainly reflected a €1,209 million positive difference in net unusual items, which was partially offset by higher net financial expense.

Income taxes for 2011 totaled €534 million. Excluding Chrysler, income taxes were €464 million (€484 million for 2010) and related primarily to taxable income of companies operating outside Italy and employment-related taxes in Italy.

Net profit for 2011 was €1,651 million (€222 million for 2010). Excluding Chrysler, unusuals and the mark-to-market of the two Fiat stock option-related equity swaps, the net result was break-even, compared with a profit of €231 million for 2010.

Profit attributable to owners of the parent was €1,334 million (€378 million for 2010).

Statement of Cash Flows

Following is a summary statement of cash flows and related comments. A complete statement of cash flows is provided in the Consolidated Financial Statements.

(€ million)	2011	2010
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**11,967**	**12,226**
B) CASH FROM/(USED IN) OPERATING ACTIVITIES	**5,195**	**6,110**
of which: Cash and cash equivalents from operating activities of Discontinued Operations	-	2,537
C) CASH FROM/(USED IN) INVESTING ACTIVITIES (*)	**(858)**	**(3,829)**
of which: Cash and cash equivalents used in investing activities of Discontinued Operations	-	(443)
D) CASH FROM/(USED IN) FINANCING ACTIVITIES	**632**	**787**
of which: Cash and cash equivalents from financing activities of Discontinued Operations	-	2,084
Currency translation differences	590	359
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	**5,559**	**3,427**
F) CASH AND CASH EQUIVALENTS	**17,526**	**15,653**
of which: Cash and cash equivalents included under Assets held for sale and Discontinued Operations	-	3,686
G) CASH AND CASH EQUIVALENTS AT END OF YEAR	**17,526**	**11,967**

(*) For 2011, includes €5,624 million in cash and cash equivalents from consolidation of Chrysler, net of €881 million (USD 1,268 million) paid to Chrysler for additional 16% ownership interest. For 2010, the figure differs from the previously reported amount due to reclassification of the purchase consideration for the 5% interest in Ferrari S.p.A. to (purchases)/disposals of ownership interests in subsidiaries (under Cash from/used in financing activities)

For 2011, cash generated by **operating activities** was €5,195 million, of which €1,751 million generated by Chrysler (consolidated from June 2011). Excluding Chrysler, cash from operating activities totaled €3,444 million, of which €2,236 million was attributable to income-related cash inflows (i.e., net profit plus amortization and depreciation, dividends, changes in provisions and various items related to vehicles sold under buy-back commitments, net of gains/losses on disposals and other non-cash items) and €1,208 million to a decrease in working capital (at constant exchange rates).

Investing activities absorbed €858 million in cash, of which cash held by Chrysler at consolidation totaled €5,624 million (net of €881 million paid to Chrysler for a 16% ownership interest). Excluding the impact of initial consolidation of Chrysler, investing activities absorbed a total of €6,482 million in cash.

Expenditure on tangible and intangible assets (including €1,438 million in capitalized development costs) totaled €5,528 million (of which €1,936 million related to Chrysler for the period June-December).

Investments in subsidiaries and other equity interests of €142 million related primarily to the recapitalization of GAC Fiat Automobiles Co. Ltd. (a 50/50 JV in China) and Fiat India Automobiles Limited (a 50/50 JV in India), as well as the acquisition of a 50% interest in VM Motori S.p.A.

Proceeds from the sale of non-current assets totaled €449 million for 2011, of which €252 million related to Chrysler (principally for disposals of tangible and intangible assets). Excluding Chrysler, the amount related to the sale (in 2010) of FGA's 49% interest in Iveco Latin America Ltda. and Fiat S.p.A.'s 100% interest in Fiat Switzerland SA (both to Fiat Industrial), in addition to disposals of various fixed assets.

The increase in receivables from financing activities of €1,218 million largely related to FGA's financial services companies in Latin America.

Financing activities generated approximately €0.6 billion in cash. Cash from financing activities – including €2.8 billion received from Fiat Industrial for net financial receivables outstanding at 31 December 2010 and €2.5 billion in bond proceeds – was partially offset by repayment of €2.4 billion in bond maturities, the net reduction of approximately €1.7 billion in debt (including transfer of approximately €1 billion in credit lines to Fiat Industrial as a consequence of the Demerger), payment of €181 million in dividends (almost entirely to Fiat shareholders and minority shareholders of subsidiaries) and €438 million for the purchase of the ownership interests held in Chrysler by the U.S. Treasury and Canada.

Statement of Financial Position for Fiat Group at 31 December 2011

Total assets amounted to €80,031 million at 31 December 2011 and included assets recognized upon initial consolidation of Chrysler in the amount of €26,333 million. Total assets of €73,442 million at 31 December 2010 related to Fiat Group pre Demerger, of which €41,521 million for Continuing Operations.

Non-current assets totaled €43,477 million at year end. The €26.2 billion increase for the year (€17.3 billion at 31 December 2010) was almost entirely attributable to the consolidation of Chrysler. Net of that change in scope of operations and measurement of Fiat's right to receive an additional 5% ownership interest in Chrysler upon occurrence of the Ecological Event (which took place at the beginning of 2012), non-current assets were essentially unchanged.

Current assets totaled €36,488 million, representing an increase of €6,711 million. Net of the change in financial receivables from Fiat Industrial – totaling €5.6 billion at year-end 2010 and subsequently settled along with the associated liabilities – current assets were approximately €12 billion higher almost entirely as a result of consolidation of the assets of Chrysler, consisting primarily of cash and inventories.

Working capital (net of items relating to vehicles sold under buy-back commitments that are held in inventory) was a negative €9,693 million (negative €4,666 million at 31 December 2010). The change includes the impact of the consolidation of Chrysler, which ended the year with negative working capital of approximately €4.1 billion.

(€ million)		31.12.2011	31.12.2010	Change
Inventory	(a)	7,729	3,806	3,923
Trade receivables		2,625	2,259	366
Trade payables		(16,418)	(9,345)	(7,073)
Current taxes receivable/(payable) & Other current receivables/(payables)	(b)	(3,629)	(1,386)	(2,243)
Working capital		**(9,693)**	**(4,666)**	**(5,027)**

(a) Inventory is reported net of the value of vehicles repurchased under buy-back commitments that are held for sale by Fiat Group Automobiles and Chrysler and those sold under buy-back commitments that are still held by customers

(b) Other current payables, included under current taxes receivable/(payable) & other current receivables/(payables), exclude the buy-back price payable to customers upon expiration of lease contracts and advance payments from customers for vehicles sold under buy-back commitments, which is equal to the difference, at the contract date, between the initial sale price and the buy-back price. Recognition of those amounts is apportioned over the duration of the contract

At 31 December 2011, trade receivables, other receivables and receivables from financing activities falling due after that date and sold without recourse – and, therefore, eliminated from the statement of financial position pursuant to the derecognition requirements of IAS 39 – totaled €3,858 million (€3,524 million at 31 December 2010). That amount includes €2,495 million (€2,376 million at 31 December 2010) in receivables from financing activities, mostly relating to the sales network, that were sold to jointly-controlled financial services companies (FGA Capital group).

Excluding the impact of consolidation of Chrysler, working capital decreased approximately €1.2 billion (at constant exchange rates).

At 31 December 2011, consolidated **net debt** totaled €8,898 million, up €6,145 million from €2,753 million at 31 December 2010. Excluding Chrysler (consolidated from June), net debt increased €3,065 million. Cash outflows relating to the purchase of additional ownership interests in Chrysler (€1.4 billion), investments (€3.6 billion), dividend payments (€179 million) and an increase in net volumes financed by the Financial Services companies were only partially offset by positive operating cash flow.

(€ million)		Fiat with Chrysler 31.12.2011	Chrysler 31.12.2011	Fiat excluding Chrysler 31.12.2011	Fiat 31.12.2010 (*)
Debt:		(26,772)	(10,537)	(16,245)	(20,804)
Asset-backed financing		(710)	(31)	(679)	(533)
Debt payable to Discontinued Operations		-	-	-	(2,865)
Other debt		(26,062)	(10,506)	(15,566)	(17,406)
Current financial receivables from jointly-controlled financial services companies	(a)	21	-	21	12
Intersegment financial receivables	(b)	-	10	-	-
Financial receivables from Discontinued Operations		-	-	-	5,626
Debt, net of current financial receivables from jointly-controlled financial services companies		**(26,751)**	**(10,527)**	**(16,224)**	**(15,166)**
Other financial assets	(c)	557	127	430	516
Other financial liabilities	(c)	(429)	(100)	(329)	(255)
Current securities		199	-	199	185
Cash and cash equivalents		17,526	7,420	10,106	11,967
Net (debt)/cash		**(8,898)**	**(3,080)**	**(5,818)**	**(2,753)**
Industrial Activities		(5,529)	(3,080)	(2,449)	(542)
Financial Services		(3,369)	-	(3,369)	(2,211)

(*) Includes impacts of the Demerger which took effect 1 January 2011
(a) Includes current financial receivables from FGA Capital
(b) Includes the value of intercompany agreements recognized as finance leases (IFRIC 4)
(c) Includes fair value of derivative financial instruments

Other debt increased €8.7 billion in 2011. Excluding Chrysler, other debt was down €1.8 billion primarily due to bank credit lines that were repaid at expiry or transferred to Fiat Industrial as a consequence of the Demerger, as well as payment of €2.4 billion in bond maturities. Those reductions were partially offset by 3 bond issues totaling €2.5 billion, completed in April and July, by Fiat Finance and Trade Ltd S.A. (a wholly-owned subsidiary of Fiat S.p.A.) under its GMTN program.

In addition, the net financial position existing between Fiat and Fiat Industrial was settled in January 2011, resulting in a net cash inflow of approximately €2.8 billion.

Cash and cash equivalents and **current securities** totaled €17.7 billion at 31 December 2011, of which €7.4 billion related to Chrysler. For Fiat excluding Chrysler, cash, cash equivalents and current securities totaled €10.3 billion at 31 December 2011, a decrease of approximately €1 billion for the year.

Total available liquidity, inclusive of undrawn committed credit lines (€1.95 billion for Fiat excluding Chrysler and €1 billion for Chrysler), totaled €20.7 billion, of which €12.3 billion related to Fiat excluding Chrysler (€12.2 billion at 31 December 2010 when all committed credit lines were fully drawn) and €8.4 billion to Chrysler.

Industrial Activities and Financial Services: 2011 results

The following tables provide a breakdown of the consolidated statements of income, financial position and cash flows between Industrial Activities and Financial Services. Financial Services includes subsidiaries of Fiat Group Automobiles and Ferrari engaged in retail and dealer finance, leasing and rental activities, as well as FGA Capital (the joint venture between Fiat Group Automobiles and Crédit Agricole), which is accounted for under the equity method.

Basis of analysis

The segmentation between Industrial Activities and Financial Services represents a sub-consolidation prepared on the basis of the core business activities carried out by each Group company.

Investments held by companies belonging to one segment in companies included in the other segment are accounted for under the equity method. To provide a more meaningful presentation of net profit, the results of investments accounted for in this manner are classified in the income statement under result from intersegment investments.

The holding companies (Fiat S.p.A., Fiat Partecipazioni S.p.A., Fiat North America LLC and Fiat Gestione Partecipazioni S.p.A.) are classified under Industrial Activities.

The sub-consolidation for Industrial Activities also includes companies that perform centralized treasury activities for Fiat excluding Chrysler (i.e., raising funds in the market and financing Group companies, with the exception of Chrysler Group LLC and subsidiaries). These activities do not, however, include offering financing to third parties.

N.B.: All Chrysler Group activities are included under Industrial Activities and Chrysler Group's treasury activities (including funding and cash management) are managed separately from those of Fiat Group.

Operating Performance by Activity

	2011			2010		
(€ million)	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
Net revenues	59,559	59,297	358	35,880	35,676	270
Cost of sales	50,704	50,545	255	30,718	30,604	180
Selling, general and administrative	5,047	5,009	38	2,956	2,922	34
Research and development	1,367	1,367	-	1,013	1,013	-
Other income/(expense)	(49)	(56)	7	(81)	(90)	9
TRADING PROFIT/(LOSS)	**2,392**	**2,320**	**72**	**1,112**	**1,047**	**65**
Gains/(losses) on disposals of investments	21	21	-	12	12	-
Restructuring costs	102	102	-	118	118	-
Other unusual income/(expense)	1,025	1,026	(1)	(14)	(14)	-
OPERATING PROFIT/(LOSS)	**3,336**	**3,265**	**71**	**992**	**927**	**65**
Financial income/(expense)	(1,282)	(1,282)	-	(400)	(400)	-
Result from investments (*)	131	54	77	114	41	73
PROFIT/(LOSS) BEFORE TAXES	**2,185**	**2,037**	**148**	**706**	**568**	**138**
Income taxes	534	517	17	484	460	24
PROFIT/(LOSS)	**1,651**	**1,520**	**131**	**222**	**108**	**114**
Result from intersegment investments	-	131	-	-	114	-
PROFIT/(LOSS)	**1,651**	**1,651**	**131**	**222**	**222**	**114**

(*) Includes income from investments, as well as impairment (losses)/reversals on non-intersegment investments accounted for under the equity method

Industrial Activities

For 2011, **net revenues** for Industrial Activities totaled approximately €59.3 billion. Excluding Chrysler, revenues were approximately €37.1 billion, up 4.0% over 2010, mainly due to growth for the Components businesses and Luxury & Performance brands. For FGA, revenues were resilient, remaining in line with 2010, despite difficult trading conditions in Europe.

Trading profit for Industrial Activities was €2,320 million. Excluding Chrysler, trading profit was €975 million, substantially in line with the €1,047 million recorded for 2010.

Operating profit for Industrial Activities came in at €3,265 million for 2011, compared with €927 million for 2010. Excluding Chrysler, operating profit was €2,065 million. The increase of €1,138 million was attributable to net unusual income of €1,210 million, which was only partially offset by the slight fall in trading profit.

Financial Services

Net revenues for Financial Services totaled €358 million, up 32.6% compared to 2010.

(€ million)	2011	2010	% change
Fiat Group Automobiles	328	242	35.5
Ferrari	30	28	7.1
Total	**358**	**270**	**32.6**

FGA Financial Services had revenues of €328 million, up 35.5% over the €242 million for 2010 driven primarily by the increase in business volumes in Brazil and Argentina.

Trading profit for Financial Services totaled €72 million, a €7 million improvement over 2010. The increase was almost entirely attributable to FGA (+€6 million) and reflected higher volumes financed in Brazil.

(€ million)	2011	2010	Change
Fiat Group Automobiles	62	56	6
Ferrari	10	9	1
Total	**72**	**65**	**7**

Statement of Financial Position by Activity

(€ million)	31.12.2011 Consolidated	31.12.2011 Industrial Activities	31.12.2011 Financial Services	31.12.2010 (*) Consolidated	31.12.2010 (*) Industrial Activities	31.12.2010 (*) Financial Services
Intangible assets	18,200	18,196	4	4,350	4,345	5
Property, plant and equipment	20,785	20,781	4	9,601	9,598	3
Investments and other financial assets	2,660	3,097	755	1,653	2,086	733
Leased assets	45	45	-	-	-	-
Defined benefit plan assets	97	96	1	20	19	1
Deferred tax assets	1,690	1,622	68	1,678	1,617	61
Total non-current assets	**43,477**	**43,837**	**832**	**17,302**	**17,665**	**803**
Inventory	9,123	9,116	7	4,443	4,438	5
Trade receivables	2,625	2,619	17	2,259	2,255	5
Receivables from financing activities	3,968	1,681	3,906	2,866	1,719	2,949
Financial receivables from Discontinued Operations	-	-	-	5,626	5,621	5
Current taxes receivable	369	367	4	353	351	6
Other current assets	2,088	2,068	22	1,528	1,514	21
Current financial assets:	789	739	52	735	697	39
Current investments	33	33	-	34	34	-
Current securities	199	147	52	185	147	38
Other financial assets	557	559	-	516	516	1
Cash and cash equivalents	17,526	17,429	97	11,967	11,705	262
Total current assets	**36,488**	**34,019**	**4,105**	**29,777**	**28,300**	**3,292**
Assets held for sale and Discontinued Operations	66	66	-	34,854 (1)	24,423 (1)	14,539
Elimination of financial receivables from/debt payable to Discontinued Operations	-	-	-	(8,491)	(8,483)	(8)
TOTAL ASSETS	**80,031**	**77,922**	**4,937**	**73,442**	**61,905**	**18,626**
Total assets adjusted for asset-backed financing transactions	**79,321**	**77,709**	**4,440**	**64,588**	**61,520**	**10,152**
Equity	12,260	12,258	1,192	12,461	12,461	2,733
Provisions:	15,624	15,587	37	4,924	4,857	67
Employee benefits	7,026	7,022	4	1,704	1,700	4
Other provisions	8,598	8,565	33	3,220	3,157	63
Debt:	26,772	24,796	3,595	20,804	19,843	2,763
Asset-backed financing	710	213	497	533	280	258
Other debt	26,062	24,583	3,098	17,406	16,701	2,502
Debt payable to Discontinued Operations	-	-	-	2,865	2,862	3
Other financial liabilities	429	428	3	255	254	2
Trade payables	16,418	16,399	32	9,345	9,332	17
Current taxes payable	230	228	5	181	170	18
Deferred tax liabilities	760	753	7	135	130	5
Other current liabilities	7,538	7,473	66	3,908	3,855	56
Liabilities held for sale and Discontinued Operations	-	-	-	29,920	19,486	12,973
Elimination of financial receivables from/debt payable to Discontinued Operations	-	-	-	(8,491)	(8,483)	(8)
TOTAL EQUITY AND LIABILITIES	**80,031**	**77,922**	**4,937**	**73,442**	**61,905**	**18,626**
Total equity and liabilities adjusted for asset-backed financing transactions	**79,321**	**77,709**	**4,440**	**64,588**	**61,520**	**10,152**

(*) Relates to Fiat Group pre Demerger

(1) Of which, €68 million relates to assets held for sale (Continuing Operations)

Net Debt by Activity (31 December 2011)

			Industrial Activities			
		Consolidated	Fiat with Chrysler	*Fiat excluding Chrysler*	*Chrysler*	Financial Services
Debt:		**(26,772)**	(24,796)	*(14,269)*	*(10,537)*	(3,595)
Asset-backed financing		**(710)**	(213)	*(182)*	*(31)*	(497)
Other debt		**(26,062)**	(24,583)	*(14,087)*	*(10,506)*	(3,098)
Current financial receivables from jointly-controlled financial services companies	(a)	**21**	21	*21*	-	-
Intersegment financial receivables	(b)	**-**	1,539	*1,539*	*10*	80
Debt, net of intersegment balances and current financial receivables from jointly-controlled financial services companies		**(26,751)**	**(23,236)**	*(12,709)*	*(10,527)*	**(3,515)**
Other financial assets	(c)	**557**	559	*432*	*127*	-
Other financial liabilities	(c)	**(429)**	(428)	*(328)*	*(100)*	(3)
Current securities		**199**	147	*147*	-	52
Cash and cash equivalents		**17,526**	17,429	*10,009*	*7,420*	97
Net (debt)/cash		**(8,898)**	**(5,529)**	*(2,449)*	*(3,080)*	**(3,369)**

(a) Includes current debt payable by FGA Capital to other companies in the Fiat Group
(b) Includes the value of intercompany agreements recognized as finance leases (IFRIC 4)
(c) Includes fair value of derivative financial instruments

Net Debt by Activity for Fiat excluding Chrysler at 31 December 2011 and 31 December 2010

(€ million)		31.12.2011			31.12.2010 (*)		
		Fiat excluding Chrysler	Industrial Activities excluding Chrysler	Financial Services	Consolidated	Industrial Activities	Financial Services
Debt:		(16,245)	(14,269)	(3,595)	(20,804)	(19,843)	(2,763)
Asset-backed financing		(679)	(182)	(497)	(533)	(280)	(258)
Debt payable to Discontinued Operations		-	-	-	(2,865)	(2,862)	(3)
Other debt		(15,566)	(14,087)	(3,098)	(17,406)	(16,701)	(2,502)
Financial receivables from Discontinued Operations		-	-	-	5,626	5,621	5
Current financial receivables from jointly-controlled financial services companies	(a)	21	21	-	12	12	-
Intersegment financial receivables		-	1,539	80	-	1,554	248
Debt, net of intersegment balances and current financial receivables from jointly-controlled financial services companies		**(16,224)**	**(12,709)**	**(3,515)**	**(15,166)**	**(12,656)**	**(2,510)**
Other financial assets	(b)	430	432	-	516	516	1
Other financial liabilities	(b)	(329)	(328)	(3)	(255)	(254)	(2)
Other current securities		199	147	52	185	147	38
Cash and cash equivalents		10,106	10,009	97	11,967	11,705	262
Net (debt)/cash		**(5,818)**	**(2,449)**	**(3,369)**	**(2,753)**	**(542)**	**(2,211)**

(*) Includes impacts of the Demerger which took effect 1 January 2011
(a) Includes current debt payable by FGA Capital to other companies in the Fiat Group
(b) Includes fair value of derivative financial instruments

Given the role of the central treasury, debt for Industrial Activities (Fiat excluding Chrysler) also includes funding raised by the central treasury on behalf of consolidated Financial Services companies (included under intersegment financial receivables).

Intersegment financial receivables for Financial Services companies, on the other hand, represent loans or advances to industrial companies – for receivables sold to Financial Services companies that do not meet the derecognition requirements of IAS 39 – as well as cash deposited temporarily with the central treasury.

Net debt for the **Financial Services** companies at 31 December 2011 was up €1,158 million over year-end 2010, due to the increased funding requirement associated with growth of the managed portfolio (+€1,268 million) and dividends paid to industrial companies (€44 million), both of which were only partially offset by cash generated by operating activities during the period (€55 million) and positive currency translation differences (€106 million).

Change in Net Industrial Debt

(€ million)	Fiat with Chrysler 2011	Chrysler 7 months 2011	Fiat excluding Chrysler 2011	Fiat excluding Chrysler 2010 (*)
Net industrial debt at beginning of year	**(542)**	**-**	**(542)**	**(3,103)**
2010 Demerger debt allocation	-	-	-	2,521
Consolidation of Chrysler net debt (1)	(3,860)	(3,860)	-	-
Cash (paid)/received for 16% ownership interest in Chrysler	-	881	(881)	-
(Disbursements) for purchase of interests held in Chrysler by Canada and U.S. Treasury and UST rights under Equity Recapture Agreement	(490)	-	(490)	-
Net industrial debt at beginning of the year after Demerger and Chrysler consolidation	**(4,892)**	**(2,979)**	**(1,913)**	**(582)**
Profit/(loss)	1,651	645	1,006	222
Amortization and depreciation	3,356	1,123	2,233	2,184
Change in provisions and other changes (2)	(1,240)	(221)	(1,019)	201
Cash from/(used in) operating activities before change in working capital	**3,767**	**1,547**	**2,220**	**2,607**
Change in working capital	1,417	204	1,213	893
Cash from/(used in) operating activities	**5,184**	**1,751**	**3,433**	**3,500**
Investments in property, plant and equipment and intangible assets	(5,525)	(1,936)	(3,589)	(2,859)
Cash from/(used in) operating activities, net of capital expenditures	**(341)**	**(185)**	**(156)**	**641**
Change in consolidation scope and other changes	68	305	(237)	(172)
Net industrial cash flow	**(273)**	**120**	**(393)**	**469**
Capital increases and dividends	(140)	(2)	(138)	(545)
Currency translation differences	(224)	(219)	(5)	116
Change in net industrial debt (3)	**(637)**	**(101)**	**(536)**	**40**
Net industrial (debt)/cash at end of year	**(5,529)**	**(3,080)**	**(2,449)**	**(542)**

(*) Historic data relating to Fiat Group post Demerger only
(1) Before subscription to additional 16% ownership interest in Chrysler
(2) Includes reversal of net gain related to Chrysler acquisition and unusual non-cash expense
(3) Change excludes impacts of initial consolidation of Chrysler net debt (€3,860 million before subscription to 16% ownership interest), as well as payment to Chrysler for a 16% ownership interest (offset at the consolidated level) and disbursement for purchase of U.S. Treasury and Canada ownership interests in Chrysler

For 2011, net industrial debt for Fiat excluding Chrysler increased €1,907 million to €2,449 million. Excluding total disbursements of €1,371 million related to subscription of a 16% ownership interest in Chrysler (fully diluted) and purchase of the ownership interests held by the U.S. Treasury and Canada, there was a €536 million change in net industrial debt. Cash generated by operating activities of approximately €3.4 billion only partially covered cash used in investing activities (€3.6 billion; +25.5% over 2010), dividend payments and the negative effects from the measurement of hedging instruments and equity swaps on Fiat and Fiat Industrial shares (included under Change in consolidation scope and other changes).

Net industrial debt for Chrysler increased €101 million during the period June-December 2011, with €1,751 million in cash from operating activities and €305 million from disposals of fixed assets and other changes being more than offset by investments of €1,936 million and negative currency translation differences (essentially due to the weakening of the euro against the dollar since the acquisition date).

Statement of Cash Flows by Activity

(€ million)		2011 Consolidated	2011 Industrial Activities	2011 Financial Services	2010 (*) Consolidated	2010 (*) Industrial Activities	2010 (*) Financial Services
A) Cash and cash equivalents at beginning of year		**11,967**	**11,705**	**262**	**12,226**	**10,819**	**1,407**
B) Cash from/(used in) operating activities:							
Profit/(loss)		1,651	1,651	131	222	222	114
Amortization and depreciation (net of vehicles leased out)		3,358	3,356	2	2,186	2,184	2
(Gains)/losses on disposal of non-current assets and other non-cash items	(a)	(1,106)	(1,200)	(37)	74	2	(42)
Dividends received		105	149	-	62	107	-
Change in provisions		(116)	(89)	(27)	283	284	(1)
Change in deferred taxes		(19)	(10)	(9)	(199)	(197)	(2)
Changes relating to buy-back commitments	(b)	(62)	(62)	-	4	4	-
Changes relating to operating leases		(28)	(28)	-	-	-	-
Change in working capital		1,412	1,417	(5)	941	918	31
Cash from/(used in) operating activities of Discontinued Operations		-	-	-	2,537	2,360	454
Total		**5,195**	**5,184**	**55**	**6,110**	**5,884**	**556**
C) Cash from/(used in) investing activities:							
Investments in:							
Property, plant and equipment and intangible assets (net of vehicles leased out) (net of vehicles leased out)		(5,528)	(5,525)	(3)	(2,864)	(2,859)	(5)
Subsidiaries and other equity investments		(142)	(142)	-	(159)	(160)	-
Cash and cash equivalents from consolidation of Chrysler net of consideration paid for the additional 16% ownership interest		5,624	5,624	-	-	-	-
Proceeds from the sale of non-current assets		449	448	1	57	56	1
Net change in receivables from financing activities		(1,218)	50	(1,268)	(594)	6	(600)
Change in other current securities		(14)	4	(18)	24	43	(19)
Other changes		(29)	(253)	224	150	1,302	(970)
Cash from/(used in) investing activities of Discontinued Operations		-	-	-	(443)	(636)	(65)
Total		**(858)**	**206**	**(1,064)**	**(3,829)**	**(2,248)**	**(1,658)**
D) Cash from/(used in) financing activities:							
Net change in debt and other financial assets/liabilities		(1,551)	(2,446)	895	(935)	(1,189)	254
Change in net financial receivables from Fiat Industrial Group		2,761	2,759	2	-	-	-
Increase in share capital		41	41	-	1	1	77
(Purchase)/sale of ownership interests in subsidiaries	(c)	(438)	(438)	-	(124)	(124)	-
Dividends paid		(181)	(181)	(44)	(239)	(239)	(330)
Cash from/(used in) financing activities of Discontinued Operations		-	-	-	2,084	1,086	998
Total		**632**	**(265)**	**853**	**787**	**(465)**	**999**
Currency translation differences		590	599	(9)	**359**	**215**	**144**
E) Net change in cash and cash equivalents		**5,559**	**5,724**	**(165)**	**3,427**	**3,386**	**41**
F) Cash and cash equivalents		**17,526**	**17,429**	**97**	**15,653**	**14,205**	**1,448**
of which: Cash and cash equivalents included under Assets held for sale and Discontinued Operations		-	-	-	3,686	2,500	1,186
G) Cash and cash equivalents at end of year		**17,526**	**17,429**	**97**	**11,967**	**11,705**	**262**

See notes on following page

(*) In accordance with IFRS 5, figures for 2010 have been reclassified to reflect the demerger that took effect 1 January 2011
(a) Includes reversal of the net gain recognized in 2011 in relation to the Chrysler transaction of €2,017 million and reversal of unusual non-cash expense. The item also includes reversal of a €110 million loss (€107 million gain for 2010) in the fair value of two equity swaps on a basket of Fiat S.p.A. and Fiat Industrial S.p.A. ordinary shares
(b) Cash from vehicles sold under buy-back commitments for the periods reported above, net of amounts already recognized through profit and loss, is included in a separate line item under operating activities, which also includes the change in working capital
(c) Relates to the acquisition of ownership interests held by the U.S. Treasury (6.031% fully diluted) and the Canadian government (1.508% fully diluted) during 2011 for a consideration of $500 million (€351 million) and $125 million (€87 million), respectively. The comparable amounts relating primarily to purchase of the 5% interest in Ferrari S.p.A. during 2010 were reclassified accordingly

Industrial Activities
For 2011, Industrial Activities generated cash and cash equivalents totaling €5,724 million. Excluding €5,624 million in cash and cash equivalents attributable to the consolidation of Chrysler (net of €881 million paid to Chrysler for a 16% ownership interest), change in cash for Industrial Activities totaled €100 million.

- **Operating activities** generated €5,184 million in cash, of which €1,751 million was attributable to Chrysler (consolidated from June 2011). Income-related cash inflows (i.e., net profit plus amortization and depreciation, dividends, changes in provisions and various items related to vehicles sold under buy-back commitments, net of gains/losses on disposals and other non-cash items) totaled €3,767 million and a decrease in working capital contributed a further €1,417 million (at constant exchange rates).
- **Investing activities** absorbed a total of €5,418 million in cash (excluding €5,624 million in cash from the consolidation of Chrysler), primarily for investments in tangible and intangible assets and equity interests (€5,667 million) and an increase in funding provided to the Group's financial services companies by central treasury companies (included under other changes), which were only partially offset by the sale of non-current assets totaling €448 million.
- **Financing activities** used €265 million in cash. Net debt repayments and disbursements for the purchase of the U.S. Treasury and Canada interests in Chrysler (€438 million) and dividend payments (€181 million) were only partially offset by the €2.8 billion in cash received from Fiat Industrial Group in January.

Financial Services
Cash and cash equivalents for Financial Services totaled €97 million at 31 December 2011, down €165 million over year-end 2010.

Changes in cash were attributable to:

- **Operating activities**, which generated €55 million in cash, principally from income-related cash inflows (net profit plus amortization and depreciation).
- **Investing activities** (including changes in financial receivables from/debt payable to industrial companies) which absorbed €1,064 million in cash, primarily due to an increase in the lending portfolio net of funding from treasury companies (included under other changes).
- **Financing activities** that generated a total of €853 million in cash, with a €895 million net increase in financing partially offset by dividends paid to companies included under Industrial Activities.

Corporate Governance

Foreword

Fiat Group adheres to the new Corporate Governance Code for Italian Listed Companies issued in December 2011, with the modifications related to the specific characteristics of the Group. In a series of meetings held in February 2012, the Board of Directors, at the proposal of the Compensation Committee, established a Compensation Policy which incorporates the recommendations of the Corporate Governance Code and regulations issued by Consob which took effect on 31 December 2011. That Compensation Policy forms the first part of the Report on Compensation and will be submitted to Shareholders for approval at the General Meeting called to approve the 2011 financial statements. In addition, with support from the Committees, the Board undertook an analysis of those principles and criteria that have been revised in the new version of the Code and the effective implementation of those principles and criteria by the Group.

Based on the results of that analysis, the Board established guidelines for the System of Internal Control and Risk Management, redefining the role of the Internal Control Committee, now named Internal Control and Risk Committee, and the various entities and individuals involved.

In accordance with legal and regulatory requirements, the Company prepares an **"Annual Report on Corporate Governance"** which provides a general description of the Group's corporate governance system together with information on its ownership structure and adherence to the provisions of the Corporate Governance Code, including key governance practices and the principal characteristics of the system of internal control and risk management including in relation to financial reporting. The Report, which is available in the Corporate Governance section of the Group website (www.fiatspa.com), is divided into four sections: the first contains a description of the governance structure; the second gives information on the ownership structure; the third provides an analysis of implementation of specific recommendations of the Corporate Governance Code and describes the principal characteristics of the system of internal control and risk management, including in relation to financial reporting and key governance practices; and, the fourth includes tables summarizing Fiat's ownership and board structure, a side-by-side comparison illustrating Fiat's application of the principles and criteria of the revised Code, as well as the principal corporate governance related documents. This section provides a summary of aspects relevant to the Report on Operations. The Corporate Governance Code is available on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it).

Direction and Coordination

Fiat S.p.A. is not subject to the direction and coordination of any other company or entity and has full independence to define its strategic and operational guidelines. Fiat's direct and indirect subsidiaries in Italy have, with a few specific exceptions, named Fiat as the entity which, pursuant to Article 2497-*bis* of the Civil Code, exercises direction and coordination over them. That activity consists in setting general strategic and operating guidelines for the Group through definition and updating of the internal control and risk management system, corporate governance model and corporate structure, and establishment of a group-wide Code of Conduct, in addition to definition of policies for the management of personnel and financial resources, and for the procurement of production materials, and marketing and communications services. Coordination of the Group also encompasses centralized cash management, corporate and accounting, and internal audit services, including through specialized companies.

Direction and coordination undertaken at group level enables subsidiaries, which retain full management and operating autonomy, to achieve economies of scale by availing themselves of professional and specialized services with improving levels of quality and to concentrate their resources on management of their core business.

Board of Directors

Pursuant to the By-laws, the Board of Directors may be composed of between nine and fifteen members. At the General Meeting held on 27 March 2009, Shareholders elected fifteen Board members whose term of office expires on the date of the General Meeting called to approve the 2011 financial statements. Accordingly, at that forthcoming General Meeting, Shareholders will be called upon to determine the number of seats on the Board of Directors and, subsequently, renew its mandate. Under Article 11 of the By-laws, Board members are elected through a voting list system which ensures minority shareholders the opportunity to elect a director to the Board. The minimum equity interest required for submission of a list of candidates is established by Consob with reference to the Company's market capitalization for the last quarter of the final financial year of the mandate. Each list must indicate at least one candidate that satisfies the legal requirements for independence.

The voting list system was utilized for the election of the Board of Directors for the first time at the General Meeting of 27 March 2009 and will also be used for renewal of the term of office of the Boards of Directors and Statutory Auditors at the General Meeting of 4 April 2012. In 2009, the Company invited shareholders who, individually or jointly with others, owned at least 1% of ordinary shares (as established by Consob with reference to Fiat's average market capitalization for the fourth quarter of 2008 and confirmed with reference to the Company's average market capitalization for the fourth quarter of 2011) to submit, at least 15 days prior to the General Meeting, lists of candidates ranked in numerical order who satisfied the requirements of law and the Company's By-laws. On the basis of existing regulatory provisions, the minimum period for submission of a list of candidates to the Company has been increased to at least 25 days prior to the date of the General Meeting.

In 2009, EXOR S.p.A., holder of 30.45% of ordinary shares, was the only shareholder to submit a list of candidates and, therefore, all candidates on the list were elected.

Under Article 16 of the By-laws, all directors with executive responsibilities are vested, separately and individually, with the power to represent the Company and under Article 12 the Vice Chairman, if appointed, shall act as Chairman if the latter is absent or unable to carry out his duties. In application of this provision, the Board of Directors has, as in the past, adopted a model for delegation of broad operating powers to the Chairman and the Chief Executive Officer by which they are authorized, separately and individually, to perform all ordinary and extraordinary acts that are consistent with the Company's purpose and not reserved by law for, or otherwise delegated or assumed by, the Board of Directors itself. In practice, the Chairman has the role of coordination and strategic direction for the activities of the Board of Directors, while the Chief Executive Officer is responsible for the operational management of the Group. From an operational perspective, the Chief Executive Officer is supported by the Group Executive Council (GEC), a decision-making body led by the Chief Executive and composed of the heads of the operating sectors and of certain central functions. As a result of the acquisition of majority ownership of Chrysler Group and consistent with the objective of enhancing the operational integration of Fiat S.p.A. and Chrysler Group, on 1 September 2011 a new Group Executive Council (GEC) was formed which is now composed of 4 main groupings: regional operations, brands, industrial processes, and support/corporate functions.

The Company adopted, effective 1 January 2011, procedures for transactions with related parties to ensure full transparency and substantial and procedural fairness in transactions with related parties, as defined under IAS 24. The Procedures define "significant transactions", which require the prior approval of the Board – subject to the binding opinion of the Internal Control and Risk Committee (formerly the Internal Control Committee), which is the committee responsible for related-party transactions, with the exception of those matters relating to compensation, for which the Compensation Committee is responsible – and must be publicly disclosed in the form of an information document.

Other transactions, except those falling within the residual category of minor transactions – i.e., transactions less than €200,000 in value or, for transactions with legal entities having consolidated annual revenues in excess of €200 million only, transactions less than €10 million in value – are defined as "non-significant" and may be entered into with the prior non-binding opinion of the above committee. The Procedures also establish exemptions, including: transactions taking place in the ordinary course of business and entered into at standard or market terms; transactions with or between subsidiaries and transactions with associates, provided that no other parties related to the Company have a significant interest; and transactions of minor value.

The task of implementing the Procedures and disseminating them to Group companies is assigned to the manager responsible for the Company's financial reporting, who must also ensure coordination with the administrative and accounting procedures required under Article 154-*bis* of Legislative Decree 58/98.

The "**Guidelines for Significant Transactions and Transactions with Related Parties**" also continue to apply (subsequently renamed "Guidelines for Significant Transactions"), under which transactions having a significant impact on the Company's earnings and financial position are subject to prior examination and approval by the Board.

As such, the powers conferred on the executive directors specifically exclude decisions relating to significant transactions that, in and of themselves, require that the Company make a public disclosure in accordance with specific requirements established by regulatory authorities. Prior to the Company undertaking a significant transaction, the executive directors are to provide the Board, a reasonable period in advance, with a summary analysis of the strategic compatibility, economic feasibility and expected return.

Pursuant to Article 12 of the By-laws, the Board of Directors shall appoint, following consultation with the Board of Statutory Auditors, the **manager responsible for the Company's financial reporting**. Where more than one individual is appointed, they shall have joint responsibility. Only individuals with several years of experience in the accounting and financial affairs of large companies may be appointed. In implementation of this provision, the Board of Directors has appointed the Chief Financial Officer as the manager responsible for the Company's financial reporting, vesting him with the relevant powers.

At 31 December 2011, the Board of Directors was composed of three executive directors and 12 non-executive directors (i.e., directors without specific authorities or executive responsibilities within the Company or the Group), eight of whom (representing a majority) qualified as independent on the basis of the criteria approved by Shareholders on 27 March 2009 and already applied by the Company. Those criteria will be resubmitted by the Board for the approval of Shareholders, based on the recommendation of the Nominating, Corporate Governance and Sustainability Committee, at the General Meeting to be called to appoint the new Board for the period 2012-2014. As required by law and the By-laws, two of the directors (Gian Maria Gros-Pietro and Mario Zibetti) also meet the independence requirements established in Legislative Decree 58/98.

The Chairman and Chief Executive Officer are **executive directors**. They also hold executive responsibilities at subsidiary companies: John Elkann is Chairman of Editrice La Stampa S.p.A. and Itedi S.p.A. and Sergio Marchionne, in addition to being Chairman of the principal subsidiaries, is also Chief Executive Officer of Fiat Group Automobiles S.p.A. and of Chrysler Group LLC. Luca Cordero di Montezemolo also qualifies as an executive director by virtue of his position as Chairman of Ferrari S.p.A.

An adequate number of independent directors is an essential element in protecting the interests of shareholders, particularly minority shareholders, and third parties. For this reason, and believing it to be significantly in the Company's interests to maintain a high level of guarantees and protection against potential conflicts of interest, through a resolution dated 22 February 2012 the Board of Directors proposed that for the elections to be held on 4 April 2012, Shareholders appoint a Board with a significant number of independent directors. The Board also proposed that – in addition to the 2 independent directors required by law and in consideration of the recommendation of the Corporate Governance Code that at least one-third of directors be independent – a minimum of 3 additional directors be elected that meet the criteria of independence adopted for previous elections.

The **independence** of directors is assessed annually and is based on the absence or non-relevance, during the previous three years, of economic or shareholding relationships or other relationships, whether direct, indirect or on behalf of third parties, with the Company, its executive directors and executives with strategic responsibilities, its controlling companies or subsidiaries, or any other party related to the Company. The results of these assessments are published in the Annual Report on Corporate Governance.

At the meeting held on 27 October 2011, the Board of Directors confirmed that Roland Berger, René Carron, Luca Garavoglia, Gian Maria Gros-Pietro, Vittorio Mincato, Pasquale Pistorio, Ratan Tata and Mario Zibetti satisfied the requirements of independence.

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

- Andrea Agnelli: Chairman of Juventus FC S.p.A., General Partner of Giovanni Agnelli & C. S.a.p.A., Director of EXOR S.p.A. and Vita Società Editoriale S.p.A.;
- Carlo Barel di Sant'Albano: Chairman of Cushman & Wakefield, Director of EXOR S.p.A. and Juventus FC S.p.A.;
- Roland Berger: Co-Chairman of Italy 1 Investment S.A., Vice Chairman of Wilhelm von Finck AG, Director of RCS MediaGroup S.p.A., Chairman of the Supervisory Board of Prime Office AG and WMP EuroCom AG, Member of the Supervisory Board of Schuler AG, Fresenius SE & Co KGaA and Fresenius Management SE;
- Tiberto Brandolini D'Adda: Chairman of Sequana S.A. and EXOR S.A., General Partner of Giovanni Agnelli & C. S.a.p.A., Vice Chairman of EXOR S.p.A., Director of SGS S.A.;
- René Carron: Director of GDF-Suez S.A. and Vice Chairman of IPEMED (Institut de Prospective Economique du Monde Méditerranéen);
- Luca Cordero di Montezemolo: Chairman of NTV – Nuovo Trasporto Viaggiatori S.p.A., Director of Poltrona Frau S.p.A., Tod's S.p.A. and Pinault Printemps Redoute S.A;
- John Elkann: Chairman and General Partner of Giovanni Agnelli & C. S.a.p.A., Chairman and CEO of EXOR S.p.A., Director of Fiat Industrial S.p.A., RCS MediaGroup S.p.A., SGS S.A. Gruppo Banca Leonardo S.p.A. and The Economist Group;
- Luca Garavoglia: Chairman of Davide Campari Milano S.p.A.;
- Gian Maria Gros-Pietro: Director of Edison S.p.A., Credito Valtellinese S.p.A., Caltagirone S.p.A. and Italy 1 Investment S.A.;

- Sergio Marchionne: Chairman of CNH Global N.V., Fiat Industrial S.p.A., Iveco S.p.A., FPT Industrial S.p.A., SGS S.A., Director of EXOR S.p.A. and Philip Morris International Inc.;
- Vittorio Mincato: Chairman of NEM SGR S.p.A. and Casa Editrice Neri Pozza S.p.A., Director of Tecno Holding S.p.A.;
- Pasquale Pistorio: Honorary Chairman of S.T. Microelectronics N.V., Director of Atos S.A. and Brembo S.p.A.;
- Ratan Tata: Chairman of The Indian Hotels Company Ltd., Director of Alcoa Inc., Antrix Corporation Ltd. and JaguarLandRover Ltd. (UK). Mr. Tata also serves as Chairman of the principal companies of the Tata Group;
- Mario Zibetti: Director of Ersel SIM S.p.A.

Board Committees

The Board of Directors has established the following committees: the Internal Control Committee – whose role was redefined in February 2012 and was renamed the Internal Control and Risk Committee; the Nominating and Corporate Governance Committee – whose role includes selecting and proposing candidates for the Board and which, during 2009 was also assigned responsibility for sustainability-related issues and subsequently renamed the Nominating, Corporate Governance and Sustainability Committee; and, the Compensation Committee – whose role was redefined on 22 February 2012 in accordance with the provisions of the new Corporate Governance Code.

Internal Control System

The Board approved the “Guidelines for the Internal Control and Risk Management System”, which constituted a revision of the procedures established in 1999 and 2003, including adoption of changes introduced by the Corporate Governance Code in 2011.

The Internal Control and Risk Management System, based on the model provided by the COSO Report and the principles of the Corporate Governance Code, consists of a set of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the principal risks. The system is integrated within the organizational and corporate governance framework adopted by the Company, and contributes to the protection of corporate assets, as well as ensuring the efficiency and effectiveness of business processes, reliability of financial information and compliance with laws and regulations, as well as the By-laws and internal procedures.

The system, which has been developed on the basis of international best practice, consists of the following 3 levels of control:

- Level 1: operating areas, which identify and assess risk and establish specific actions for management of that risk
- Level 2: departments responsible for risk control, which define methodologies and instruments for managing risk and monitor that risk
- Level 3: Internal Audit which provides independent assessments of the entire system. The head of Internal Audit is also assigned the role of Compliance Officer pursuant to Article 150 of Legislative Decree 58/98

The Guidelines for the System of Risk Management and Internal Control provide a detailed description of the duties and responsibilities of the principal individuals and entities involved and set out the procedures for their coordination in order to ensure the effectiveness and efficiency of the system and reduce potential duplication of activities.

The Company has developed a system of internal control and risk management in relation to financial reporting based on the model provided by the COSO Report aimed at ensuring the reliability, accuracy, completeness and timeliness of the information reported. The periodic evaluation of the system of internal control over financial reporting is designed to ensure the overall effectiveness of the components of the COSO Framework model (control environment, risk assessment, control activities, information and communication, monitoring) in achieving those objectives. As mentioned previously, the principal characteristics of the system of internal control and risk management in relation to financial reporting are provided in the Annual Report on Corporate Governance.

Fiat has administrative and accounting procedures in place that ensure a high degree of reliability in the system of internal control over financial reporting.

Documents and financial information regarding the Company are made public, including via the internet, in accordance with the provisions of the procedures for the internal management and public disclosure of confidential information adopted by the Board of Directors in 2006 and 2007.

Essential components of the Internal Control System are the **Code of Conduct**, adopted in 2002 to replace the Code of Ethics and revised in 2010, and the **Compliance Program**, adopted by the Board of Directors in implementation of regulations on the 'Liability of Legal Persons' pursuant to Legislative Decree 231/2001, as amended. The Code of Conduct sets out the ethics principles to which the Company adheres and which directors, statutory auditors, employees, consultants and partners are required to observe.

In a resolution approved on 22 February 2012, the Board of Directors noted that the Fiat S.p.A. **Compliance Program** (ex Legislative Decree 231/2001) had been updated and new Guidelines for Adoption and Revision of the Compliance Program by Group companies in Italy had been issued to reflect developments in legislation.

With these amendments, new criminal offenses were included and the relevant sensitive processes were identified. In particular, Environmental Offenses were introduced to Legislative Decree 231/2001 through Legislative Decree 121/2011.

The Compliance Program Supervisory Body is composed of the Head of Internal Audit, the General Counsel, and an external advisor. It has its own Internal Policies and Procedures and operates on the basis of a specific supervisory program. It meets at least once per quarter and reports to the Board of Directors (including through the Internal Control and Risk Committee) and the Board of Statutory Auditors.

In applying the Compliance Program, the Code of Conduct, and the provisions on whistleblowing in the Sarbanes-Oxley Act (to which the Company was subject while listed on the NYSE), **Whistleblowing Procedures** were adopted on 1 January 2005 for the management of reports and claims filed by persons inside and outside the Company in relation to suspected or presumed violations of the code of conduct, fraud involving company assets or financial reporting, oppressive behavior towards employees or third parties, reports or claims regarding accounting, internal accounting controls and independent audits.

The **Procedure for the Engagement of Audit Firms** regulates the engagement of audit firms and other related parties, by Fiat S.p.A. and its subsidiaries, in order to ensure the independence of firms engaged to audit the financial statements. Related parties of an audit firm are considered to be entities belonging to the same network, as well as equity partners, shareholders, directors, members of management and supervisory bodies and employees of the audit firm.

With reference to the "Conditions for the listing of shares of companies having control over companies incorporated and regulated under the laws of a non-EU member State", pursuant to Articles 36 and 39 of the Market Rules, the accounting systems in place at the Company and its subsidiaries, as discussed in the Annual Report on Corporate Governance, enable public disclosure of certain accounting information prepared by companies included in the scope of application of the Regulation and used in preparation of the consolidated financial statements and are adequate for the regular provision to management and the Parent Company's auditors of information necessary for preparation of the consolidated financial statements. In addition, there is an effective flow of information to the Parent Company's auditors, including regular information on the composition of corporate bodies within all subsidiary companies and the position held by each member. The Company is also is responsible for systematically maintaining and updating centralized records of formal documents related to the By-laws and delegation of powers to members of the corporate bodies. The requirements of Article 36 (a) (b) and (c) of the Market Rules issued by Consob have therefore been satisfied, including in relation to the acquisition of control of Chrysler Group LLC during 2011.

Board of Statutory Auditors

As required under Article 17 of the By-laws, the Board of Statutory Auditors is comprised of three regular auditors and three alternates, all of whom must be entered in the Register of Auditors and have at least three years' experience as a statutory account auditor. They may, within the legal limit, also hold other positions as director or regular auditor.

Pursuant to Legislative Decree 58/98 and in accordance with Article 17 of the Company's By-laws, appropriately constituted **minority** groups have the right to appoint one regular auditor, to serve as Chairman, and one alternate auditor. The By-laws also establish that the minimum equity interest required for submission of a list of candidates for elections of the Statutory Auditors may not be lower than the percentage required by law for elections of the Board of Directors. That equity interest, as established by Consob with reference to Fiat's average market capitalization for the fourth quarter of 2011, is equal to 1% of ordinary shares. The lists presented, together with the documentation required by law and the Company's By-laws, must be placed on record at the Company's registered office at least 25 days prior to the date set for the General Meeting on first call. If, at the legally established deadline, only one list has been presented, the minimum percentage required to present a list is, by law, reduced to 0.5% and the deadline is extended a further 3 days. On 27 March 2009, the Board of Statutory Auditors was elected by Shareholders using the voting list system. That system will be used again for re-election of the Statutory Auditors at the General Meeting called for approval of the 2011 financial statements.

The Board of Statutory Auditors is currently composed of: Riccardo Perotta, Chairman; Giuseppe Camosci and Piero Locatelli, regular auditors; and Lucio Pasquini, Fabrizio Mosca and Stefano Orlando, alternate auditors. The regular auditors Giuseppe Camosci and Piero Locatelli were elected from the list presented by the majority shareholder, EXOR S.p.A., while Riccardo Perotta, Chairman of the Board of Statutory Auditors, was elected from the minority list receiving the highest number of votes. The minimum equity interest required to submit a list of candidates was 1% of ordinary shares, as established by Consob with reference to Fiat's average market capitalization for the fourth quarter of 2008. That percentage was subsequently reduced to 0.5%, as required by law, thereby enabling shareholders which together held 0.97% of ordinary shares (a complete list of those shareholders is provided in the Annual Report on Corporate Governance) to submit a minority list. Additional information provided to Shareholders on the candidates and lists presented are still available in the Investor Relations section of the Group website (www.fiatspa.com).

The Board of Statutory Auditors' current term of office expires on the date of the General Meeting of Shareholders called to approve the 2011 financial statements. Following is a list of the most significant positions held by the members of the Board of Statutory Auditors: Riccardo Perotta is Chairman of the Board of Statutory Auditors of Coface Assicurazioni S.p.A., Jeckerson S.p.A., Meccano S.p.A. and Value Partners S.p.A., a regular auditor of Mediolanum S.p.A., Boing S.p.A., New Generation S.r.l., Prada S.p.A., Viscolube S.r.l. and Savio Macchine Tessili S.p.A. and a director of Intesa Sanpaolo Private Banking S.p.A.; Giuseppe Camosci is Chairman of the Board of Statutory Auditors of Samsung Electronics Italia S.p.A., Danone Italia S.p.A., and Magneti Marelli S.p.A., Immobiliare Elfin S.r.l., Aerea S.p.A., and ICAL S.p.A., regular auditor of Trussardi S.p.A., Finos S.p.A., BNP Paribas Lease Group S.p.A., Therabel Gienne Pharma S.p.A., Sosir S.p.A. and Locatrice Italiana S.p.A. and a director of Sapio S.r.l.; Piero Locatelli is a regular auditor of Giovanni Agnelli & C. S.a.p.A. and Simon Fiduciaria S.p.A.

Transactions between Group Companies and with Related Parties

During the period, there were no transactions, including intragroup, with related parties which qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

Information on transactions with related parties, including specific disclosures required by the Consob Communication of 28 July 2006, is provided in Note 37 to the Consolidated Financial Statements and in Note 30 to Fiat S.p.A.'s Financial Statements.

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As part of the requirements of Legislative Decree 196/03 (the Italian data protection act), several activities, including specific audits, were performed to evaluate the system of data protection for information held by Group companies subject to this law. These activities confirmed that legislative requirements relating to the protection of personal data processed by Group companies had been substantially complied with, including preparation of the Security Planning Document.

Subsequent Events and Outlook

Subsequent Events

- In January 2012, Fiat announced that the “Ecological Event” (3rd performance event established in the Amended and Restated LLC Operating Agreement) had been achieved, leading to a further 5% increase of its interest in Chrysler. Fiat currently has a 58.5% ownership interest in Chrysler. The VEBA Trust owns the remaining 41.5% of the equity in Chrysler.
- On January 18th, Fiat and Suzuki Motor Corporation reached an agreement for the supply of a 75 hp 1.3 MultiJet BS-IV Small Diesel Engine – to be produced under license by Fiat India Automobiles Limited, a joint venture between Fiat and Tata Motors – to Suzuki’s affiliate company Maruti Suzuki India Limited (MSIL). Fiat India Automobiles Limited will supply MSIL up to 100,000 engines per year for a period of three years, commencing January 2012. The engine will equip Suzuki branded vehicles produced in India by MSIL for the domestic market.
- On February 1st at its Lingotto headquarters, Fiat met with trade unions that signed the company specific collective labor agreement, to present the Group’s 2011 financial results. During the meeting, Fiat’s CEO confirmed that investments for the Mirafiori plant in Turin would go ahead. Plans call for production of at least two new models for the export market, with production to reach 280,000 vehicles per year accompanied by a progressive return to full utilization of all plant employees. Investment is to commence in the second quarter of 2012 and retooling of the plant will be completed during 2013. Production of the first model (Fiat brand) is scheduled to begin in December 2013 and the second model (Jeep brand) is slated for production beginning in the second quarter of 2014. The CEO also confirmed that Mirafiori would continue production of the Alfa Romeo MiTo, for which a refresh is planned, as well as the Lancia Musa, on the basis of market demand.
  On the same occasion, it was announced that another 662 new employees would begin work at the Pomigliano Newco, bringing total employment at the plant to 1,845.
- On February 6th, Standard & Poor’s announced that it had placed Fiat S.p.A.’s long-term debt rating (BB) under review for possible downgrade. The short-term rating was affirmed at B.
- On February 16th, Fiat S.p.A announced pricing of CHF 425,000,000 guaranteed 5.00% notes due September 2015, with an issue price of 100% of the principal amount. Closing is currently expected for 7 March 2012, in line with Swiss market practice. The notes will be issued by Fiat Finance and Trade Ltd. S.A. (a wholly-owned subsidiary of Fiat S.p.A.) under the GMTN Program guaranteed by Fiat S.p.A.
- On February 22nd, the Board of Directors of Fiat S.p.A., in confirmation of the resolution of 27 October 2011, called an Extraordinary General Meeting for approval of the conversion of preference and savings shares into Fiat S.p.A. ordinary shares. Holders of preference and savings shares will also be asked to approve the conversion at the respective Special Meetings. The Board also voted to submit a proposal to Shareholders for adoption of a Long Term Incentive Plan, in the form of grants of Fiat S.p.A. ordinary shares, linked to achievement of performance objectives and continuation of a professional relationship with the Group. Finally, the Board voted to submit a proposal to Shareholders for renewal of the authorization to purchase and dispose of own shares.

Outlook

Fiat remains fully committed to the strategic direction laid out in the 5-year plans presented in November 2009 for Chrysler and April 2010 for Fiat.

Having reviewed economic and trading conditions in the Group's four operating regions, Fiat confirms performance expectations for North America, Latin America and Asia-Pacific.

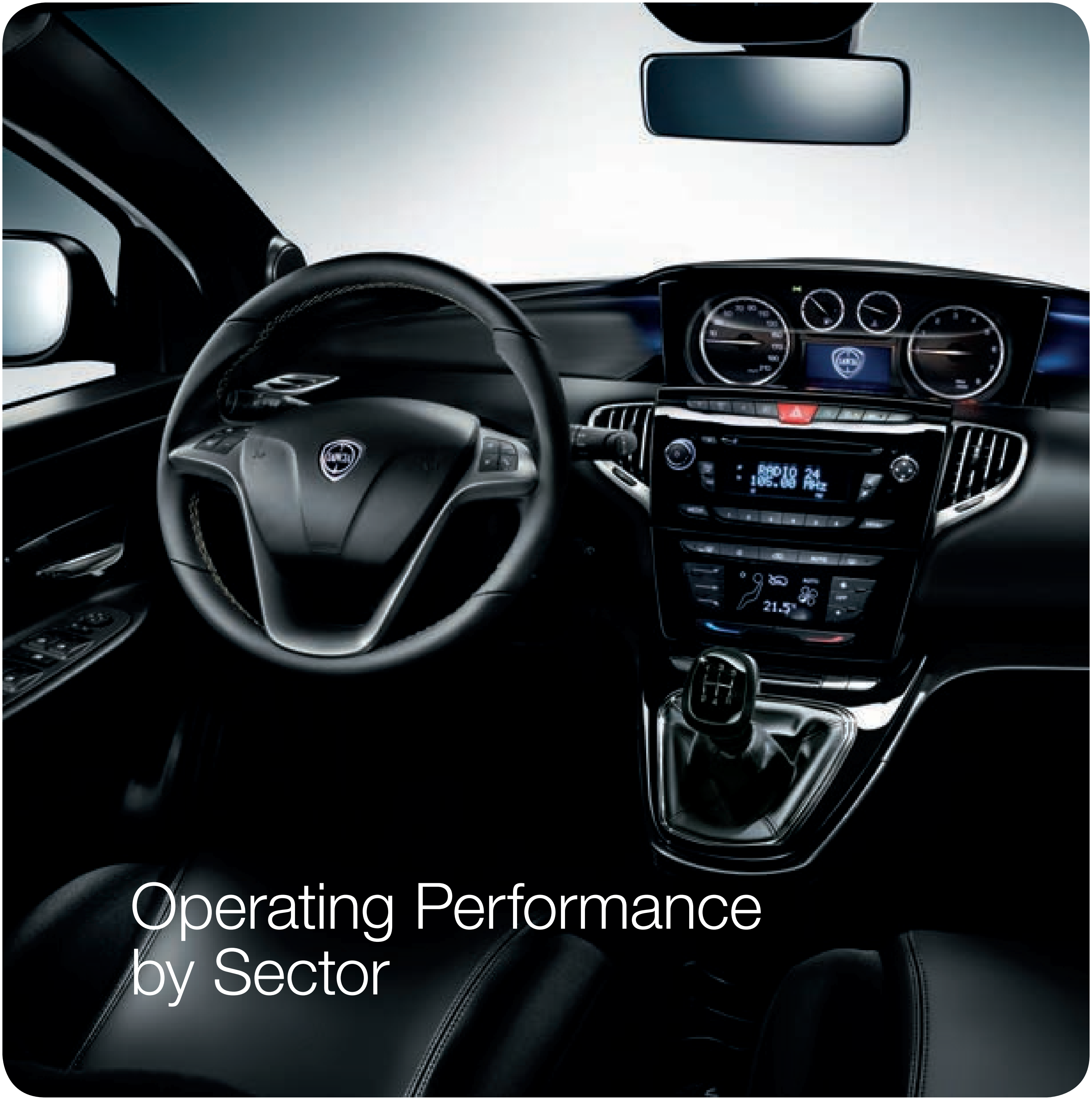
Events of the past 12 months, and more particularly the last half of 2011, have cast doubt on the volume assumptions governing the overall market and the Group's own development plans for Europe up to the end of 2014. The level of uncertainty regarding economic activity in the eurozone for the foreseeable future has made specific projections of financial performance unreliable. As a result, the Group has provided guidance for 2012 in terms of ranges, from continuing depressed trading conditions in Europe to a gradual stabilization and recovery at the very end of 2012.

As a consequence, Fiat's 2012 full-year guidance is as follows:

- Revenues in excess of €77 billion
- Trading profit between €3.8 and €4.5 billion
- Net profit between €1.2 and €1.5 billion
- Net industrial debt between €5.5 and €6.0 billion

As events unfold throughout the remainder of the year, the Group expects to fully articulate the effect of the eurozone economic climate on its 2014 plan when releasing Q3 2012 results.

While working on achievement of its financial targets, Fiat will continue its strategy of targeted alliances to optimize capital commitments and reduce risks.



Operating Performance by Sector

Fiat Group Automobiles

Highlights

(€ million)	2011	2010
Net revenues	**27,980**	27,860
Trading profit/(loss)	**430**	607
Operating profit/(loss) (*)	**1,876**	515
Investments in tangible and intangible assets	**2,367**	1,652
of which capitalized R&D costs	**642**	529
Total R&D expenditure (**)	**771**	722
Passenger car and LCV shipments (units)	**2,032,900**	2,081,800
Employees at year end	**59,714**	57,611

(*) Includes restructuring costs and other unusual income/(expense)
(**) Includes capitalized R&D and R&D charged directly to the income statement

Commercial Performance

FGA shipped[5] a total of 2,032,900 passenger cars and light commercial vehicles (LCVs), down 2.4% over the prior year, with a decline in passenger car volumes being partially offset by an increase for LCVs.

In **Europe**, the **passenger car** market was down 1.4% overall to approximately 13.6 million vehicles, with performance uneven across markets. Demand in Germany was up 8.8% for the year, while in Italy the market was down 10.9% to 1.75 million units (the lowest level since 1996), following a 9.2% drop in 2010. Declines were also recorded in Spain (-17.7%) and the UK (-4.4%). In France, the market was down 2.1% for the year and contracted 8.6% in the fourth quarter. For other markets, demand was up in the Netherlands, Switzerland, Austria and Belgium, but down sharply in both Greece and Portugal.

For passenger cars only, FGA shipped 1,612,900 vehicles, a 4.6% decrease over 2010. In Europe, passenger car shipments were down 10.7% to 860,000 units as a result of a less unfavorable market and segment mix. The significant volume increase in Germany (+7.2%) only partially offset reductions in the other major markets – Italy (-12.4%), France (-15.8%), the UK (-1.9%) and Spain (-21.6%) – although gains were achieved in several of FGA's smaller markets.

By brand, Lancia performed particularly well, with a 9.1% increase in shipments driven by the new Ypsilon, which contributed for the entire second half, as well as the Voyager and Thema, launched in November, making Lancia-Chrysler a full-liner in Europe. The Jeep brand shipped around 26,000 vehicles in Europe for the full year and, for Alfa Romeo, shipments were up 17.7% over the prior year to 132,400 units. Lower volumes for the Fiat brand reflected a disproportionate contraction in demand in its core markets/segments.

(5) "Shipments": new cars & LCVs invoiced to external customers (i.e., dealer network, importers, rental companies, corporate fleets, government agencies and local authorities, etc.)

Passenger Car Market

(units in thousands)	2011	2010	% change
France	**2,204.2**	2,251.7	-2.1
Germany	**3,173.6**	2,916.3	8.8
UK	**1,941.3**	2,030.8	-4.4
Italy	**1,748.1**	1,961.6	-10.9
Spain	**808.1**	982.0	-17.7
Poland	**277.4**	315.9	-12.2
Europe (EU27+EFTA)	**13,573.6**	**13,768.4**	**-1.4**
Brazil	**2,709.0**	2,695.4	0.5

FGA
Passenger Car and LCV Shipments by Market

(units in thousands)	2011	2010	% change
France	**111.1**	120.9	-8.1
Germany	**123.8**	107.8	14.8
UK	**65.8**	66.4	-1.0
Italy	**558.5**	625.6	-10.7
Spain	**30.6**	37.3	-17.9
Poland	**28.6**	34.7	-17.6
Rest of Europe	**165.3**	172.8	-4.3
Europe (EU27+EFTA)	**1,083.7**	**1.165.5**	**-7.0**
Brazil	**772.7**	761.4	1.5
Rest of World	**176.5**	154.9	13.9
Total Sales	**2,032.9**	**2.081.8**	**-2.4**
Associate companies	**156.9**	140.5	11.7
Grand Total	**2,189.7**	**2.222.3**	**-1.5**

In terms of market share in Europe, FGA recorded a 6.9% share for the year, representing a 0.8 percentage point decrease primarily attributable to the reduced weight of the Italian market and a shift in demand toward larger vehicle segments. The contraction in demand in the A and B segments in particular (-15% and -9%, respectively, compared to a 1.4% decline for the market overall) accounted for a 0.6 p.p. decrease in share. In addition, 2011 saw a 73% reduction in demand for CNG and LPG vehicles in Italy, where FGA is market leader, following on from an already significant decline in 2010.

In Italy, FGA's share was 29.4%, down 0.9 p.p. for the year – primarily as a result of a 2.3 p.p. loss in Q1 2011 compared to Q1 2010, which benefited from the tail of eco-incentives – notwithstanding significant share increases in its three main market segments. There were modest declines in the other major European markets, with Germany down 0.1 p.p. to 3.1%, France -0.4 p.p. to 3.6%, the UK -0.2 p.p. to 3.0% and Spain -0.2 p.p. to 3.1%. Elsewhere in Europe, notable performance was achieved in the Netherlands, which, with approximately 37,000 vehicles sold[6] and a share of 6.7%, has become FGA's fifth largest European market.

(6) "Sales": sales to end customers based on official, non-official and internal sources considered reliable, including the following agencies: Italy - Ministero dei Trasporti; Brazil - Associaçao Nacional dos Fabricantes de Veiculos Automotores; France - Chambre Syndicale; Germany - Kraftfahrzeug Bundesamt; Spain - Direccion General de Trafico; the United Kingdom - Society of Motor Manufacturers and Traders

The Fiat brand registered a 5.0% market share in Europe (-1.0 p.p. over 2010). The Fiat Panda and 500 retained the top two positions in the A segment, with the Fiat 500 gaining a further 0.8 p.p. in segment share and the new Panda to come fully on-line in the first quarter of 2012. The Lancia brand registered a 0.8% share of the European market (in line with 2010), with the contribution of the new Lancia Ypsilon compensating for a generally unfavorable trend in market demand. Alfa Romeo recorded sales of 130,500 vehicles, with the Giulietta driving the increase and marking the brand's best ever performance in the C segment. The brand's market share came in at 1.0% for the year.

For **LCVs**, demand in **Europe** was 7.6% higher for the year at nearly 1,800,000 units. Across major markets, demand was uneven with double-digit growth in Germany (+15.3%) and the UK (+15.3%), a more modest increase in France (+3.4%), but declines in both Italy (-4.7%) and Spain (-10.3%). Throughout the rest of Europe, demand was 12.6% higher for the year.

FGA shipped a total of 420,000 LCVs, representing a 7.6% increase over 2010. In Europe, 223,700 LCVs were shipped, representing a 10.5% increase over 2010, with double-digit increases recorded in the two largest European markets: France (+15.4%) and Germany (+28.9%). Volumes were also higher in the UK (+4.8%), Spain (+1.1%) and Italy (+0.7%), despite a 16.4% contraction in market demand in the final quarter. In the smaller European markets, FGA registered an 11.1% increase in shipments and significant share gains.

In terms of market share, Fiat Professional achieved a 0.4 p.p. gain in Italy to 44.4%. For Europe overall, share of the LCV market remained essentially stable at 12.5%[7] (excluding Italy, share was up 0.2 p.p. to 9.0%). The primary contribution came from the Ducato, which recorded a 13.5% increase in sales over the prior year to 110,000 vehicles and the best ever share in its segment.

In **Brazil**, overall demand for passenger cars and LCVs rose 2.9% to more than 3.4 million units. Demand for passenger cars was in line with the prior year, while a 13% increase was registered for LCVs.

FGA shipped a total of 772,700 passenger cars and LCVs, representing a 1.5% increase over 2010 and an all-time annual record. Including Chrysler Group brands, share in Brazil was 22.2% (+1.8 p.p. over the nearest competitor). Fiat brand retained its leadership for the 10th consecutive year, while maintaining pricing discipline in an increasingly competitive market.

In **Argentina**, where the market was up approximately 29% year-over-year, FGA increased sales by around 34% to 88,000 units, with share up 0.4 p.p. to 10.8%.

In **Turkey**, following the boom recorded in 2010 (+36.6%), the market grew a further 13.6 percentage points to a total of 865,000 units for the year. By segment, passenger cars were up 16% and demand for LCVs grew 8%. FGA, through its joint venture Tofaş (held 37.9%), sold a total of 130,000 passenger cars and LCVs and increased market share to 15% (+0.4 p.p. overall; +0.8 p.p. for passenger cars only).

Innovation and Products

The **Fiat** brand confirmed its position as eco-leader in Europe for the fourth consecutive year with the lowest average CO_2 emissions among the top selling brands for 2010 (down 4.7 g/km over 2009 to 123.1 g/km). Fiat was also first in the Group ranking, with average emissions down 5.1 g/km over the previous year to 125.9 g/km (Source: JATO).

During 2011, Fiat brand presented two important new models, the Panda and Freemont.

The third generation Panda, presented at the Frankfurt Motor Show, boasts further enhancements in comfort, technology and safety – all packaged in an attractive modern exterior. The new model is available with a choice of highly fuel-efficient engines (3 gasoline and 1 diesel).

(7) Due to the unavailability of data since January 2011, figures for Italy are an extrapolation and, as a result, the EU total is subject to a margin of error

The Freemont, available throughout Europe since June and in Latin America since September, is the first Fiat brand vehicle based on a Chrysler platform to come out of the alliance with Chrysler Group.

In May, Fiat launched the new 500 TwinAir (both standard and cabriolet versions) in Europe. The "TwinAir" badge now designates an entire range of products that offer the innovative two-cylinder turbo engine. During the year, the Fiat 500 also received the "ADI Compasso d'Oro" (in the design award's 22nd edition).

Alfa Romeo unveiled the captivating 4C Concept, a mid-engine, 2-seat compact "supercar". The brand also released refreshed versions of the Giulietta and MiTo, most notable of which were the new 120 hp Giulietta 1.4 Turbo LPG and MiTo Turbo TwinAir. Alfa Romeo products received several awards during the year, including the compact category of "Die Besten Autos" awarded for the Giulietta by *Auto Motor und Sport*.

One year after beginning the integration of its product portfolio with Chrysler brand, **Lancia** launched 3 all-new models – the Ypsilon, Thema and Voyager – in addition to presenting the Flavia Cabrio, to be launched in Europe during 2012. The new 5-door Ypsilon, which combines luxury and technology, was offered in major European markets beginning in June 2011. In November, the brand launched the Lancia Thema and the Voyager.

During 2011, the **Jeep** brand presented a diesel-powered version of the Grand Cherokee, together with significantly refreshed versions of the legendary Wrangler and Wrangler Unlimited, as well as the Compass. All are available in Europe with a new turbo-diesel. At the Frankfurt Motor Show, Jeep premiered three additional products: the new Grand Cherokee SRT8, the fastest and most powerful Jeep model ever, equipped with the new 470 hp 6.4L HEMI® engine; the 284 hp 3.6L Pentastar V6 gasoline engine that will power the 2012 Jeep Wrangler and the Jeep Wrangler Unlimited; and the Jeep Wrangler Arctic, a special edition designed to tackle extreme terrain.

For **Fiat Professional**, May saw the launch of the new Ducato, the fifth generation of the best-selling van that has garnered numerous international awards and sold more than 2.2 million units since 1981.

Services

The recent economic downturn also had an impact on after-sales activity in most markets around the world.

The liquidity crunch and drop in consumer spending resulted in reduced demand for repairs and, consequently, spare parts leading to increased competition among service providers, as well as strong pricing and discounting pressures.

In response, a number of initiatives have been implemented throughout the network to maintain and increase customer loyalty, including improvements in levels of service. Those actions will continue in 2012 with the objective of increasing the contribution of after-sales activities to the profitability of the networks for FGA and Chrysler brands.

Distribution logistics is essential to maintaining competitiveness in an increasingly complex and demanding market, and a key lever in increasing business and ensuring customer satisfaction. Accordingly, as part of the World Class Logistics program, numerous measures have been put in place to optimize the logistics process. Chrysler's spare parts distribution activities were also integrated with the FGA distribution network during the year.

Also in 2011, several initiatives were implemented throughout the service network to enhance customer satisfaction. The principal areas of focus were:

- **quality of service**, through:
  - introduction of new tools such as the new WitechPlus diagnostic system for all FGA and Chrysler models
  - implementation of a qualification program for dealers' front office staff
  - introduction of the Loan Tool Program, a simplified system for procurement of maintenance and repair equipment
  - extension, worldwide, of a new on-line technical database, which has been further enhanced in content as a result of the integration with Chrysler
  - launch of a new strategy for vehicle breakdown services, standardized throughout the European network, including provision of courtesy cars and extension of Roadside Assistance to 24 months
- **uniformity of service quality**, through implementation of processes and standards throughout the after-sales network. This process also involved integration of the Chrysler network and included establishment of service agreements, and coaching and training by FGA personnel.
- **monitoring of service levels through customer feedback**, including targeted interviews conducted by the Customer Service Center in Arese (Italy) to generate an indicator of the level of customer satisfaction with the service provided by the network.

The network's satisfaction with services provided by FGA and its personnel is also measured and the technical support given and uniformity of that service has been further enhanced as a result of the integration with Chrysler.

The Customer Care service (handling of customer complaints and information requests) registered further improvements in its performance indexes. One of FGA's key customer relationship tools is the Customer Service Center in Arese (Italy), which serves customers, prospective customers and employees for 18 brands in 20 markets throughout Europe. In 2011, the Center handled a total of 5 million contacts, while continuing to maintain high quality standards. This was achieved by further improving the integration between the Customer Services Center and the various entities involved in the case resolution process, and by strengthening the relationship with the network, which has been further facilitated by the introduction of customer care managers at dealerships. The process of getting closer to the customer has also been further strengthened by the Mobile Customer Care project, which utilizes innovative mobile communications channels to facilitate and manage the relationship with customers. Since launch in 2010, the project's user base in major European markets has grown to around 150,000. Finally, at year-end 2011 the Customer Care Center had almost completed alignment of operating procedures for Fiat and Chrysler.

Fiat Group Automobiles offers **financial services** in Europe, Latin America and China directly through its financial services companies. In other major markets, Fiat Group sales activities are supported by vendor programs offered jointly with leading partner banks.

In Europe, financial services activities are managed by FGA Capital, a 50/50 joint venture with the Crédit Agricole group (accounted for under the equity method). FGA Capital supports the Group's European sales activities with dealer financing, end-customer financing and medium and long-term rental. The collaboration with Crédit Agricole continued to perform effectively throughout 2011, meeting the Group's expectations and commercial needs.

New loans to the dealer network totaled €15,166 million (€16,676 million in 2010). Retail financing was provided on 349,983 vehicles, representing a financed value of €5,008 million and a penetration rate of 20.0% on Group brand sales (2010: 427,429 vehicles, financed value of €5,670 million and 23.4% penetration rate for all Group brands).

There were new medium and long-term rental agreements on 53,410 vehicles, representing a financed value of €629 million and a penetration rate of 3.8% on Group brand sales (2010: 40,447 vehicle rentals, financed value of €493 million and 2.6% penetration rate for Group brands).

For Latin America and China, financial services are provided by Banco Fidis in Brazil, Fiat Credito Compania Financiera in Argentina and Fiat Automotive Finance in China. All three companies are subsidiaries of Fidis S.p.A. and also provide financing to end customers and the dealer networks of Iveco, CNH and their joint ventures in China.

In Italy, Fidis S.p.A. (a wholly-owned subsidiary of FGA) manages a factoring portfolio and issues guarantees on behalf of Fiat Group.

The average managed portfolio of Fidis and its subsidiaries was €2,627 million (€1,930 million in 2010), of which €1,305 million related to dealer financing, essentially in Brazil (€1,097 million in 2010), and €805 million to end-customer financing (€449 million in 2010).

Chrysler

Highlights

(€ million)	2011 (*)
Net revenues	23,609
Trading profit/(loss)	1,345
Operating profit/(loss) (**)	1,200
Investments in tangible and intangible assets	1,936
of which capitalized R&D costs	379
Total R&D expenditure (***)	764
Vehicles shipped (units)	2,011,000
Employees at year end	55,687

(*) All figures are for June-December 2011, except vehicle shipments which are for the full year
(**) Includes restructuring costs and other unusual income/(expense)
(***) Includes capitalized R&D and R&D charged directly to the income statement

Operating Performance

For full-year **2011**, worldwide vehicle shipments totaled 2,011,000 units, representing a 26% increase over 2010. U.S. vehicle shipments were 1,453,000 (up 28% over 2010); Canada vehicle shipments were 233,000 (up 7%); and vehicle shipments in other regions totaled 325,000 (up 32%).

Worldwide vehicle sales[8] totaled 1,855,000 for the full year, an increase of 22% over 2010. Vehicle sales for the year increased 26% in the U.S. to 1,369,000 and 13% in Canada to 231,000, continuing to outpace the market in both countries.

The **U.S. market** closed 2011 up 11% to 13 million vehicles. Chrysler's U.S. market share was 10.5% for the year, compared to 9.2% for 2010. U.S. vehicle sales for Jeep totaled 419,000, increasing 44% over the prior year. The increase was led by the Jeep Compass (up 200%), the Jeep Grand Cherokee (up 51%) and the Jeep Wrangler (up 30%). The Dodge brand posted U.S. vehicle sales of 451,000 for 2011, up 18% from the prior year. Contributing to the increase was the Dodge Durango with sales totaling 52,000 and the Dodge Journey (up 14%). Ram Truck posted a U.S. sales increase of 21% for 2011 to 258,000, reflecting sales gains for all Ram pickup trucks (light-duty, heavy-duty and cab chassis). For Chrysler brand, U.S. sales totaled 221,000, an increase of 12% over the prior year. Sales of the Chrysler 200, which totaled 87,000 (including the 200 convertible), compensated for the slight decrease in sales of the Chrysler 300, launched in early 2011, and the Chrysler Town & Country. For the Fiat brand, full-year sales of the 500 and 500 Cabrio in the U.S. and Canada totaled 25,000.

The **Canadian market** grew 2% in 2011 to 1.6 million vehicles. Chrysler's total market share was up 1.3 p.p. over the prior year to 14.3%. Key performers in Canada included the Jeep Compass (up 44%), the Jeep Grand Cherokee (up 42%), the Jeep Wrangler (up 41%), the Dodge Journey (up 22%) and the Ram Pickup (up 18%).

Vehicle sales in other markets increased 13% over the prior year to 255,000. International markets, excluding Mexico, increased 17%.

(8) "Sales": represents sales to end customers as reported by Chrysler dealer network

Commercial Performance
Passenger Car and Truck Shipments by Market

(units in thousands)	2011	2010	% change
United States	1,453	1,139	28
Canada	233	217	7
Mexico	81	78	3
International	181	152	19
Contract Manufacturing (*)	63	16	303
Total	**2,011**	**1,602**	**26**

Passenger Car and Truck Shipments by Brand

(units in thousands)	2011	2010	% change
Jeep	596	453	32
Dodge	668	584	14
Chrysler	288	231	25
Ram	358	318	13
Fiat	38	-	-
Contract Manufacturing (*)	63	16	303
Total	**2,011**	**1,602**	**26**

(*) Vehicles produced for other automakers, including Fiat Group Automobiles

Innovation and Products

In the first half of the year, Chrysler Group premiered the all-new 2011 Chrysler 300 sedan, the redesigned Jeep Compass, the 2011 Chrysler 200 Convertible, the 2012 Jeep Grand Cherokee SRT8, the 2012 Chrysler 300 SRT8, the 2012 Dodge Charger SRT8, and the 2012 Fiat 500 Cabrio, and also celebrated Jeep's 70th anniversary. In addition, Chrysler Group officially elevated its in-house performance division – the Street and Racing Technology (SRT) team – to a distinct company performance brand that promises to maintain its successful formula of designing, engineering and building benchmark American high-performance vehicles for Chrysler, Jeep and Dodge.

The 2011 Chrysler Town & Country and Dodge Challenger ranked highest in the minivan and mid-size sport car segments, respectively, in the J.D. Power and Associates 2011 U.S. Initial Quality Study^{SM} released on June 23.

Chrysler Group launched an all-new 8-speed transmission on the 2012 Chrysler 300 and Dodge Charger enhancing fuel performance to 31 miles per gallon on the highway.

Chrysler Group vehicles received numerous awards during the year. In December, 11 vehicles were named a "Top Safety Pick for 2012" by the Insurance Institute for Highway Safety and 8 vehicles were named "Best Buys" by *Consumers Digest*. *Consumer Guide* recognized 9 Chrysler Group vehicles with "Best Buy and Recommended Awards". In addition, the Jeep Wrangler won the 2012 Residual Value Award in the Compact Utility Vehicle segment from *Automotive Leasing Guide*, and *Kelley Blue Book* awarded the Jeep Wrangler a Top 10 Best Resale Value.

The all-new 2013 Dodge Dart, revealed at the North American International Auto Show on 9 January 2012, won *Autoweek* Editors' Choice Award as the "Most Significant Vehicle" of the auto show. And, the 2012 Jeep Grand Cherokee and Dodge Durango were named the "SUV of Texas" and "Full-size SUV of Texas", respectively, by the *Texas Auto Writers Association*.

Maserati

Highlights

(€ million)	2011	2010
Net revenues	588	586
Trading profit/(loss)	40	24
Operating profit/(loss) (*)	40	24
Investments in tangible and intangible assets	134	104
of which capitalized R&D costs	108	60
Total R&D expenditure (**)	113	62
Vehicles shipped (units)	6,159	5,675
Employees at year end	714	696

(*) Includes restructuring costs and other unusual income/(expense)
(**) Includes capitalized R&D and R&D charged directly to the income statement

Operating Performance

Maserati closed another year with strong growth both in volumes and earnings, despite a weak economic environment, particularly in Europe, and a continued negative trend in its core market. Steady improvement in the U.S. market and strong demand in Asia, particularly in China, more than compensated for the decline registered in Europe.

In 2011, Maserati shipped a total of 6,159 vehicles, posting revenues of €588 million and trading profit of €40 million (trading margin 6.8%).

The U.S. remained Maserati's no. 1 market, with shipments up 20% over the prior year to 2,437 vehicles, and China became the brand's second largest market, with shipments nearly doubling to 842 vehicles. Japan also recorded strong growth with a 22% increase for the year. By contrast, shipments in Europe were down 21% over the 2010 level to 1,519 vehicles. In other markets, Maserati recorded an overall increase of 4%. The order backlog at year end stood at 570 vehicles.

On the back of the highly successful MC Stradale version, sales for the Maserati GranTurismo reached 2,846 vehicles, representing a 27% increase over the prior year. The Quattroporte luxury sport sedan continued to perform well in 2011 with 1,665 vehicles sold (+15% over 2010). For the GranCabrio, sales were down 16% for the year to 1,648 vehicles.

In motor sport, following its departure from the FIA GT1 World Championship, where it took the Driver and Team titles in 2010, the sector concentrated its efforts on the Trofeo Maserati. In its second season, this single-make championship (which features the GranTurismo MC Trofeo, the racing version of the GranTurismo S) attracted increasing interest and participation from Maserati fans. During 2011, the Maserati Quattroporte Evo made its debut in the Superstars Series and went on to win the title.

In October, Maserati and Giovanni Soldini sealed a partnership that will see the famous Italian sailor attempting to break 3 ocean sailing records in a state-of-the-art yacht bearing the Maserati name.

Innovation and Products

At the 2011 Geneva Motor Show in March, Maserati presented the new 450 hp GranCabrio Sport, a harder-edged version of the highly successful GranCabrio complete with the new "Rosso Trionfale" body paint, evocative of the cars driven to victory by Juan Manuel Fangio in the 1954 and 1957 F1 world championships.

In April, the new top-of-the-range GranTurismo MC Stradale coupé, based on the MC Trofeo, made its Asian debut at the Shanghai Motor Show.

And at the Frankfurt Motor Show in September, Maserati unveiled the brand new SUV concept – the Kubang. The first ever SUV in the brand's history, this concept vehicle paves the way for the future product range that will bring the distinctive Maserati style to a new market segment.

Lastly, at the Bologna Motor Show in December, Maserati presented the GranTurismo S Limited Edition to commemorate the 150th anniversary of the Unification of Italy, with twelve vehicles produced exclusively for Italian customers.

Ferrari

Highlights

(€ million)	2011	2010
Net revenues	2,251	1,919
Trading profit/(loss)	312	303
Operating profit/(loss) (*)	318	302
Investments in tangible and intangible assets	231	239
of which capitalized R&D costs	94	102
Total R&D expenditure (**)	143	148
Type-approved vehicles shipped to the network (units)	7,001	6,573
Employees at year end	2,695	2,721

(*) Includes restructuring costs and other unusual income/(expense)
(**) Includes capitalized R&D and R&D charged directly to the income statement

Operating Performance

Ferrari closed 2011 with record sales and revenues despite the continuing economic uncertainty.

Growth was registered in all regions with particularly significant increases in the U.S. and in the Far East, where Greater China (China, Hong Kong and Taiwan) grew to become Ferrari's second largest market after the United States. Performance was also strong in Europe, with Germany and the UK registering the most significant increases.

These results reflect Ferrari's continued investment and commitment to product innovation, which led to the introduction of 2 new models: the FF, the brand's first 12-cylinder, 4-seat, 4WD (equipped with Ferrari's patented 4RM traction system); and the 458 Spider, the first mid-rear engined 8-cylinder, featuring an aluminum hard-top that fully retracts in just 14 seconds.

With the addition of these 2 new models to the product line-up, Ferrari can offer all enthusiasts the car to suit.

During the year, Ferrari also continued expansion into new markets with the opening of its first dealership in India. In addition, the brand further strengthened its position in China, where Ferrari has also been asked to set up a permanent exhibit for the next three years in the Italian Pavilion at the former Shanghai Expo, further confirmation of the brand's appeal in China.

On the sporting front, the Formula 1 season didn't meet expectations. However, there were several highlights during the year including Fernando Alonso's win at Silverstone in July, exactly 60 years to the month after Scuderia Ferrari's first ever Formula 1 win on the very same circuit, with Argentinian driver José Froilán González at the wheel.

The private Ferrari teams performed well in the GT championships, taking both the European Le Mans Series and the FIA GT3 Driver's Championship during the year. For single-make championships, 2011 saw the debut of the APAC series of the Ferrari Challenge.

Retail activities continued with the opening of new Ferrari Stores, including one in the heart of Barcelona. The Ferrari Store at Ferrari World in Abu Dhabi continued to perform strongly and has firmly established its position as the brand's number one grossing store.

Sponsorship and licensing activities included major renewals, such as the Puma agreement, in addition to a new deal with the prestigious Swiss watchmaker Hublot.

Web-based promotion also continued with a steady increase of followers on social networks, such as Facebook (now with more than 5.5 million fans) and Twitter. The official Ferrari Magazine made its digital debut and is now available in browser version or as an Ipad/Android application.

A total of 7,044 cars were **sold to end customers**, representing a 9.2% increase over 2010.

North America remained Ferrari's no. 1 market (accounting for 26.5% of worldwide sales), with 1,866 vehicles sold to end customers (+11.6% over 2010). In Europe, a total of 3,162 vehicles were sold, representing a 4% increase over the prior year. In Western Europe, the strongest performances for the year were the UK with 543 vehicles sold (+16%), Germany with 695 vehicles sold (+12.6%) and France with 345 vehicles sold (+8.8%). By contrast, sales in Italy contracted 15% to 586 vehicles. For Eastern Europe, the brand's most notable gains were in Russia (sales up 16%) and the Czech Republic (up 24%).

In the Middle East and Africa, a total of 505 vehicles were sold to end customers (+6%), with particularly strong performance in the United Arab Emirates (which accounts for 41.6% of sales in the region), where sales increased 45% over the prior year to 210 vehicles. The upward trend continued in the Asia-Pacific region, with a total of 1,394 cars sold (+21% over 2010) on the back of excellent performance in China, Australia and Singapore, which more than offset a drop in volumes in Japan (-23.8% to 313 vehicles) linked to economic conditions. In China, a key market for Ferrari, sales were up 75% to 449 vehicles. Performance was also strong in Hong Kong (+19.7% to 188 vehicles), Australia (+9.5% to 150 vehicles), Singapore (+66% to 83 vehicles) and Indonesia (+65% to 43 vehicles).

A total of 7,001 type-approved cars were **shipped to the network** during 2011, representing a 6.5% increase over the prior year (including non-type approved cars, +9.5% to 7,195 vehicles). Volumes were higher for both 8-cylinder models (+1.6% over 2010) and 12-cylinder models (+61.6% over 2010), which reflected strong sales for the new FF.

In terms of shipments, North America remained Ferrari's no.1 market with 1,958 vehicles shipped during the year, accounting for 27.2% of the global total (+145 vehicles compared to 2010). Performance was particularly positive in China, Hong Kong and Taiwan, where shipments were up 63% over the prior year to 777 vehicles. In Europe, the most significant gains were: Germany, with 705 vehicles shipped (+15% vs. 2010); France, with 362 vehicles shipped (+12%); and the UK, with 574 vehicles shipped (+23%).

Innovation and Products

A number of highly innovative new products were rolled out during 2011 beginning with the FF, which combines extreme performance – including application of the patented 4RM traction system capable of handling surfaces with a very low grip co-efficient – with the feel of a GT and a highly-innovative design. Another addition was the F458 Spider, which offers the performance of a true sports car with aluminum hard-top that matches the interior climate control and acoustic characteristics of a closed vehicle and is also lighter than the traditional folding soft-top. The F458 Spider is equipped with the same V8 engine as the coupé version, which was named "Best Performance Engine" at the 2011 International Engine of the Year Awards.

Ferrari has continued to invest in development of low emission technologies and now provides the High Emotion Low Emission (HELE) system on all new models.

Significant investment has also gone into research at the Scaglietti facility, a leading center for the study of aluminum and aluminum alloys whose results have enabled the company to substantially reduce the weight of its vehicles.

Financial Services

Ferrari Financial Services provides car financing to customers in several European countries (Germany, the United Kingdom, Switzerland, France, Belgium, Austria, Hungary and Italy) and in the United States. From the first quarter of 2012, F.F.S. Japan KK, a wholly-owned subsidiary of Ferrari Financial Services S.p.A. incorporated in September 2011 and located in Tokyo, will begin offering financial services in Japan.

The Dealer Finance business line, launched in December 2009, is currently active in the U.S. and throughout the European network (Germany, Switzerland, Belgium, the UK and Italy) and will extend operations to Japan in 2012.

Components
Magneti Marelli

Highlights

(€ million)	2011	2010
Net revenues	5,860	5,402
Trading profit/(loss)	181	98
Operating profit/(loss) (*)	27	73
Investments in tangible and intangible assets	487	383
of which capitalized R&D costs	154	138
Total R&D expenditure (**)	309	292
Employees at year end	34,804	34,269

(*) Includes restructuring costs and other unusual income/(expense)
(**) Includes capitalized R&D and R&D charged directly to the income statement

Operating Performance
Following the recovery in production volumes registered in 2010 and the first half of 2011, the auto market began to reflect a general weakening in global economic conditions, with marked differences between emerging markets and developed economies.

Despite trading conditions, Magneti Marelli closed 2011 with revenues up 8.5% over the prior year, on the back of strong performance in Germany, Brazil and China, in addition to a recovery in North America. Growth in the light commercial vehicle (LCV) market also made a positive contribution.

During the year, Magneti Marelli concluded several major agreements for development of innovative products in its core components segments.

The sector launched a technology collaboration with Wind River, global leader in embedded and mobile software, for the creation of the first In-Vehicle Infotainment solution that conforms to the international standards established by the GENIVI Alliance, which brings together the leading automakers and automotive electronics producers.

Together with Centro Ricerche Fiat, Magneti Marelli is a partner in the HeEro project, coordinated by the EU Presidency of the Council of Ministers, whose objective is to develop and test technologies for implementation of the eCall in-vehicle emergency call service. Magneti Marelli is a supplier of in-vehicle equipment for the project.

A partnership agreement was also signed with Mopar, Chrysler Group's aftermarket division, under which Magneti Marelli products and know-how will be made available to Mopar distributors to ensure full service support for all brands. Since April 2011, Magneti Marelli parts have been available at approximately 2,300 Chrysler dealers, and the product catalogue was gradually expanded throughout the year.

Magneti Marelli and Wanxiang Qianchao Co., China's leading manufacturer of automotive components, signed an agreement for the creation of a joint venture in China for production of shock absorbers for passenger cars.

Magneti Marelli's Plastic Components and Modules business line acquired a 50% interest in JCMM Automotive D.O.O. Beograd, a joint venture with JCI. The JV will supply dashboards and fuel systems for a new Fiat passenger car produced in Serbia.

At the Agemont Center for Technological Innovation in Amaro, Italy, the Lighting business line inaugurated the J-RAUM laboratory, dedicated to research and innovation in automotive lighting.

Sistemi Sospensioni S.p.A., Magneti Marelli's Suspension Systems subsidiary, and Talbros Automotive Components, India's largest manufacturer of gaskets for the automotive sector, signed an agreement for the creation of a 50/50 joint venture for production of suspension systems and modules.

Recognitions received in 2011 included the "Daimler Supplier Award" given to the Automotive Lighting business line for achievements in innovation and the Autodata award in the System Supplier category won by Magneti Marelli Brazil for its FreeChoice™ automated transmission and LED lighting technology (first ever to produce this type of lighting in Brazil).

Performance for the principal business lines was as follows:

Lighting

Revenues totaled €1,808 million in 2011, an increase of approximately 14% over the prior year. The growth was primarily attributable to strong demand in the German market, in addition to performance in the NAFTA region, Brazil and Russia.

Innovation projects included a new 12-volt Xenon bulb (with integrated electronics), produced in cooperation with Philips, and the Bihalogen Projection Module.

Major new orders included headlights for Mercedes Benz and BMW, headlights and tail lights for Hyundai/Kai and rear light units for Dodge.

Engine Controls

Revenues for 2011 totaled €957 million, substantially unchanged over the prior year, with an increase in volumes for Gasoline Direct Injection applications for the VW Group in Europe, offset by declines in both Brazil and the United States.

Major new orders included the 635 Dual Clutch Transmission for Chrysler, a mechatronic transmission for PSA and a drive-by-wire throttle for VW in China.

Suspension Systems

Revenues were €588 million for 2011, in line with the previous year. The effects of significant growth in the LCV market in Europe and positive performance in Brazil were offset by volumes declines in Italy (FGA with the exception of Alfa Romeo) and Poland (FGA and Ford).

Research and innovation activities focused on high-resistance metal (steel and iron) and alloy solutions (carbon steel) with particular emphasis on lowering CO_2 emission levels for future models.

New orders included supply of the entire suspension system for production of the Fiat Ducato by Chrysler in Mexico, which represents a major opportunity for the business line to expand into the NAFTA market. Other new orders related to Fiat in Serbia, Opel and BMW in Germany, and Peugeot in Brazil.

Shock Absorbers

The business line recorded revenues of €408 million for 2011, a 3% increase over the previous year driven primarily by performance in Brazil and the United States.

In addition to expanding the Brazilian customer base for the business line's existing range of innovative technologies, product innovation focused on regenerative shock absorbers and weight reduction through the use of alternative materials.

In 2011, the business line also began production of shock absorbers in Brazil for various models of Fiat, GM and Renault.

Electronic Systems

Revenues totaled €722 million for the year, a 16% increase over the prior year attributable, in particular, to market growth in China (instrument clusters) and Europe (telematics and computer bodies), as well as new activity with Fiat/Chrysler (HFM module) and PSA (ATB, eCall and new RT6 radioNav).

Innovation activities included a new infotainment system for BMW.

Major new orders included:

- for Body Electronics: ECU-LEDs for BMW in Spain, a PCB control unit for Audi, the Fine X for Philips and other OEM customers, the L7 body for Fiat in Slovakia and the Compact United States Wide for Fiat/GAC in China
- for Instrument Clusters: Fiat Group and Haima in China, the Fiat 500 electric in Mexico, and production for customers in France and Italy
- for Infotainment and Telematics: Ecotax telematic unit for freeway operators in Italy and the new generation eCall for PSA in China

Exhaust Systems

Revenues totaled €696 million for 2011, a 13% increase over the previous year, with positive contributions from the LCV markets in Italy and Spain, as well as strong performance in South America and, in the first half, also in Poland.

On the innovation front, the business line continued its focus on reductions in CO_2 emissions (through lighter systems and exhaust heat recovery solutions) and noise (active noise control systems), in addition to further development of the Selective Catalytic Reduction system for reduction of NOx emissions.

Major new orders included a new LCV project for Hyundai in Brazil and development of front tubing for Euro 6 engines.

Aftermarket

Revenues totaled €333 million for 2011, up 16% over the previous year. Performance was primarily driven by increases in the Mercosur region, while activity in Europe was essentially in line with 2010 levels. In the U.S., the business line is completing establishment of a new sales and distribution organization initiated in April.

Volumes were higher for filters, brakes and shock absorbers, and substantially unchanged for lighting and batteries. Sales of rotary motors were down over the prior year.

New product launches included Behr-Hella heating systems in the Mercosur region and, beginning in June, telematic boxes and portable navigation devices in Europe.

Plastic Components and Modules

Revenues for the Plastic Components and Modules business line totaled €525 million, substantially in line with the previous year. In both Poland and Italy, a general contraction in passenger car sales was offset by higher volumes for the LCV segment. New order activity included bumpers and interiors for a new Fiat passenger car to be produced in Serbia.

Fiat Powertrain

Highlights

(€ million)	2011	2010
Net revenues	4,450	4,211
Trading profit/(loss)	131	140
Operating profit/(loss) (*)	134	172
Investments in tangible and intangible assets	269	385
of which capitalized R&D costs	59	53
Total R&D expenditure (**)	87	80
Employees at year end	12,552	12,453

(*) Includes restructuring costs and other unusual income/(expense)
(**) Includes capitalized R&D and R&D charged directly to the income statement

Operating Performance

Volumes for Fiat Powertrain, which produces engines and transmissions for passenger cars and LCVs, were in line with the prior year. Declines in several major European markets were offset by growth in South America.

The sector reported full-year revenues of €4,450 million, an increase of 5.7% over the prior year, with sales to external customers and joint ventures accounting for 14% of total revenues (13% in 2010). During the year, a total of 2,352,000 engines (+0.2%) and 2,278,000 transmissions (+2.0%) were sold. Sales of diesel engines to external customers accounted for approximately 9% of total volumes (9% in 2010).

In June, Fiat Powertrain completed the acquisition of a 50% interest in VM Motori S.p.A., a company specialized in design and production of diesel engines, now jointly controlled with General Motors. This transaction gave the sector access to several advanced products and applications, including a newly-developed V6 turbodiesel which saw its first application on the Jeep Grand Cherokee.

Also in June, Fiat Powertrain and Suzuki Motor Corporation signed an agreement under which Fiat Powertrain will supply its 120 hp 1.6 MultiJet II diesel engine from 2013. This agreement further extends the long-standing partnership between the two groups, which already involves the supply of a 135 hp 2.0 MultiJet engine and production under license of 75 and 90 hp versions of the 1.3 liter MultiJet Small Diesel Engine by Suzuki Maruti in India.

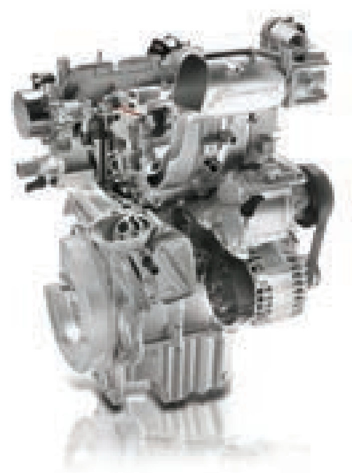
The technological excellence of the TwinAir engine family was recognized by an international panel of 76 journalists which named it “International Engine of the Year”, “Engine of the Year in sub 1 liter category”, as well as “Green Engine of the Year” and “Best New Engine of the Year”.

Readers of the German auto magazine *Auto Motor und Sport* awarded the TwinAir engine the “Paul Pietsch” prize for technological development.

Innovation and Products

During 2011, Fiat Powertrain continued development of several innovative powertrain systems for Fiat Group Automobiles.

For the TwinAir and FIRE engine families, efforts focused on further reductions in fuel consumption and emissions in line with the new Euro 5+ and Euro 6 standards.



For small displacement **gasoline engines**, the most significant area of activity was continued development of the new two-cylinder TwinAir family, following production launch of the turbocharged 85 hp version equipped with the revolutionary MultiAir system combined with a fluid dynamic configuration specifically designed to achieve maximum combustion efficiency. Smaller and lighter than 3- and 4-cylinder engines with the same performance characteristics, this new engine offers a significant reduction in CO_2 emissions. Initially launched on the Fiat 500 and 500C, it is now also available on the Lancia Ypsilon and a turbo version is already in development for application on the new Fiat Panda (A segment), as well as the Fiat Punto and Alfa Romeo MiTo (B segment). There are also plans for introduction of a variable displacement oil pump on the TwinAir in the first half of 2012, on the 105 hp version that will provide improvements in consumption and emissions.

Production of a naturally-aspirated version also began, representing first application of the second generation MultiAir II valve management system on this type of engine. Launch is planned for 2012 on the new Fiat Panda.

A turbo CNG version is also in development.

MultiAir II technology will also be applied to 16v versions of the FIRE family, providing further reductions in CO_2 emissions with no loss in performance.

Production levels for the FIRE 1.0 Low Friction and 1.4 Evo2 Flexfuel (both 8v versions) in Latin America remained strong.

During the first quarter of 2011, the company completed modifications to the bifuel LPG versions of the FIRE family of engines, bringing them in line with the Euro 5 standard. The 1.2 version was launched on the Fiat Panda; the 1.4 8v on the Fiat Punto, the Lancia Musa and Ypsilon; and, the 1.4 16v version debuted on the Fiat Bravo. Production continued on the Euro 5-compliant 1.4 16v turbo bifuel (CNG/gasoline) version of the FIRE for the new Doblò and a Euro 6-compliant version is in development.

Enhancements are being made to the injection and combustion system of the 235 hp 1.8 direct injection turbo version, currently available on the Alfa Romeo Giulietta, to bring the engine in line with Euro 6 standards and further increase its already excellent performance specifications.

For **diesel engines**, the eco-efficient 85 hp 1.3 MultiJet was launched on the Punto Evo with variable geometry turbocompressor, which offers the perfect mix between performance and emissions (90 g/km of CO_2 combined cycle). In addition, introduction of an intelligent alternator and variable displacement oil pump are also planned.

The 95 hp version of the 1.3 MultiJet with variable geometry turbocompressor was launched on the new Ypsilon.

The 2.0 MultiJet was launched on the Fiat Ducato (115 hp) and the Fiat Freemont (140 and 170 hp). Application on the Freemont represents one of the first results of integration of the Fiat and Chrysler portfolios.

Euro 5+ and Euro 6 diesel engines are also in the advanced stages of development.

In the **transmissions** area, the C635 Twin Clutch Technology (TCT) automatic transmission, already available on the Alfa Romeo MiTo, was introduced on the 170 hp 1.4 MultiAir and 170 hp 2.0 MultiJet versions of the Alfa Romeo Giulietta.

A version of the C514 transmission has also been developed for use with the 8V FIRE. Application is planned on the Fiat Panda and new Lancia Ypsilon in 2012.

Metallurgical Products
Teksid

Highlights

(€ million)	2011	2010
Net revenues	922	776
Trading profit/(loss)	26	17
Operating profit/(loss) (*)	(2)	17
Investments in tangible and intangible assets	38	31
Total R&D expenditure (**)	1	2
Employees at year end	7,865	7,275

(*) Includes restructuring costs and other unusual income/(expense)
(**) Includes capitalized R&D and R&D charged directly to the income statement

Operating Performance

Following the global economic crisis, which from early 2009 impacted almost every sector of the economy, moderate increases in demand were registered in 2011 although still below pre-crisis levels.

Increases were recorded for Teksid's most important segments – Light Vehicles and Heavy Trucks – albeit with marked variations from market to market. Production in the Light Vehicle segment was up 2.8% worldwide over the prior year (+2.9% in Europe and +9.1% in NAFTA), while a 6.0% increase was registered for Heavy Trucks (+29.3% in Europe, +53.9% in North America and -6.4% in the Far East).

The Cast Iron business unit recorded a 14.3% increase in volumes over 2010, with business in the heavy vehicle segment showing the most notable improvement. Volumes were higher in Europe (+9.4%), the NAFTA region (+72.9%), where the heavy segment is the sector's core focus, and Brazil (+7.7%). The business unit's revenues were up 23.4%, on the back of both higher volumes and higher prices, which reflected increased raw material costs.

The Cast Iron business unit also operates in China through Hua Dong Teksid Automotive Foundry Co. Ltd., a joint venture with the SAIC group (accounted for under the equity method). The JV recorded a 19.2% increase in volumes for the year.

The Aluminum business unit posted an 8.0% decrease in volumes and a 4.9% decrease in revenues.

Production Systems
Comau

Highlights

(€ million)	2011	2010
Net revenues	**1,402**	1,023
Trading profit/(loss)	**10**	(6)
Operating profit/(loss) (*)	**(120)**	(6)
Investments in tangible and intangible assets	**20**	24
of which capitalized R&D costs	**2**	4
Total R&D expenditure (**)	**14**	12
Employees at year end	**14,457**	12,216

(*) Includes restructuring costs and other unusual income/(expense)
(**) Includes capitalized R&D and R&D charged directly to the income statement

Operating Performance

During 2011, the sector's core market continued its recovery from the global crisis that struck in the second half of 2008.

For the time being, the current uncertainty in financial markets has not had any significant influence on investment by automakers related to new models launches for 2012 and 2013.

In North America, since emerging from bankruptcy proceedings in 2009, both Chrysler and General Motors have regained momentum with their capital investment programs and, together with Ford, they have begun a modernization of plants and are proceeding with a full program of new model and new engine launches.

In Europe, although conditions vary from market to market, there has been an upward trend in investment in France and the UK. Investment continued to grow in China, while new order activity in Latin America was weak.

New contract orders were up 33% for the year to €1,299 million.

Overall, 38% of new orders were generated in Europe and 26% in North America, with the remaining 32% coming from Latin America and Asia. By customer, 22% of orders came from Fiat Group companies and 78% from other manufacturers. At 31 December 2011, the order backlog totaled €838 million, a 33% increase over the previous year.

The Services operation improved its position in Brazil and Argentina, with a 19% overall increase in activity levels.

Financial Review – Fiat S.p.A.

The following information is based on the 2011 financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, in addition to regulations implementing Article 9 of Legislative Decree 38/2005.

Operating Performance

For 2011, Fiat S.p.A. reported net profit of €99 million, a €343 million decrease over the prior year.

The principal line items in the income statement were as follows:

(€ million)	2011	2010
Income from investments	560	584
Dividends	388	428
Impairment (losses)/reversals on investments	157	156
Gains/(losses) on disposals	15	-
Personnel and operating costs, net of other income	(70)	(83)
Financial income/(expense)	(435)	(93)
PROFIT/(LOSS) BEFORE TAXES	**55**	**408**
Income taxes	44	34
PROFIT/(LOSS) FOR THE YEAR	**99**	**442**

Income from investments totaled €560 million and essentially consisted of dividends received for the year and net impairment reversals. The decrease of €24 million over the prior year (€584 million for 2010) was essentially attributable to a reduction in dividends received:

- **Dividends** totaling €388 million were received from Ferrari S.p.A. (€180 million), Fiat Gestione Partecipazioni S.p.A. (€180 million) and Fiat Finance S.p.A. (€28 million).

  For 2010, dividends totaling €428 million were received from Fiat Finance S.p.A. (€180 million), Magneti Marelli S.p.A. (€100 million), Fiat Powertrain Technologies S.p.A. (€80 million), Fiat Netherlands Holding N.V. (€50 million) and Business Solutions S.p.A. (€18 million).

- **Net impairment reversals on investments** of €157 million, consisted of a full reversal of impairment losses previously recognized on Fiat Gestione Partecipazioni S.p.A. (totaling €352 million), less impairment losses recognized on the shareholdings in Comau S.p.A. (€147 million) and Teksid Aluminum S.r.l (€48 million).

  For 2010, there were net impairment reversals on investments totaling €156 million, which consisted of a partial reversal of impairment losses on Fiat Gestione Partecipazioni S.p.A. (formerly Iveco S.p.A.) in the amount of €260 million, less impairment losses recognized on the shareholdings in Fiat Powertrain Technologies S.p.A. (€80 million), Teksid Aluminum S.r.l. (€11 million), Comau S.p.A. (€7 million) and Fiat Industrial S.p.A. (€6 million).

- **Gains on disposals** totaled €15 million and related to gains realized on the shareholdings in Fiat Switzerland S.A. (sold to CNH International S.A.) and Fiat Finance North America Inc. (sold to Fiat Finance and Trade Ltd S.A.).

Personnel and operating costs, net of other income totaled €70 million, compared with €83 million for 2010.

Specifically:

- **Personnel and operating costs** were €115 million (€145 million in 2010), a decrease of €30 million over the prior year, primarily attributable to an €8 million reduction in personnel costs resulting from the transfer of personnel to Fiat Industrial S.p.A. (following the demerger) or other Group companies, as well as a €22 million reduction in the cost of services (which in 2010 included non-recurring expenses associated with the demerger). For 2011, the Company had an average of 104 employees (144 for 2010).
- **Other income** of €45 million (€62 million for 2010) related principally to services rendered, including by senior managers, to other Group companies and changes in contract work in progress (contracts between Fiat S.p.A. and Rete Ferroviaria Italiana S.p.A., formerly Treno Alta Velocità – T.A.V. S.p.A.), which are calculated on a percentage completion basis. The €17 million decrease over 2010 was primarily due to lower revenues from services rendered to Group companies, resulting from the reduced size of the Group post-demerger, as well as completion of contract work for T.A.V. S.p.A.

Net financial expense totaled €435 million, which included €327 million in financial charges, relating primarily to interest expense on debt, as well as a €108 million loss in the mark-to-market value of two stock-option related equity swaps on Fiat and Fiat Industrial shares. For 2010, net financial expense totaled €93 million, which included €204 million in financial charges that were partially offset by a €111 million gain in the mark-to-market of the above equity swaps. The €342 million increase in net financial expense over 2010 was attributable to the swing in value of the equity swaps (€219 million), as well as costs associated with a higher average level of indebtedness and maintaining a higher level of liquidity (€123 million).

For **income taxes**, the Company recognized a €44 million credit for the year (€34 million in 2010), which was primarily attributable to compensation received for tax losses contributed by Fiat S.p.A. to the national tax consolidation for the Group's Italian companies.

Statement of Financial Position

The principal components of the statement of financial position were as follows:

(€ million)	31.12.2011	31.12.2010
Non-current assets	12,169	11,599
- of which: Investments	12,123	11,423
Shareholdings to be demerged	-	4,977
Working capital	(253)	(101)
NET CAPITAL INVESTED	**11,916**	**16,475**
EQUITY	**9,053**	**12,704**
NET DEBT	**2,863**	**3,771**

Non-current assets consisted almost entirely of controlling interests in the principal Group companies.

The €700 million increase in the value of investments over 31 December 2010, was mainly due to €347 million of Fiat Industrial S.p.A. shares attributed to Fiat S.p.A. (related to own shares held by Fiat S.p.A. at the demerger date), as well as a €220 million increase associated with the recapitalization of certain subsidiaries and the net impairment reversals described previously.

Shareholdings to be demerged at 31 December 2010, totaling €4,977 million, represented the carrying amount of shareholdings in Fiat Netherlands Holding N.V., Iveco S.p.A., FPT Industrial S.p.A. and Fiat Industrial Finance S.p.A. that were transferred to Fiat Industrial S.p.A. on 1 January 2011 pursuant to the demerger.

Working capital was a negative €253 million and consisted of trade receivables/payables, other receivables/payables (from/to tax authorities, employees, etc.), contract work in progress net of advances, and provisions for the period. The €152 million decrease over 31 December 2010 was essentially due to recognition of a liability associated with the obligation to service a portion of the stock option and stock grant plans through delivery of Fiat Industrial shares, as well as a change in the net receivable/payable position with subsidiaries related to consolidated taxes (IRES).

Equity totaled €9,053 million at 31 December 2011, a net decrease of €3,651 million over 31 December 2010, mainly attributable to the effects of the demerger on 1 January 2011 (€3,750 million) and dividend payments (€152 million), which were partially offset by profit for the year (€99 million) and recognition of the Fiat Industrial shares allotted 1-for-1 to Fiat in relation to own shares held (pursuant to the demerger), net of the liability associated with the obligation to service a portion of the stock option and stock grant plans through delivery of a portion of the Fiat Industrial shares held.

A more detailed analysis of changes in equity is provided in the statutory financial statements for Fiat S.p.A.

Net debt totaled €2,863 million at 31 December 2011, a reduction of €908 million over year-end 2010 primarily due to the effects of the demerger, net of the recapitalization of certain subsidiaries and other cash flows. Net debt consisted of the following:

(€ million)	31.12.2011	31.12.2010
Current financial assets, cash and cash equivalents	(375)	(312)
Current financial liabilities	1,075	295
Non-current financial liabilities	2,163	2,561
Net debt to be demerged	-	1,227
NET DEBT/(CASH)	**2,863**	**3,771**

Current financial assets at 31 December 2011 consisted mainly of cash balances held with the subsidiary Fiat Finance S.p.A. and other amounts receivable from Fiat Finance S.p.A. relating to the positive fair value of two equity swaps on Fiat and Fiat Industrial ordinary shares.

Current financial liabilities at 31 December 2011 primarily consisted of a short-term loan in the amount of €1,000 million provided at market rates of interest by Fiat Finance S.p.A. and other amounts payable to Fiat Finance S.p.A. relating to the negative fair value of the remaining equity swaps on Fiat and Fiat Industrial ordinary shares, in addition to advances on factored receivables.

Non-current financial liabilities consisted almost entirely of loans from Fiat Finance S.p.A., at market rates of interest, which are repayable in 2012 and 2013.

On 31 December 2010, net debt to be demerged consisted of €1,440 million in loans – current and non-current – from Fiat Finance S.p.A., net of current financial assets of €213 million representing current account balances held with Fiat Finance S.p.A.

A more detailed analysis of cash flows is provided in the statutory financial statements for Fiat S.p.A.

Reconciliation between equity and net profit of the Parent Company and the Group

As required by the Consob Communication of 28 July 2006, the following table provides a reconciliation between the net profit and equity of Fiat S.p.A. for the years ended 31 December 2011 and 2010 and the comparable items on a consolidated basis (portion attributable to owners of Fiat S.p.A.):

(€ million)	Equity at 31.12.2011	Profit for 2011	Equity at 31.12.2010	Profit for 2010
FINANCIAL STATEMENTS OF FIAT S.P.A.	**9,053**	**99**	**12,704**	**442**
Elimination of carrying amount of interests in consolidated entities and related dividends	(11,700)	(388)	(16,384)	(428)
Elimination of impairment losses (net of reversals) on consolidated entities	-	(157)	-	(156)
Equity and profit/(loss) of consolidated entities	13,111	1,805	16,995	667
Consolidation adjustments:				
- Elimination of intercompany profit/loss on inventories and fixed assets, dividends paid between subsidiaries and other adjustments	(1,737)	(25)	(1,771)	(5)
Consolidated financial statements (portion attributable to owners of Fiat S.p.A.)	**8,727**	**1,334**	**11,544**	**520**

Motion for Approval of the Statutory Financial Statements and Allocation of 2011 Profit

Shareholders,

We hereby submit the Statutory Financial Statements for the year ended 31 December 2011 for your approval. In order to strengthen the Group's capital and maintain a high level of liquidity, we propose that, consistent with the requirements of law and the By-laws, the profit for the year of €99,165,620 be allocated as follows:

- to the Legal Reserve, €4,958,281
- to each preference share, a dividend of €0.217, totaling approximately €22.4 million
- to each savings share, a dividend of €0.217, totaling approximately €17.3 million
- to Retained Profit, the remaining amount totaling approximately €54.5 million

Payment of the dividend on preference and savings shares will be from 26 April 2012, with detachment of the coupon on 23 April. The dividend will be payable on shares outstanding at the coupon detachment date.

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN


There are only two mistakes
one can make along the road to truth;
not going all the way,
and not starting.
Buddha

Fiat Group Consolidated Financial Statements

at 31 December 2011

Consolidated Income Statement (*)

(€ million)	Note	2011 (*)	2010
Net revenues	(1)	59,559	35,880
Cost of sales	(2)	50,704	30,718
Selling, general and administrative costs	(3)	5,047	2,956
Research and development costs	(4)	1,367	1,013
Other income (expenses)	(5)	(49)	(81)
TRADING PROFIT/(LOSS)		**2,392**	**1,112**
Gains (losses) on the disposal of investments	(6)	21	12
Restructuring costs	(7)	102	118
Other unusual income (expenses)	(8)	1,025	(14)
OPERATING PROFIT/(LOSS)		**3,336**	**992**
Financial income (expenses)	(9)	(1,282)	(400)
Result from investments:	(10)	131	114
Share of the profit/(loss) of investees accounted for using the equity method		146	120
Other income (expenses) from investments		(15)	(6)
PROFIT/(LOSS) BEFORE TAXES		**2,185**	**706**
Income taxes	(11)	534	484
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**1,651**	**222**
Post-tax profit/(loss) from Discontinued Operations	(23)	-	378
PROFIT/(LOSS)		**1,651**	**600**
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Owners of the parent		1,334	520
Non-controlling interests		317	80
PROFIT/(LOSS) FROM CONTINUING OPERATION ATTRIBUTABLE TO:			
Owners of the parent		1,334	179
Non-controlling interests		317	43

(in €)			
BASIC EARNINGS/(LOSS) PER ORDINARY AND PREFERENCE SHARE	(13)	**1.071**	**0.410**
BASIC EARNINGS/(LOSS) PER SAVINGS SHARE	(13)	**1.180**	**0.565**
DILUTED EARNINGS/(LOSS) PER ORDINARY AND PREFERENCE SHARE	(13)	**1.063**	**0.409**
DILUTED EARNINGS/(LOSS) PER SAVINGS SHARE	(13)	**1.172**	**0.564**

(*) Pursuant to Consob Resolution 15519 of 27 July 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 37.

(**) The amounts reported include seven months of operations for Chrysler from 1 June 2011.

Consolidated Statement of Comprehensive Income

(€ million)	Note	2011 (*)	2010
PROFIT/(LOSS) (A)		**1,651**	**600**
Gains/(Losses) on cash flow hedges	(24)	(160)	171
Gains/(Losses) on fair value of available-for-sale financial assets	(24)	(42)	(3)
Gains/(Losses) on exchange differences on translating foreign operations	(24)	452	769
Share of other comprehensive income of entities accounted for using the equity method	(24)	(63)	100
Income tax relating to components of Other comprehensive income	(24)	15	3
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B)		**202**	**1,040**
TOTAL COMPREHENSIVE INCOME (A)+(B)		**1,853**	**1,640**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		1,203	1,503
Non-controlling interests		650	137

(*) The amounts reported include seven months of operations for Chrysler from 1 June 2011.

Consolidated Statement of Financial Position (*)

(€ million)	Note	At 31 December 2011 (**)	At 31 December 2010
ASSETS			
Intangible assets		**18,200**	4,350
Goodwill and intangible assets with indefinite useful lives	(14)	**13,213**	1,083
Other intangible assets	(15)	**4,987**	3,267
Property, plant and equipment	(16)	**20,785**	9,601
Investments and other financial assets:	(17)	**2,660**	1,653
Investments accounted for using the equity method		**1,579**	1,465
Other investments and financial assets		**1,081**	188
Leased assets		**45**	-
Defined benefit plan assets		**97**	20
Deferred tax assets	(11)	**1,690**	1,678
Total Non-current assets		**43,477**	**17,302**
Inventories	(18)	**9,123**	4,443
Trade receivables	(19)	**2,625**	2,259
Receivables from financing activities	(19)	**3,968**	2,866
Financial receivables from Discontinued Operations		**-**	5,626
Current tax receivables	(19)	**369**	353
Other current assets	(19)	**2,088**	1,528
Current financial assets:		**789**	735
Current investments		**33**	34
Current securities	(20)	**199**	185
Other financial assets	(21)	**557**	516
Cash and cash equivalents	(22)	**17,526**	11,967
Total Current assets		**36,488**	**29,777**
Assets held for sale and Discontinued Operations	(23)	**66**	34,854
Elimination of financial receivables and debt due from/payable to Discontinued Operations		**-**	(8,491)
TOTAL ASSETS		**80,031**	**73,442**
Total assets adjusted for asset-backed financing transactions		**79,321**	**64,588**

(*) Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related party transactions on the consolidated Statement of Financial Position are presented in the specific Statement of financial position schedule provided in the following pages and are further described in Note 37.

(**) The amounts reported at 31December 2011 include the consolidation of Chrysler from 1 June 2011.

Consolidated Statement of Financial Position
(continued)

(€ million)	Note	At 31 December 2011 (**)	At 31 December 2010
EQUITY AND LIABILITIES			
Equity:	(24)	**12,260**	12,461
Equity attributable to owners of the parent		**8,727**	11,544
Non-controlling interests		**3,533**	917
Provisions:		**15,624**	4,924
Employee benefits	(26)	**7,026**	1,704
Other provisions	(27)	**8,598**	3,220
Debt:		**26,772**	20,804
Asset-backed financing	(28)	**710**	533
Other debt	(28)	**26,062**	17,406
Debt payable to Discontinued Operations		**-**	2,865
Other financial liabilities	(21)	**429**	255
Trade payables	(29)	**16,418**	9,345
Current tax payables		**230**	181
Deferred tax liabilities	(11)	**760**	135
Other current liabilities	(30)	**7,538**	3,908
Liabilities held for sale and Discontinued Operations	(23)	**-**	29,920
Elimination of financial receivables and debt due from/payable to Discontinued Operations		**-**	(8,491)
TOTAL EQUITY AND LIABILITIES		**80,031**	**73,442**
Total equity and liabilities adjusted for asset-backed financing transactions		**79,321**	**64.588**

(**) The amounts reported at 31December 2011 include the consolidation of Chrysler from 1 June 2011.

Consolidated Statement of Cash Flows (*)

(€ million)	Note	2011 (**)	2010
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(22)	11,967	12,226
B) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES DURING THE YEAR:			
Profit/(loss) from Continuing Operations		1,651	222
Amortisation and depreciation		3,358	2,186
(Gains) losses on disposal of:			
Property, plant and equipment and intangible assets		21	(3)
Investments		(21)	(12)
Other non-cash items	(31)	(1,106)	89
Dividends received		105	62
Change in provisions		(116)	283
Change in deferred taxes		(19)	(199)
Change in items due to buy-back commitments	(31)	(62)	4
Change in operating lease items	(31)	(28)	-
Change in working capital		1,412	941
Cash flows from (used in) the operating activities of Discontinued Operations		-	2,537
TOTAL		5,195	6,110
C) CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:			
Investments in:			
Property, plant and equipment and intangible assets		(5,528)	(2,864)
Investments in consolidated subsidiaries		(22)	(38)
Other investments		(120)	(121)
Cash and cash equivalents from consolidation of Chrysler, net of consideration paid for the additional 16% ownership interest	(31)	5,624	-
Proceeds from the sale of:			
Property, plant and equipment and intangible assets		324	46
Investments in consolidated subsidiaries		29	-
Other investments		96	11
Net change in receivables from financing activities		(1,218)	(594)
Change in current securities		(14)	24
Other changes		(29)	150
Cash flows from (used in) the investing activities of Discontinued Operations		-	(443)
TOTAL		(858)	(3,829)
D) CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
New issuance of bonds		2,500	-
Repayment of bonds		(2,448)	(1,195)
Issuance of other medium-term borrowings		2,149	1,210
Repayment of other medium-term borrowings		(3,895)	(1,016)
Changes in net financial receivables from Fiat Industrial group		2,761	-
Net change in other financial payables and other financial assets/liabilities		143	66
Increase in share capital		41	1
Dividends paid		(181)	(239)
(Purchase)/sale of ownership interests in subsidiaries	(31)	(438)	(124)
Cash flows from (used in) the financing activities of Discontinued Operations		-	2,084
TOTAL		632	787
Translation exchange differences		590	359
E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		5,559	3,427
F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(22)	17,526	15,653
of which: Cash and cash equivalents included as Assets held for sale and Discontinued Operations		-	3,686
G) CASH AND CASH EQUIVALENTS AT END OF THE YEAR AS REPORTED	(22)	17,526	11,967

(*) Pursuant to Consob Resolution 15519 of 27 July 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.

(**) Cash flows for 2011 include the consolidation of Chrysler from 1 June 2011.

Statement of Changes in Consolidated Equity

(€ million)	Share capital	Treasury shares	Capital reserves	Earning reserves	Cash flow hedge reserve	Cumulative translation adjustment reserve	Available for sale financial assets reserve	Cumulative share of OCI of entities consolidated under the equity method	Non-controlling interests	Total
AT 1 JANUARY 2010	**6,377**	**(657)**	**682**	**3,804**	**(219)**	**393**	**2**	**(81)**	**814**	**11,115**
Changes in equity for 2010										
Capital increase	-	-	-	-	-	-	-	-	1	**1**
Dividends accrued or distributed	-	-	-	(237)	-	-	-	-	(2)	**(239)**
Purchase and sale of shares in subsidiaries from/to non-controlling interests	-	-	(81)	-	-	-	-	-	(38)	**(119)**
Increase in the reserve for share-based payments	-	-	-	17	-	-	-	-	-	**17**
Total comprehensive income	-	-	-	520	174	718	(4)	95	137	**1,640**
Other changes	-	-	-	41	-	-	-	-	5	**46**
AT 31 DECEMBER 2010	**6,377**	**(657)**	**601**	**4,145**	**(45)**	**1,111**	**(2)**	**14**	**917**	**12,461**
Changes in equity for 2011										
Effects of the Demerger										
Direct effects of the Demerger	(1,913)	-	(457)	(1,216)	23	(398)	-	(31)	(724)	**(4,716)**
Effects of the demerger on Treasury shares and on the Fiat S.p.A. Reserve for Share based payments	-	368	-	(185)	-	-	-	-	-	**183**
Capital increase	-	-	-	-	-	-	-	-	36	**36**
Increase in share capital due to the exercising of stock option	2	-	3	-	-	-	-	-	-	**5**
Dividends distributed	-	-	-	(152)	-	-	-	-	(29)	**(181)**
Net Increase in the Reserve for share-based payments	-	-	-	3	-	-	-	-	-	**3**
Non-controlling interest arising from the consolidation of Chrysler	-	-	-	-	-	-	-	-	3,112	**3,112**
Purchase and sale of shares in subsidiaries from/to non-controlling interests	-	-	-	(83)	-	-	-	-	(426)	**(509)**
Total comprehensive income	-	-	-	1,334	(148)	121	(41)	(63)	650	**1,853**
Other changes	-	-	-	16	-	-	-	-	(3)	**13**
AT 31 DECEMBER 2011	**4,466**	**(289)**	**147**	**3,862**	**(170)**	**834**	**(43)**	**(80)**	**3,533**	**12,260**

Consolidated Income Statement

pursuant to Consob Resolution 15519 of 27 July 2006

(€ million)	Note	2011 (*) Total	2011 (*) of which Related parties (Note 37)	2010 Total	2010 of which Related parties (Note 37)
Net revenues	(1)	59,559	2,970	35,880	2,586
Cost of sales	(2)	50,704	4,272	30,718	3,742
Selling, general and administrative costs	(3)	5,047	117	2,956	139
Research and development costs	(4)	1,367	2	1,013	8
Other income (expenses)	(5)	(49)	35	(81)	34
TRADING PROFIT/(LOSS)		2,392		1,112	
Gains (losses) on the disposal of investments	(6)	21	12	12	-
Restructuring costs	(7)	102	-	118	-
Other unusual income (expenses)	(8)	1,025	-	(14)	-
OPERATING PROFIT/(LOSS)		3,336		992	
Financial income (expenses)	(9)	(1,282)	40	(400)	188
Result from investments:	(10)	131	136	114	118
Share of the profit or loss of investees accounted for using the equity method		146	146	120	120
Other income (expenses) from investments		(15)	(10)	(6)	(2)
PROFIT/(LOSS) BEFORE TAXES		2,185		706	
Income taxes	(11)	534		484	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		1,651		222	
Post-tax profit/(loss) from Discontinued Operations	(23)	-		378	
PROFIT/(LOSS)		1,651		600	
PROFIT/(LOSS) ATTRIBUTABLE TO:					
Owners of the parent		1,334		520	
Non-controlling interests		317		80	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:					
Owners of the parent		1,334		179	
Non-controlling interests		317		43	

(*) The amounts reported include seven months of operations for Chrysler from 1 June 2011.

Consolidated Statement of Financial Position

pursuant to Consob Resolution 15519 of 27 July 2006

(€ million)	Note	At 31 December 2011 (*) Total	At 31 December 2011 (*) of which Related parties (Note 37)	At 31 December 2010 Total	At 31 December 2010 of which Related parties (Note 37)
ASSETS					
Intangible assets		18,200	-	4,350	-
Goodwill and intangible assets with indefinite useful lives	(14)	13,213	-	1,083	
Other intangible assets	(15)	4,987	-	3,267	
Property, plant and equipment	(16)	20,785	-	9,601	-
Investments and other financial assets:	(17)	2,660	1,909	1,653	1,557
Investments accounted for using the equity method		1,579	1,579	1,465	1,465
Other investments and financial assets		1,081	330	188	92
Leased assets		45	-	-	-
Defined benefit plan assets		97	-	20	-
Deferred tax assets	(11)	1,690	-	1,678	-
Total Non-current assets		43,477		17,302	
Inventories	(18)	9,123	1	4,443	28
Trade receivables	(19)	2,625	411	2,259	459
Receivables from financing activities	(19)	3,968	197	2,866	129
Financial receivables from Discontinued Operations		-	-	5,626	5,626
Current tax receivables	(19)	369	-	353	-
Other current assets	(19)	2,088	70	1,528	76
Current financial assets:		789	-	735	-
Current investments		33	-	34	-
Current securities	(20)	199	-	185	-
Other financial assets	(21)	557	-	516	-
Cash and cash equivalents	(22)	17,526	-	11,967	-
Total Current assets		36,488		29,777	
Assets held for sale and Discontinued Operations	(23)	66	60	34,854	65
Elimination of financial receivables and debt due from/payable to Discontinued Operations		-		(8,491)	-
TOTAL ASSETS		80,031		73,442	
EQUITY AND LIABILITIES					
Equity:	(24)	12,260	-	12,461	-
Equity attributable to owners of the parent		8,727	-	11,544	-
Non-controlling interests		3,533	-	917	-
Provisions:		15,624	168	4,924	47
Employee benefits	(26)	7,026	144	1,704	21
Other provisions	(27)	8,598	24	3,220	26
Debt:		26,772	331	20,804	3,144
Asset-backed financing	(28)	710	101	533	101
Other debt	(28)	26,062	230	17,406	178
Debt payable to Discontinued Operations		-	-	2,865	2,865
Other financial liabilities	(21)	429	-	255	-
Trade payables	(29)	16,418	1,139	9,345	1,040
Current tax payables		230	-	181	-
Deferred tax liabilities	(11)	760	-	135	-
Other current liabilities	(30)	7,538	130	3,908	87
Liabilities held for sale and Discontinued Operations	(23)	-	-	29,920	-
Elimination of financial receivables and debt due from/payable to Discontinued Operations		-	-	(8,491)	-
TOTAL EQUITY AND LIABILITIES		80,031		73,442	

(*) The amounts reported at 31December 2011 include the consolidation of Chrysler from 1 June 2011.

Consolidated Statement of Cash Flows

pursuant to Consob Resolution 15519 of 27 July 2006

(€ million)	Note	2011 (*) Total	2011 (*) of which Related Parties (Note 37)	2010 Total	2010 of which Related Parties (Note 37)
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(22)	**11,967**		**12,226**	
B) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES DURING THE YEAR:					
Profit/(loss) from Continuing Operations		1,651	-	222	-
Amortisation and depreciation		3,358	-	2,186	-
(Gains) losses on disposal of:					
Property, plant and equipment and intangible assets		21	-	(3)	-
Investments		(21)	-	(12)	-
Other non-cash items	(31)	(1,106)	12	89	17
Dividends received		105	105	62	62
Change in provisions		(116)	124	283	(9)
Change in deferred taxes		(19)	-	(199)	-
Change in items due to buy-back commitments	(31)	(62)	9	4	(9)
Change in operating lease items	(31)	(28)	-	-	-
Change in working capital		1,412	225	941	108
Cash flows from (used in) the operating activities of Discontinued Operations		-	-	2,537	-
TOTAL		**5,195**		**6,110**	
C) CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:					
Investments in:					
Property, plant and equipment and intangible assets		(5,528)	-	(2,864)	-
Investments in consolidated subsidiaries		(22)	-	(38)	-
Other investments		(120)	(76)	(121)	(107)
Cash and cash equivalents from consolidation of Chrysler, net of consideration paid for the additional 16% ownership interest	(31)	5,624	-	-	-
Proceeds from the sale of:					
Property, plant and equipment and intangible assets		324	-	46	-
Investments in consolidated subsidiaries		29	15	-	-
Other investments		96	80	11	-
Net change in receivables from financing activities		(1,218)	(74)	(594)	1
Change in current securities		(14)	-	24	-
Other changes		(29)	-	150	-
Cash flows from (used in) the investing activities of Discontinued Operations		-	-	(443)	-
TOTAL		**(858)**		**(3,829)**	
D) CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:					
New issuance of bonds		2,500	-	-	-
Repayment of bonds		(2,448)	-	(1,195)	-
Issuance of other medium-term borrowings		2,149	-	1,210	-
Repayment of other medium-term borrowings		(3,895)	-	(1,016)	-
Changes in net financial receivables from Fiat Industrial group		2,761	2,761	-	-
Net change in other financial payables and other financial assets/liabilities		143	33	66	(66)
Increase in share capital		41	-	1	-
Dividends paid		(181)	(40)	(239)	(67)
(Purchase)/sale of ownership interests in subsidiaries	(31)	(438)	-	(124)	-
Cash flows from (used in) the financing activities of Discontinued Operations		-	-	2,084	-
TOTAL		**632**		**787**	
Translation exchange differences		590		359	
E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		**5,559**		**3,427**	
F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(22)	**17,526**		**15,653**	
of which: Cash and cash equivalents included as Assets held for sale and Discontinued Operations		-		3,686	-
G) CASH AND CASH EQUIVALENTS AT END OF THE YEAR AS REPORTED	(22)	**17,526**		**11,967**	

(*) Cash flows for 2011 include the consolidation of Chrysler from 1 June 2011.

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 43 countries. Following the demerger of some operations of Fiat S.p.A. to Fiat Industrial S.p.A. ("the Demerger") described below, from 1 January 2011 the Group is engaged in the manufacture and sale of automobiles and light commercial vehicles, engines, transmission systems, automotive-related components, metallurgical products and production systems. In addition, the Group has for a long while also been involved in certain other sectors, including publishing and communications, which represent a small portion of its activities.

The Group has its head office in Turin, Italy.

The consolidated financial statements are presented in Euros that is the currency of the primary economic environment in which the Group operates.

Significant accounting policies

Basis of preparation
The 2011 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 IFRS Interpretations Committee, formerly the Standing Interpretations Committee ("SIC") and then the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements are prepared under the historical cost convention, modified as required for the valuation of certain financial instruments, as well as on the going concern assumption. In this respect, despite operating in an economic and financial environment that continues to be difficult, the Group's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about its ability to continue as a going concern, in view also of the integration process being undertaken with Chrysler and the Group's industrial and financial flexibility.

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 car industry. In this income statement, in which the classification of expenses is based on their function, the Trading profit/(loss) is reported specifically as part of Operating profit/(loss) and separate from the income and expense resulting from non-recurring transactions, such as Gains (losses) on the sale of investments, Restructuring costs and any Other income (expenses) defined as unusual and of a similar nature to these items. By doing this, it is believed that the Group's actual performance from normal trading operations may be better measured, 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 28 July, 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 or 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 non-controlling interests".

For the Statement of financial position, 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 financial service companies continue to be consolidated in the Group's financial statements also after the Demerger. 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. Chrysler, on the other hand continues to remain separate from a financial management standpoint and manages its treasury services (including cash management and financing activities) on its own, obtaining funds in the market and managing cash directly. This financial service structure within the Group means that any attempt to separate current and non-current debt in the consolidated Statement of financial position cannot be meaningful. Suitable disclosure as to the due date 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 27 July 2006 as to the format of the financial statements, specific supplementary Income Statement, Statement of Financial Position and Statement of Cash Flows formats have been added for related party transactions so as not to compromise the 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 combined in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests in the net assets of consolidated subsidiaries and non-controlling interests in the profit or loss of consolidated subsidiaries are presented separately from the interests of the owners of the parent in the consolidated statement of financial position and income statement respectively. Losses applicable to non-controlling interests which exceed the minority's interests in the subsidiary's equity are allocated against the non-controlling interests.

Changes in the Group's ownership interests in subsidiaries that do not result in the loss of control are accounted for as equity transactions. The carrying amounts of the Equity attributable to owners of the parent and Non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the book value of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in the equity attributable to the owners of the parent.

If the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Any profits or losses recognised in other comprehensive income in respect of the measurement of the assets of the subsidiary are accounted for as if the subsidiary had been sold (i.e. reclassified to profit or loss or transferred directly to retained earnings depending on the applicable IFRS). The fair value of any investment retained in the former subsidiary is measured in accordance with IAS 39, IAS 28 or IAS 31, depending on the type of investment.

Jointly controlled entities

Jointly controlled entities are enterprises in which the Group has contractually agreed sharing of control or for which a contractual arrangement exists whereby two or more parties undertake an economic activity that is subject to joint control. Investments in jointly controlled entities are accounted for 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, as defined in IAS 28 – Investments in Associates, but not control or joint control over the financial and operating policies. Investments in associates are accounted for using the equity method from the date that significant influence commences until the date it 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 other comprehensive income 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 Investment in other companies 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.

The goodwill, assets acquired and liabilities assumed arising from the acquisition of entities with a functional currency other than the Euro are recognised in the functional currency and translated at the exchange rate at the acquisition date. These balances are translated at subsequent balance sheet dates at relevant exchange rate.

The principal exchange rates used to translate into Euros the financial statements prepared in currencies other than the Euro were as follows:

	Average 2011	At 31 December 2011	Average 2010	At 31 December 2010
U.S. dollar	**1.392**	**1.294**	1.326	1.336
Pound sterling	**0.868**	**0.835**	0.858	0.861
Swiss franc	**1.233**	**1.216**	1.380	1.250
Polish zloty	**4.121**	**4.458**	3.995	3.975
Brazilian real	**2.327**	**2.416**	2.331	2.218
Argentine peso	**5.742**	**5.561**	5.183	5.303

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

Business Combinations

Business combinations are accounted for by applying the acquisition method. Under this method:

- the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the Group and the equity interests issued in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.
- At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at that date, except for deferred tax assets and liabilities, assets and liabilities relating to employee benefit arrangements, liabilities or equity instruments relating to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree and assets (or disposal groups) that are classified as held for sale, which are measured in accordance with the relevant standard.
- Goodwill is measured as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.
- Non-controlling interest is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The selection of the measurement method is made on a transaction-by-transaction basis.
- Any contingent consideration arrangement in the business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in the business combination in order to determine goodwill. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are recognised retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which may not exceed one year from the acquisition date) about facts and circumstances that existed as of the acquisition date).

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognised in income statements. Changes in the equity interest in the acquiree that have been recognised in Other comprehensive income in prior reporting periods are reclassified to profit or loss as if the interest had been disposed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete in the consolidated financial statements. Those provisional amounts are adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date which, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Intangible assets

Goodwill

Goodwill arising on business combinations is initially measured at cost as established at the acquisition date, as defined in the above paragraph. 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 the loss of control of a previously acquired entity, any outstanding goodwill balance 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 1 January 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 and 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 may be directly attributed 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 average life, as follows:

	N° of years
Vehicles	3 – 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 brands 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.

Other intangible assets acquired as part of the 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.

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.

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 statements 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 lives of the assets as follows:

	Depreciation rates
Buildings	2% - 10%
Plant, machinery and equipment	3% - 33%
Other assets	5% - 33%

Land is not depreciated.

Leased assets
Leased assets include vehicles leased to retail customers by the Group under operating lease arrangements. They are stated at cost and depreciated at annual rates of between 7% and 20%.

When such assets cease to be rented and become held for sale, the Group reclassifies their carrying amount to Inventories.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets (as defined under IAS 23 – *Borrowing Costs*), which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised and amortised over the useful life of the class of assets to which they refer.

All other borrowing costs are expensed when incurred.

Impairment of assets
The Group reviews, at least annually, the recoverability of the carrying amount of intangible assets (including capitalised development costs) and property, plant and equipment, in order to determine whether there is any indication that those assets have suffered an impairment loss. Intangible assets with indefinite useful lives are tested for impairment annually or more frequently, if there is an indication that the asset may be impaired.

If indications of impairment are present, the carrying amount of the asset is reduced to its recoverable amount that is the higher of fair value less costs to sell and its value in use. 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. In assessing the value in use of an asset, the estimated future cash flows are discounted to their present value using a 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 if the recoverable amount is lower than the carrying amount.

Where an impairment loss for assets, other than goodwill and other intangible assets with indefinite useful lives 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. The reversal of an impairment loss is recognised in profit or loss 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 unconsolidated 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, as defined in IAS 39, 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 paragraph – Investments in other companies.

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 other comprehensive income 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 other comprehensive income, are reclassified to 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 the 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 (loans and receivables originating in the course of business), 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 assets and liabilities hedged against changes in fair value (fair value hedge) are measured in accordance with hedge accounting principles: gains and losses arising from remeasurement at fair value, due to changes in the respective 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 (primarily concerning commodities and securities). 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 it 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 hedges* – 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 hedges* – 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 the income statement, the effective portion of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. The cumulative gain or loss is removed from other comprehensive income 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 other comprehensive income 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 other comprehensive income is recognised in the income statement immediately.
- *Hedges of a net investment* – If a derivative financial instrument is designated as a hedging instrument for a net investment in a foreign operation, the effective portion of the gain or loss on the derivative financial instrument is recognised in other comprehensive income. The cumulative gain or loss is reclassified from other comprehensive income to profit or loss on the disposal of the foreign operation.

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 certain of its financial, trade and tax receivables, mainly through factoring transactions.

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 cash flows of the sold receivables. 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 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 statement of financial position 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 statement of financial position.

Inventories

Inventories of raw materials, semi-finished products and finished goods, (including assets sold with a buy-back commitment) 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 the balance sheet date bears 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 and liabilities held for sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell.

Employee benefits

The present value of a defined benefit obligation and the related current service cost for defined benefit pension plans and other long-term benefits are determined on an actuarial basis using the projected unit credit method. Under this method, the Group attributes benefits to periods in which the obligation to provide post-employment benefits arise. That obligation arises when employees render services.

The present value of the defined benefit obligation is measured by using actuarial techniques and actuarial assumptions that are unbiased and mutually compatible. Financial assumptions are based on market estimates that are known at the balance sheet date regarding the period in which the obligations will be settled.

The fair value of plan assets is deducted from the present value of the obligation in determining the amount recognised in the statement of financial position. This fair value is estimated, where possible, by referring to available market price of the assets, where no market price is available, the fair value of plan assets is estimated using a valuation technique.

Actuarial gains and losses comprise the effects of differences between the previous actuarial assumptions and the actual result, together with the effects of changes in actuarial assumptions. In measuring the defined benefit liability the Group recognises the portion of net cumulative actuarial gains and losses that 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. That portion is amortised over the average remaining service lives of the employees who are covered by the plan (the “corridor method”). On IFRS first-time adoption, the Group elected to recognise all cumulative actuarial gains and losses at 1 January 2004 even though deciding to use the corridor approach for subsequent actuarial gains and losses.

The liability for employee benefits recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for deferred 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 the amount arising from this calculation and the total of any unrecognised net actuarial losses, unrecognised past service costs and the present value of any refunds available and reductions in future contributions to the plan.

If changes are made to a plan that alter the benefits due for past service or if a new plan is introduced regarding past service then past service costs are recognised in profit or loss on a straight-line basis over the average period remaining until the benefits vest. If a change is made to a plan that significantly reduces the number of employees who are members of the plan or that alters the conditions of the plan such that employees will no longer be entitled to the same benefits for a significant part of their future service, or if such benefits will be reduced, the profit or loss arising from such changes is immediately recognised in the income statement.

All other costs and income arising from the measurement of pension plan provisions are allocated by function in the income statement, except for interest cost on unfunded defined benefit plans which is reported as part of financial expenses.

Costs arising from defined contribution plans are recognised as an expense as incurred.

Share-based compensation plans

Share-based compensation plans that may be settled by the delivery of shares are measured at fair value at the grant date. This fair value is expensed over the vesting period of the benefit with a corresponding increase in equity. Periodically, the Group reviews its estimate of the benefits expected to vest through the plan and recognises any difference in estimate in profit or loss, with a corresponding increase or decrease in equity.

Share-based compensation plans that may be settled in cash or by the delivery of other financial assets are recognised as a liability and measured at fair value at the end of each reporting period and when settled. Any subsequent changes in fair value are recognised in profit or loss.

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 a 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 sales 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 Inventories. The difference between the carrying amount (corresponding to the manufacturing cost) and the estimated resale value (net of reconditioning costs) at the end of the buy-back period is recognised on income statement on a straight-line basis over the contract term. The initial sale price received is recognised in liabilities as a down payment. 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. The proceeds from the sale of such assets are recognised as Revenues.

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 manufacturing cost of products and the acquisition cost of purchased merchandise which have 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 dealers 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 and any impairment losses of development costs recognised as assets in accordance with IAS 38.

Government grants

Government grants are recognised in the financial statements when there is reasonable assurance that the 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 offset.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying amount of the loan (fair value plus transaction costs) and the proceeds received, and is accounted for in accordance with the policies already used for the recognition of government grants.

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 other comprehensive income, in which case the related income tax effect is recognised in other comprehensive income. 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 amounts in the consolidated financial statements, except for those arising from non-tax-deductible goodwill and for those related to investments in subsidiaries where 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 reverse or expire.

Dividends
Dividends payable by the Group are reported as a movement in equity in the period in which they are approved by Shareholders in their annual general meeting.

Earnings per share
Basic earnings per share are calculated by dividing the profit/(loss) attributable to owners of the parent entity assignable 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.

Use of estimates
The consolidated financial statements are prepared in accordance with IFRS which require the use of estimates, judgements and assumptions that affect the carrying amount of assets and liabilities, the disclosures relating to contingent assets and liabilities and the amounts of income and expense reported for the period.

The estimates and associated assumptions are based on elements that are known when the financial statements are prepared, on historical experience and on any other factors that are considered to be relevant.

In this respect, the situation caused by the continuing difficulties of the economic and financial environment, in particular in the Eurozone, led to the need to make assumptions regarding future performance which are characterised by significant uncertainty; as a consequence, therefore, it cannot be excluded that results may arise in the future which differ from estimates, and which therefore might require adjustments, even significant, to be made to the carrying amount of the items in question, which at the present moment can clearly neither be estimated nor predicted. The main items affected by these situations of uncertainty are non-current assets (tangible and intangible assets), deferred tax assets, provision for employee benefits, and allowances for inventories (including vehicles sold under buy-back agreement).

The estimates and underlying assumptions are reviewed periodically and continuously by the Group. If the items considered in this process perform differently, then the actual results could differ from the estimates, which would accordingly require adjustment. The effects of any changes in estimate are recognised in profit or loss in the period in which the adjustment is made if it only affects that period, or in the period of the adjustment and future periods if it affects both current and future periods.

The following are the critical measurement processes and key assumptions used by the Group in applying IFRSs which may have significant effects on the amounts recognised in the consolidated financial statements or for which there is a risk that a significant difference may arise in respect to the carrying amounts of assets and liabilities in the future.

Business combinations

As discussed below in the Section - Investment in Chrysler, in accordance with the requirements of IFRS 3 in these financial statements the Group has recognised the identifiable assets acquired, the identifiable liabilities assumed (with certain exceptions as specified in the standard), and the non-controlling interests in Chrysler Group LLC at their respective fair values at the date of acquisition of control and has calculated the goodwill resulting from the operation as the residual balance with respect to such amounts. These values were calculated through a complex process of estimating the identifiable assets and liabilities and the fair value of Chrysler, which was completed on 31 December 2011; this process was based on assumptions which are believed to be reasonable and realistic with respect to the information available at the date of the acquisition of control and which have affected the value at which the assets, liabilities, non-controlling interests and goodwill are recognised as well as the amount of income and expense for the period.

Recoverability of non-current assets

Non-current assets include property, plant and equipment, goodwill and other intangible assets with indefinite useful lives, other intangible assets, equity investments and other financial assets. The Group periodically reviews the carrying amount of non-current assets held and used and that of assets held for sale when events and circumstances warrant such a review. For goodwill and intangible assets with indefinite useful lives such analysis is carried out at least annually and when events and circumstances warrant such a review. The analysis of the recoverable amount of non-current assets is usually performed using estimates of future expected cash flows from the use or disposal of the asset and a suitable discount rate in order to calculate present value. When the carrying amount of a non-current asset is impaired, the Group records an impairment loss for the amount by which the carrying amount of the asset exceeds its estimated recoverable amount from use or disposal determined by reference to the cash flows included in its most recent business plans.

In respect of the future expected cash flows used in this analysis, in view of the current difficult economic and financial situation, the various sectors of the Group have taken into consideration their expected performance for 2012, for which the assumptions and results are consistent with the statements made in the section – Significant events subsequent to the year end and outlook. In addition, for the plans of subsequent years they have made prudent revisions to their respective original plans to take account of a still difficult economic and financial situation, characterised by a level of uncertainty regarding economic activity, especially in the Euro zone. Future expected cash flows also consider the effects of the process for the strategic realignment of the manufacturing and commercial activities of Fiat with those of Chrysler, which accelerated further in 2011 following the acquisition of the control of Chrysler, as well as the realignment of certain minor activities. On the basis of these considerations, the Group recognised impairment losses in 2011 on goodwill, development costs and other tangible assets mainly in the sectors Fiat Group Automobiles, Comau, and Magneti Marelli (see Notes 14,15 and 16).

The estimates and assumptions used as part of that analysis reflect the current state of the Group's available knowledge as to the expected future development of the business of the various sectors and are based on a realistic assessment of the future development of the markets and the car industry, which remain subject to a high degree of uncertainty due to the continuation of the economic and financial crisis and its effects on that industry. Although current Group estimates do not indicate any other situations concerning possible impairment losses on non-current assets, any different developments in the economic environment or Group performance could result in amounts that differ from the original estimates, needing the carrying amount of certain non-current assets being adjusted.

Recoverability of deferred tax assets

At 31 December 2011, the Fiat Group had deferred tax assets on deductible temporary differences and theoretical tax benefits arising from tax loss carryforwards of €9,202 million, of which €4,363 million is not recognised in the financial statements. The corresponding totals for the Continuing Operations at 31 December 2010 were €5,212 million and €2,170 million, respectively. The Group has recorded these valuation allowances to reduce deferred tax assets to the amount that it believes it is probable will be recovered. In making these adjustments, management has taken into consideration figures from budgets and forecasts consistent with those used for impairment testing and discussed in the preceding paragraph relating to the recoverable amount of non-current assets. Moreover, the adjustments that have been recognised are considered to be sufficient to protect against the risk of a further deterioration of the assumptions in these forecasts, taking account of the fact that the net deferred assets accordingly recognised relate to temporary differences and tax losses which, to a significant extent, may be recovered over a very long period, and are therefore consistent with a situation in which the time needed to exit from the crisis and for an economic recovery to occur extends beyond the term implicit in the above-mentioned estimates.

Pension plans and other post-retirement benefits

Employee benefit liabilities with the related assets, costs and net interest expense are measured on an actuarial basis which requires the use of estimates and assumptions to determine the net liability or net asset. The actuarial method takes into consideration parameters of a financial nature such as the discount rate and the expected long term rate of return on plan assets, the growth rate of salaries and the growth rates of health care costs and the likelihood of potential future events by using demographic assumptions such as mortality rates, dismissal or retirement rates.

In particular, the discount rates selected are based on yields curves of high quality corporate bonds in the relevant market. The expected returns on plan assets are determined considering various inputs from a range of advisors concerning long-term capital market returns, inflation, current bond yields and other variables, adjusted for any specific aspects of the asset investment strategy. Salary growth rates reflect the Group's long-term actual expectation in the reference market and inflation trends. Trends in health care costs are developed on the basis of historical experience, the near-term outlook for costs and likely long-term trends. Changes in any of these assumptions may have an effect on future contributions to the plans.

As a result of adopting the corridor method for the recognition of the actuarial gains and losses arising from the valuation of employee benefit liabilities and assets (see the above paragraph - Employee benefits), the effects resulting from revising the estimates of the above parameters are not recognised in the statement of financial position and income statement when they arise. The disclosure of the effects of changes in estimates is discussed in Note 26.

Allowance for obsolete and slow-moving inventory

The allowance for obsolete and slow-moving inventory reflects management's estimate of the loss in value expected by the Group, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

Incentives

At the later of time of sale or the time an incentive is announced to dealers, the Group records the estimated cost of sales allowances in the form of dealer and customer incentives as a reduction of revenue. There are numerous types of incentives used in the Group, which may also depend on the time they are granted; for this reason several factors are used to estimate the amount of incentives and a change in any one of these factors could have a significant effect on the amount of revenue recognised.

Product warranties

The Group makes provisions for estimated expenses related to product warranties at the time products are sold. The estimate of the provision is based on historical information concerning the nature, frequency and average cost of warranty claims. The Group seeks to improve vehicle quality and minimise warranty expenses arising from claims.

Contingent liabilities

The Group makes a provision for pending disputes and legal proceedings when it is considered probable that there will be an outflow of funds and when the amount of the losses arising from such can be reasonably estimated. If an outflow of funds becomes possible but the amount cannot be estimated, the matter is disclosed in the notes. The Group is the subject of legal and tax proceedings 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 outflow of funds which will result from such disputes with any certainty. Moreover, the cases and claims against the Group often derive from complex and difficult legal issues which are subject to a different degree of uncertainty, including the facts and circumstances of each particular case, the jurisdiction and the different laws involved. In the normal course of business the Group monitors the stage of pending legal procedures and consults with legal counsel and experts on legal and tax matters. It is therefore possible that the provisions for the Group's legal proceedings and litigation may vary as the result of future developments of the proceedings in progress.

Accounting standards, amendments and interpretations applied since 1 January 2011

On 4 November 2009, the IASB issued a revised version of IAS 24 - *Related Party Disclosures* that simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. Application of this amendment did not have any significant effects on the measurement of items in the Group's financial statements and had only limited effects on the disclosures for related party transactions provided in these consolidated financial statements.

Accounting standards, amendments and interpretations effective from 1 January 2011 but not applicable to the Group

The following amendments, improvements and interpretations have also been issued and are effective from 1 January 2011; these relate to matters that were not applicable to the Group at the date of these consolidated financial statements but which may affect the accounting for future transactions or arrangements:

- *Financial Instruments: Presentation, Classification of Rights Issues:* an amendment to IAS 32;
- *Prepayments of a Minimum Funding Requirement:* an amendment to IFRIC 14;
- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments;*
- Improvements to IAS/IFRS (2010).

Accounting standards and amendments not yet applicable and not early adopted by the Group

Except for the amendments to IFRS 7 – *Financial Instruments: Disclosures* issued on 7 October 2011 described below, the European Union had not yet completed its endorsement process for these standards and amendments at the date of these consolidated financial statements.

- On 12 November 2009, the IASB issued a new standard IFRS 9 – *Financial Instruments* that was subsequently amended. This standard, having an effective date for mandatory adoption of 1 January 2015 retrospectively, represents the completion of the first part of a project to replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities. The new standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. The most significant effect of the standard regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. Under the new standard these changes are recognised in other comprehensive income and are not subsequently reclassified to profit or loss.
- On 20 December 2010, the IASB issued an amendment to IAS 12 – *Income Taxes* which clarify the accounting for deferred tax relating to investment properties measured at fair value. The amendment introduces the presumption that the carrying amount of deferred taxes relating to investment properties measured at fair value under IAS 40 will be recovered through sale. As a result of the amendments, SIC-21 – *Income Taxes – Recovery of Revalued Non-Depreciable Assets* no longer applies. These amendments are effective retrospectively from 1 January 2012.
- On 12 May 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements* replacing SIC-12 – *Consolidation - Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements* (subsequently reissued as IAS 27 - *Separate Financial Statements* which addresses the accounting treatment of investments in separate financial statements). The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is effective retrospectively from 1 January 2013.

- On 12 May 2011, the IASB issued IFRS 11 – *Joint Arrangements* superseding IAS 31 – *Interests in Joint Ventures* and SIC-13 – *Jointly-controlled Entities - Non-Monetary Contributions by Venturers.* The new standard provides the criteria for identifying joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form and requires a single method to account for interests in jointly-controlled entities, the equity method. The standard is effective retrospectively from 1 January 2013. Following the issue of the new standard, IAS 28 – *Investments in Associates* has been amended to include accounting for investments in jointly-controlled entities in its scope of application (from the effective date of the standard).
- On 12 May 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities*, a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles. The standard is effective for annual periods beginning after 1 January 2013.
- On 12 May 2011, the IASB issued IFRS 13 – *Fair Value Measurement,* clarifying the determination of the fair value for the purpose of the financial statements and applying to all IFRSs permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. The standard is effective prospectively from 1 January 2013.
- On 16 June 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements* requiring companies to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement. The amendment is applicable for periods beginning on or after 1 July 2012.
- On 16 June 2011, the IASB issued an amended version of IAS 19 – *Employee Benefits.* The amendments make improvements to the previous version by eliminating the option to defer the recognition of gains and losses, known as the "corridor method", and by requiring the whole of the fund's deficit or surplus to be presented in the statement of financial position, the components of cost relating to service and net interest to be recognised in profit or loss and actuarial gains and losses arising from the remeasurement of assets and liabilities at each balance sheet date to be recognised in other comprehensive income. In addition, the return on assets included in net interest costs must now be calculated using the discount rate applicable to liabilities and no longer the expected return on the assets. The amendments also introduce the requirement for additional disclosures to be provided in the notes. The amended version of IAS 19 is applicable on a retrospective basis from 1 January 2013.
- On 16 December 2011, the IASB issued certain amendments to IAS 32 – *Financial Instruments: Presentation* to clarify the application of certain offsetting criteria for financial assets and financial liabilities in IAS 32. The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively.
- On 16 December 2011, the IASB issued certain amendments to IFRS 7 – *Financial Instruments: Disclosures.* The amendments require information about the effect or potential effect of netting arrangements for financial assets and liabilities on an entity's financial position. Entities are required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The required disclosures should be provided retrospectively.

Finally, on 7 October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures.* The amendments will enable users of financial statements to improve their understanding of transfers ("derecognition") of financial assets, including an understanding of the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of a transfer transaction is undertaken at the end of a reporting period. Entities are required to apply the amendments for annual periods beginning on or after 1 July 2011. Application of this amendment is not expected to have any effects on the measurement of items in the financial statements.

Scope of consolidation

Fiat Demerger and Discontinued Operations

During 2010, the Group initiated and completed a strategic project to separate the Agricultural and Construction Equipment (CNH – Case New Holland sector) and Trucks and Commercial Vehicles (Iveco sector) activities, as well as the "Industrial & Marine" business line of FPT Powertrain Technologies (FPT Industrial sector), from the Automobile and Automobile-related Components and Production Systems activities, which include the sectors Fiat Group Automobiles, Maserati, Ferrari, Magneti Marelli, Teksid, Comau and the "Passenger & Commercial Vehicles" business line of FPT Powertrain Technologies ("Fiat Powertrain"). The separation of those businesses, in the form of their demerger from Fiat S.p.A. and transfer to Fiat Industrial S.p.A. (the "Demerger" – a S*cissione Parziale Proporzionale* pursuant to Article 2506-bis of the Italian Civil Code), resulted in the creation of the Fiat Industrial Group (consisting of CNH, Iveco and FPT Industrial – the "Discontinued Operations") on 1 January 2011. From that date until the date of the consolidation of Chrysler, which is discussed below, Fiat Group consisted of Fiat Group Automobiles, Maserati, Ferrari, Magneti Marelli, Fiat Powertrain, Teksid and Comau (the "Continuing Operations").

Since the Demerger became highly probable in December 2010, in accordance with IFRS 5 – *Non-current Assets held for Sale and Discontinued Operations* the businesses transferred to Fiat Industrial were qualified and presented as Discontinued Operations in the consolidated Financial Statements at 31 December 2010. Details of the methods used may be found in the Note – Fiat Demerger and Discontinued Operations, in the Consolidated financial statements at 31 December 2010. Key financial and income statement data for Discontinued Operations for the year ended at 31 December 2010 are presented in Note 23.

Further, as the Demerger is considered a "business combination involving entities or businesses under common control", it is outside the scope of application of IFRS 3 and IFRIC 17. It has accordingly been accounted for in the consolidated financial statements of Fiat Group in this Annual report without adjusting the carrying amounts of assets and liabilities.

Consolidated entities

The consolidated financial statements of the Fiat Group at 31 December 2011 include Fiat S.p.A. and 302 consolidated subsidiaries in which Fiat S.p.A., directly or indirectly, has a majority of the voting rights, and over which it exercises control or from which it is able to derive benefit by virtue of its power to govern their corporate financial and operating policies.

During 2011 there were the following main changes in the scope of consolidation, in addition to those relating to the above mentioned Demerger:

- TCA Tecnologia em Componentes Automotivos SA, a subsidiary in the Fiat Group Automobiles sector located in the Brazilian state of Pernambuco, was consolidated on a line-by-line basis from 1 January 2011.
- Comau (Kunshan) Automation Co. Ltd., a subsidiary in the Comau sector, was established during the first quarter of 2011 and is consolidated on a line-by-line basis.
- On 24 May 2011, Fiat acquired an additional 16% (on a fully-diluted basis[1]) of the capital of Chrysler Group LLC, ("Chrysler Group" or "Chrysler") increasing its interest to 46% (on a fully-diluted basis). As a result of the potential voting rights associated with options that became exercisable on that date, Fiat was deemed to have acquired control of Chrysler for purposes of consolidation under IAS 27 – *Consolidated and Separate Financial Statements*. Accordingly, Chrysler has been consolidated on a line-by-line basis by Fiat with effect from that date. Subsequently, on 21 July 2011 Fiat completed the purchase of the 6.031% and 1.508% fully-diluted ownership interests in Chrysler held by the U.S. Treasury and the Canadian Government respectively. As a result of these transactions, at 31 December 2011 Fiat holds 53.5% of Chrysler's outstanding equity (on a fully-diluted basis). The acquisition of control of Chrysler and the acquisition of the additional non-controlling interests are discussed below in the paragraph – Investment in Chrysler.
- On 29 June 2011, the acquisition of a 50% interest in VM Motori group was finalised; this is a joint venture with General Motors in the Fiat Powertrain sector specialising in the production of auto engines, industrial engines and spare parts. The interest has been consolidated using the equity method from that date.

(1) This percentage gives effect to the dilution of the Class A membership interests held by all members (including Fiat) arising from the occurrence of the final Performance Event (or "Class B Event") contemplated by the Chrysler Group Amended and Restated LLC Operating Agreement (the "Ecological Event"). The additional interest without giving effect to the final Class B Event is 17.23%, which will be diluted to 16% upon the occurrence of the Ecological Event.

The number of the Group's consolidated subsidiaries decreased by 184 during the year due to the Demerger and increased by 68 (of which 66 controlled by Chrysler) due to the listed acquisitions.

Excluded from consolidation are 77 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, 47 of these subsidiaries are accounted for using the cost method, and represent in aggregate 0.1% of total Fiat Group revenues, 0% of Fiat Group equity and 0.1% of total Fiat Group assets.

Interests in jointly controlled entities (51 companies, including 27 entities of the FGA Capital group) are accounted for using the equity method. Condensed financial information relating to the Group's pro-rata interest in these entities is as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Non-current assets	1,965	2,008
Current assets	9,242	8,744
TOTAL ASSETS	**11,207**	**10,752**
Debt	8,134	8,250
Other liabilities	1,595	1,096

(*) The amounts relate to Continuing Operations.

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:

(€ million)	2011	2010 (*)
Net revenues	4,703	4,422
Trading profit/(loss)	246	224
Operating profit/(loss)	234	220
Profit/(loss) before taxes	240	163
Profit/(loss)	143	127

(*) The amounts relate to Continuing Operations.

At 31 December 2011, 10 associates are accounted for using the equity method, while 23 associates, which in aggregate are of minor importance, are accounted for using the cost method. The main aggregate amounts related to the Group's interests in associates are as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Total assets	386	451
Liabilities	240	312

(*) The amounts relates to the Continuing Operations.

(€ million)	2011	2010 (*)
Net revenues	208	246
Net profit/(loss)	(4)	(1)

(*) The amounts relate to Continuing Operations and do not include the key IFRS amounts of the associate Chrysler Group LLC, which was consolidated on a line-by-line basis in 2011.

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

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Total assets	22	82
Liabilities	8	68

(*) The amounts relate to the Continuing Operations.

(€ million)	2011	2010 (*)
Net revenues	44	58
Net profit/(loss)	1	-

(*) The amounts relate to Continuing Operations.

Investment in Chrysler

Acquisition of control of Chrysler and subsequent acquisition of non-controlling interests

As discussed above, on 24 May 2011 (the "Acquisition date"), Fiat acquired an additional 16% (on a fully-diluted basis) of the ownership interest of Chrysler, increasing its interest to 46% (on a fully-diluted basis). As a result of the potential voting rights associated with options that became exercisable on that date, Fiat was deemed to have acquired control of Chrysler under IAS 27 – *Consolidated and Separate Financial Statements*. Accordingly, Chrysler has been consolidated on a line-by-line basis by Fiat with effect from that date (for practical purposes, 1 June 2011).

At 31 December 2010, Fiat held 200,000 Class B membership interests in Chrysler representing a 20% ownership interest. Those membership interests were granted to Fiat, pursuant to the Chrysler Group Amended and Restated LLC Operating Agreement, forming part of the broader strategic alliance entered into between Fiat and Chrysler in 2009, as consideration for technology contributed. No cash consideration was required under the agreement.

Under the Chrysler Group Amended and Restated LLC Operating Agreement, Fiat was granted the opportunity of increasing its ownership interest in Chrysler by a further 15% (with the number of Class B membership interests remaining unchanged at 200,000) subject to the occurrence of three specific events (the "Performance Events"). The Performance Events are as follows:

- Technology Event: regulatory approval to produce an engine in the U.S. based on Fiat's Fully Integrated Robotised Engine, or FIRE, family (or another engine agreed to by Fiat and the U.S. Treasury) and Chrysler Group's irrevocable commitment to begin commercial production of the engine;
- Distribution Event: Chrysler Group's (a) achievement of cumulative revenues, subsequent to 10 June 2009, of $1.5 billion or more attributable to sales outside the NAFTA Region, (b) execution of distribution agreement term sheets covering (i) at least 90% of Fiat Group Automobiles dealers in the European Union and providing for pooling of Chrysler Group vehicle fleets for EU CO2 emissions compliance and (ii) at least 90% of Fiat Group Automobiles dealers in Brazil, in each case pursuant to which such dealers will have the right to carry one or more Chrysler Group products, and (iii) execution of a technology license agreement that compensates Chrysler Group for use of its technology by Fiat outside of the NAFTA Region; and
- Ecological Event: requires the development of a vehicle by Chrysler Group based on a Fiat platform or vehicle technology that has a verified unadjusted combined fuel economy of at least 40 miles per gallon and Chrysler Group's irrevocable commitment to begin assembly of such a vehicle in commercial quantities in a production facility in the U.S.

Following the occurrence of the Technology Event and the Distribution Event, the rights associated with Fiat's Class B membership interests increased from 20% to 25% in January 2011 and to 30% in April 2011, respectively. Assignment of these additional ownership interests did not require payment of any cash consideration by Fiat or commitment to fund Chrysler in the future.

Under the organisational documents, Fiat was also granted the following additional call options on Class A membership interests in Chrysler that at the date of this document have been exercised or have lapsed:

- Alternative Call Option: At any time prior to 30 June 2016, Fiat was granted the option to acquire additional Class A membership interests in Chrysler Group in lieu of the interests to be acquired for the third Class B Event if such event had not yet occurred. This alternative call option ceased to have effect after the achievement of the Ecological Event in early January 2012.
- Incremental Equity Call Option: Pursuant to which Fiat was entitled to acquire additional Class A membership interests enabling it to increase its ownership interest in Chrysler by up to 16% (fully-diluted) in the aggregate. This option was only exercisable provided that the sum of the outstanding principal and unfunded commitments arising from the U.S. Treasury loans and the Export Development Canada loans did not exceed approximately $4 billion. The Incremental Equity Call Option was originally exercisable during the period from 1 January 2013 to 30 June 2016. However, Fiat could exercise the option prior to 1 January 2013 if the government loans referred to above were repaid in full. In addition, prior to full repayment of those loans Fiat's total ownership interest in Chrysler could not exceed 49.9%.
- UST Call Option: Pursuant to which Fiat was entitled to purchase the entire interest held in Chrysler by the U.S. Treasury, exercisable for a period of 12 months following the full repayment by Chrysler of the U.S. Treasury loans. Prior to a Chrysler Group Initial Public Offering ("IPO"), the exercise price was to be based on the equity value of Chrysler agreed between Fiat and the U.S. Treasury or, absent agreement, a price established by the average of the closest values determined by two of three investment banks appointed by the parties. If an IPO had occurred, the price was to be based on the trading price for Chrysler's common stock.

The price of the membership interests acquired in connection with the exercise of the Alternative Call Option or the Incremental Equity Call Option is dependent on whether or not a Chrysler Group IPO has been completed at the time the option is exercised. If a Chrysler Group IPO has not occurred, the exercise price for both of these options would be determined using a defined market-based multiple, not to exceed Fiat's multiple, applied to Chrysler Group's reported EBITDA for the most recent four quarters, less net industrial debt. If exercised contemporaneously with a Chrysler Group IPO, the exercise price for both options would be equal to the Chrysler Group IPO price. Subsequent to a Chrysler Group IPO, the exercise price would be determined by reference to a volume-weighted average price per share of Chrysler Group's common stock.

As described above on 24 May 2011 Fiat exercised the Incremental Equity Call Option concurrently with Chrysler's repayment of its loans to the U.S. Treasury and Export Development Canada which was achieved through Chrysler's refinancing in the market, the utilisation of available liquidity and the $1,268 million cash consideration Chrysler received from Fiat in connection with the subscription of 261,225 Class A membership interests, representing a 16% ownership interest in Chrysler on a fully-diluted basis, and increased its interest to 46% (on a fully-diluted basis). As a result of the potential voting rights associated with options that became exercisable on that date, Fiat was deemed to have acquired control of Chrysler under IAS 27 – *Consolidated and Separate Financial Statements*. Accordingly Chrysler has been consolidated on a line-by-line basis by Fiat with effect from that date.

On 21 July 2011, Fiat acquired all of the Class A membership interests in Chrysler Group held by the U.S. Treasury, which represented approximately 6.031% of the fully-diluted ownership interest in Chrysler Group, for cash consideration of $500 million. On that same date, Fiat also acquired the U.S. Treasury's rights under the Equity Recapture Agreement between the U.S. Treasury and the VEBA Trust in exchange for cash consideration of $75 million, $15 million of which was paid to the Canadian government pursuant to a separate arrangement between the U.S. Treasury and Canadian government.

On 21 July 2011, Fiat acquired all of the Class A membership interests in Chrysler Group held by the Canadian government, which represented approximately 1.508% of the fully-diluted ownership interest in Chrysler Group, for cash consideration of $125 million. As a result of these transactions Fiat's ownership interest in Chrysler Group at 31 December 2011 was 53.5% (on a fully-diluted basis). The acquisition of these additional non-controlling interests has been accounted for within equity.

Finally, in January 2012 Fiat announced that Chrysler had achieved the third and final Performance Event (the "Ecological Event") contemplated by the Chrysler Group Amended and Restated LLC Operating Agreement, increasing Fiat's ownership interest in Chrysler Group to 58.5%. The assignment of these additional ownership interests did not require Fiat to pay any cash consideration. The increase in the membership interest will be recognised in the consolidated financial statements of Fiat in 2012.

At the date of this Annual report Fiat holds the following options and rights:

- VEBA Trust Call Option: The VEBA Trust has granted Fiat a call option on a portion of the Class A membership interests held by the VEBA Trust. This call option is exercisable from 1 July 2012 to 30 June 2016, provided that it covers 40% of the current interests issued to the VEBA Trust and may be exercised for no more than 8% of such membership interests in any six month period. The determination of the exercise price of this option is the same described for the Alternative Call Option and for the Incremental Equity Call Option.
- The Equity Recapture Agreement: which provides Fiat the rights to the economic benefit associated with the membership interests held by the VEBA Trust once the VEBA trust receives proceeds, including certain distributions, in excess of $4.25 billion plus 9% per annum from January 1, 2010 ("Threshold Amount"). Once the VEBA Trust receives the Threshold Amount, any additional proceeds payable to the VEBA Trust for the Chrysler membership interest and any membership interest retained by the VEBA Trust are to be transferred to Fiat for no further consideration. In addition, Fiat has the right to acquire VEBA Trust's entire membership interest in Chrysler at a price equivalent to the specified Threshold amount, less any proceeds already received by the VEBA Trust on that interest (see the Note 32).

In accordance with paragraph AG81 of IAS 39 – *Financial Instruments: recognition and measurement,* both of these have been recognised in the Consolidated financial statements at cost, since (i) the variability in the range of reasonable fair value estimates is significant for these instruments and (ii) the probabilities that are used to weight the various estimates in the range of fair values cannot be reasonably established and used in estimating fair value.

Accounting effect of the acquisition of control

The acquisition of the control of Chrysler represents a business combination achieved in stages and falls under the scope of IFRS 3 - *Business Combinations.* The accounting treatment for the business combination is as follows (effects in dollars translated into Euros using the exchange rate of 1.4385 at the Acquisition date):

- the previously held 30% ownership interest in Chrysler initially recognised at zero by Fiat was remeasured at fair value at the date on which control was acquired and the resulting gain of €1,729 million ($2,487 million) has been recognised in profit or loss under Unusual income/(expense). For the purpose of establishing the fair value of Chrysler in order to calculate that gain, given that no active market price for Chrysler shares was available, in accordance with IFRS 3 it was deemed reasonable to use the equity value of $8,290 million (€5,763 million) for Chrysler implied in the price agreed between Fiat and the U.S. Treasury in early June 2011 for exercising the call option on the U.S. Treasury's 6.031% ownership interest (on a fully-diluted basis) in Chrysler. This value does not differ significantly from that obtained from the exercise price of the Incremental Equity Call Option;

- the identifiable assets acquired and identifiable liabilities assumed, as detailed below, have been measured at their acquisition date fair value, with the exception of certain contingent liabilities existing prior to acquisition whose value was not determinable, deferred taxes and certain obligations associated with employee benefits, all of which were recognised in accordance with the applicable standard, as required by IFRS 3; this measurement process has been completed in December 2011 as follows:

	At the Acquisition date	
	($ million)	(€ million)
ASSETS		
Intangible assets	5,059	3,517
Property, plant and equipment	13,863	9,637
Investments and other financial assets	435	302
Leased assets	331	230
Defined benefit plan assets	90	63
Deferred tax assets	65	45
Total Non-current assets	**19,843**	**13,794**
Inventories	5,651	3,928
Trade receivables	1,765	1,227
Receivables from financing activities	21	15
Current tax receivables	123	86
Other current assets	993	690
Current financial assets	127	88
Cash and cash equivalents	9,358	6,505
Total Current assets	**18,038**	**12,539**
Assets held for sale	-	-
Total assets acquired (a)	**37,881**	**26,333**
Provisions	14,159	9,843
Debt	13,659	9,495
Other financial liabilities	112	78
Trade payables	8,298	5,769
Current tax payables	21	15
Deferred tax liabilities	772	536
Other current liabilities	5,029	3,496
Liabilities held for sale	-	-
Total liabilities assumed (b)	**42,050**	**29,232**
Net assets acquired (liabilities assumed) (a)-(b)	**(4,169)**	**(2,899)**

During completion of the accounting for this acquisition in December 2011, the provisional amounts of deferred tax liabilities and net liabilities assumed reported in the Group's half-year report at 30 June 2011 and in the interim report at 30 September 2011 were reduced by $814 million (€567 million) to reflect the final determination of the deferred tax liabilities arising from the business combination, which took into account that Chrysler Group LLC is a limited liability company taxed as a partnership. In addition, certain amounts previously presented as Provisions and Other current liabilities were retrospectively reclassified for a more consistent representation of the items in the consolidated financial statements.

- Non-controlling interests of 54% on a fully-diluted basis, were recognised at €3,112 million ($4,477 million) at the Acquisition date, based on the above-stated equity value of Chrysler of $8,290 million (€5,763 million) in accordance with paragraph 19(a) of IFRS 3.

- Goodwill arising from the acquisition was determined at the end of the measurement period as follows:

		At the Acquisition date	
		($ million)	(€million)
Consideration paid for the acquisition of the additional 16% ownership interest	+	1,268	881
Fair value of the previously held ownership interest (30%)	+	2,487	1,729
Value attributed to non-controlling interests	+	4,477	3,112
Net assets acquired /(net liabilities assumed)	-	(4,169)	(2,899)
Goodwill	**=**	**12,401**	**8,621**

- The goodwill is primarily attributable to the favourable earnings expectations for Chrysler, set out in the 2010-2014 business plan presented in November 2009 by Chrysler and validated by subsequent results, in addition to synergies achievable through increased integration with Fiat. The final amount for goodwill reflects the above-mentioned measurement period adjustment of $814 million (€567 million) to the provisional amounts for deferred tax liabilities.
- Fiat's contractual right to receive an additional 5% ownership interest in Chrysler on the occurrence of the Ecological Event, previously recognised in the Consolidated financial statements at zero, was recognised under Other investments and financial assets at fair value at the date of acquisition of control. The resulting gain of €288 million ($415 million) has been recognised in the income statement as Unusual income/(expense). Fair value was also based on the above-stated fair value of Chrysler's equity of $8,290 million (€5,763 million).
- The consideration paid excludes costs relating to the acquisition of control totalling approximately €5 million, which have been recognised in profit or loss as Unusual income/(expense).
- The consideration paid for this acquisition and the related net cash flows were as follows:

	At the Acquisition date	
	($ million)	(€million)
Consideration paid	1,268	881
Consideration due	-	-
Total Consideration paid	**1,268**	**881**
Net cash outflows/(inflows) on acquisition:		
Consideration paid	1,268	881
Cash and cash equivalents acquired	(9,358)	(6,505)
Total Net cash outflows/(inflows) on acquisition	**(8,090)**	**(5,624)**

With respect of the amount of the identifiable assets acquired, the receivables, which principally consisted of trade receivables had a fair value of $1,765 million (€1,227 million) and had gross contractual amounts of $1,850 million (€1,286 million), of which $85 million (€59 million) were expected to be uncollectible.

Chrysler is subject to various legal proceedings, claims and governmental investigations pending on a wide range of topics, including: vehicle safety; emissions and fuel economy; dealer, supplier and other contractual relationships; intellectual property rights; and product warranties and environmental matters where the risk of loss is not probable. These contingent liabilities were not recognised as their acquisition date fair value could not be reliably measured due to the uncertainty in the timing and the amount, or ranges of amounts, at which these contingencies may ultimately be settled. Other matters, where the risk of loss is probable and the timing and amount of potential obligation is reliably estimable, have been recognised at their acquisition date fair value as a component of Provisions for risks and charges.

- Finally, in 2011 the acquired business contributed net revenues to Fiat Group of €22,465 million and a profit of €645 million (of which €291 attributable to non-controlling interests) respectively.
- Had the acquisition of control of Chrysler under IAS 27 taken place on 1 January 2011, assuming that Chrysler had also repaid its U.S. Treasury and Canadian government loans and completed the concurrent refinancing on that date, Fiat Group would have reported net revenues of approximately €75 billion and a Profit of approximately €2 billion in 2011.

Other acquisitions or disposals

No other significant subsidiaries were acquired or disposed of in 2011. As discussed above during the year the Group acquired certain non-controlling interests in Chrysler and the investment in the joint venture VM Motori with the following cash outflows:

	Purchased non-controlling interest (in %)	Cash outflows on acquisition (€ million)
Chrysler Group LLC	7.5%	(438)
VM Motori S.p.A.	50.0%	(34)

Finally, the Group disposed of certain minor investments during the year, including a minor subsidiary of the Ferrari sector that was classified as an asset held for sale during the third quarter of 2011 and the investment in Fiat Switzerland that was sold to the Fiat Industrial group.

For completeness it is recalled that in 2010, the Group acquired the following subsidiaries:

- the remaining 50% of the joint venture Fiat Powertrain Polska Sp. z. o.o. (formerly Fiat-GM Powertrain Polska), thereby obtaining 100% control. The 50% interest acquired was consolidated on a line-by-line basis effective 1 January 2010, leading to the recognition of a gain amounting to €10 million.
- In addition, in 2010 the Group acquired non-controlling interests in companies in which it already held control, leading to the recognition of the following cash outflows:

	Purchased non-controlling interest (in %)	Cash outflows on acquisition (€ million)
Ferrari S.p.A. following the exercise of the call option	5%	-
New Holland Kobelko Construction Machinery S.p.A.	6.919%	-
BMI (Itedi)	30%	(2)

Moreover, in 2010 the sale of Targa Rent S.r.l., a subsidiary of the Fiat Group Automobiles sector, was completed; this investment was already classified as assets held for sale at 31 December 2009.

Composition and principal changes

1. Net revenues

Net revenues may be analysed as follows:

(€ million)	2011 (*)	2010 (**)
Sales of goods	55,751	32,752
Rendering of services	2,140	2,163
Contract revenues	977	708
Lease instalments for assets sold with a buy-back commitment and for operating leases	255	45
Interest income from customers and other financial income of financial services companies	235	186
Other	201	25
Total Net revenues	**59,559**	**35,880**

(*) The amounts reported include seven months of operations for Chrysler.
(**) The amounts relate to Continuing Operations.

2. Cost of sales

Cost of sales comprises the following:

(€ million)	2011 (*)	2010 (**)
Costs of sales	50,556	30,611
Interest cost and other financial expenses from financial services companies	148	107
Total Cost of sales	**50,704**	**30,718**

(*) The amounts reported include seven months of operations for Chrysler.
(**) The amounts relate to Continuing Operations.

3. Selling, general and administrative costs

Selling costs amount to €3,264 million in 2011 (€1,812 million included in Profit/(loss) from Continuing Operations in 2010) and mainly consist of marketing, advertising, and sales personnel costs.

General and administrative costs amount to €1,783 million in 2011 (€1,144 million included in the Profit (loss) from Continuing Operations in 2010) and mainly consist of administration expenses which are not attributable to sales, manufacturing or research and development functions.

4. Research and development costs

In 2011, the breakdown of Research and development costs is as follows:

(€ million)	2011 (*)	2010 (**)
Research and development costs not recognised as assets	737	398
Amortisation of capitalised development costs	626	576
Write-down of costs previously capitalised	4	39
Total Research and development costs	**1,367**	**1,013**

(*) The amounts reported include seven months of operations for Chrysler.
(**) The amounts relate to Continuing Operations.

During 2011 the Group capitalised development costs of €1,438 million (€886 million capitalised from businesses included in the Continuing Operations in 2010).

5. Other income (expenses)
This item consists of income arising from trading operations which is not attributable to the sale of goods and services, 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.

6. Gains (losses) on the disposal of investments
Gains (losses) on the disposal of investments amount to a net gain of €21 million in 2011 and include, among others, the gain of €8 million arising from the disposal of the investment in Fiat Switzerland to the Fiat Industrial group. In 2010 gains on the disposal of investments for Continuing Operations amounted to €12 million and consisted mainly of the gain of €10 million arising from the acquisition of the remaining 50% of the joint venture Fiat GM Powertrain Polska.

7. Restructuring costs
Restructuring costs in 2011 amount to €102 million (€118 million in 2010) and mainly relate to the Fiat Group Automobiles sector for €78 million (€90 million in 2010) and Magneti Marelli sector for €16 million (€26 million in 2010).

8. Other unusual income (expenses)
Other unusual income amounts to €2,100 million in 2011. Of this, €1,729 million relates to the gain resulting from the measurement at fair value of the investment of 30% in Chrysler held before the acquisition of control and €288 million to the valuation of the right to receive an additional ownership interest of 5% following the occurrence of the Ecological Event, as discussed in the Section – Investment in Chrysler. In 2011, Other unusual income also includes a gain of €69 million on Other post-employment benefits arising from a plan amendment associated with a Chrysler legal services plan which will terminate in 2013.

Other unusual expenses, amounting to €1,075 million in 2011, includes €220 million relating to the revaluation of the inventories of Chrysler on initial consolidation as the consequence of measuring the identifiable assets acquired and identifiable liabilities assumed at fair value, this item was recognised as an expense in the income statement in June as a result of the rapid turnover of inventories. The amount of €855 million arising from the other sectors (mainly Fiat Group Automobiles) is principally the result of the process for the strategic realignment of the manufacturing and commercial activities of Fiat with those of Chrysler, which accelerated further following the acquisition of control, as well as the realignment of certain minor activities. Write-downs in the above-mentioned amount, which arise from the updating of the economic valuations and estimates made during the year, consist of the write-down of goodwill by €224 million and of development costs by €161 million as discussed in further detail in Note 15, and the write-down of certain other assets of €302 million as discussed in Note 16.

In 2010 Other unusual expenses included in Profit (loss) from Continuing Operations amounted to €14 million.

9. Financial income (expenses)
In addition to the items included in the specific lines of the income statement, Net financial income (expenses) in 2011 also includes the Interest income from customers and other financial income of financial services companies included in Net revenues for €235 million (€186 million in 2010 for Continuing Operations) and Interest cost and other financial charges from financial services companies included in Cost of sales for €148 million (€107 million in 2010 for Continuing Operations).

Reconciliation to the income statement is provided at the end of the following table.

(€ million)	2011 (*)	2010 (**)
Financial income:		
Interest income and other financial income	352	239
Interest income from customers and other financial income of financial services companies	235	173
Interest income receivables from Discontinued Operations	-	272
Gains on disposal of securities	2	10
Total Financial income	**589**	**694**
of which:		
Financial income, excluding financial services companies (a)	354	508
Interest cost and other financial expenses:		
Interest expense and other financial expenses	1,588	1,049
Interest expense payable to Discontinued Operations	-	45
Write-downs of financial assets	43	57
Losses on disposal of securities	11	12
Interest costs on employee benefits	96	50
Total Interest and other financial expenses	**1,738**	**1,213**
Net (income) expenses from derivative financial instruments and exchange rate differences	**46**	(198)
Total interest and other financial expenses, net (income) expenses from derivative financial instruments and exchange differences	**1,784**	**1,015**
of which:		
Interest cost and other financial expenses, effects resulting from derivative financial instruments and exchange rate differences, excluding financial services companies (b)	1,636	908
Net financial income (expenses) excluding financial services companies (a) – (b)	**(1,282)**	**(400)**

(*) The amounts reported include seven months of operations for Chrysler.
(**) The amounts relate to Continuing Operations.

Net financial expenses in 2011 (excluding the financial services companies) total €1,282 million. This amount includes the net financial expenses of Chrysler of €486 million (of which interest costs on employee benefit provisions of €54 million), and net financial expenses of €108 million arising from the equity swaps on Fiat S.p.A. and Fiat Industrial S.p.A. ordinary shares relating to certain stock option plans (for further details see Note 21). Net financial expense from Continuing Operations of €400 million in 2010 included net income of €117 million arising from equity swaps on Fiat shares relating to the above stock option plans.

Interest income and other financial income in 2011 include an income of €72 million calculated after the Demerger on the basis of market values and relating to the early repayment of the outstanding medium-term financial receivables due from the Fiat Industrial Group at 31 December 2011.

Interest income and other financial income may be analysed as follows:

(€ million)	2011 (*)	2010 (**)
Interest income from banks deposits	211	125
Interest income from securities	8	7
Commission income	-	1
Other interest income and financial income	133	106
Total Interest income and other financial income	**352**	**239**

(*) The amounts reported include seven months of operations for Chrysler.
(**) The amounts relate to Continuing Operations.

Interest cost and other financial expenses may be analysed as follows:

(€ million)	2011 (*)	2010 (**)
Interest expenses on bonds	818	668
Interest expenses on bank borrowing	249	126
Interest expenses on trade payables	5	3
Commission expenses	10	7
Other interest cost and financial expenses	506	245
Total Interest cost and other financial expenses	**1,588**	**1,049**

(*) The amounts reported include seven months of operations for Chrysler.
(**) The amounts relate to Continuing Operations.

10. Result from investments

In 2011 the net gain, amounting to €131 million (a net gain of €114 million was included in Profit (loss) from Continuing Operations in 2010), consists mainly of the Group's share of €146 million (€120 million in 2010) in the net profit or loss of investees accounted for using the equity method. In particular, the item includes (amounts in € million): Fiat Group Automobiles sector companies €146 (€131 in 2010), Magneti Marelli sector €-18 (€-5 in 2010) and other companies €3 (€-12 in 2010).

11. Income taxes

Income taxes recognised in the income statement consist of the following:

(€ million)	2011	2010 (*)
Current taxes:		
IRAP	72	71
Other taxes	519	558
Total Current taxes	591	629
Deferred taxes for the period:		
IRAP	(8)	(21)
Other taxes	(17)	(127)
Total Deferred taxes	(25)	(148)
Taxes relating to prior periods	(32)	3
Total Income taxes	**534**	**484**

(*) The amounts relate to Continuing Operations.

The decrease in the charge for current taxes in 2011 is due mainly to a decrease in the taxable profits of non-Italian companies, partially offset by increased taxes arising from the consolidation of Chrysler (€73 million).

The income for taxes relating to prior periods mainly relates to benefits arising from the favourable outcome of certain tax proceedings.

The effective tax rate of the Fiat Group for 2011 (excluding current and deferred IRAP) was 21.5% (61.5% in 2010 for *Continuing Operations*).

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:

(€ million)	2011	2010 (*)
Theoretical income taxes	**601**	**194**
Tax effect of permanent differences	1	108
Tax effect of non-taxable income recognised on the acquisition of control of Chrysler	(555)	-
Taxes relating to prior years	(32)	3
Effect of difference between foreign tax rates and the theoretical Italian tax rate	69	53
Effect of deferred tax assets not recognised in prior years	(181)	(25)
Effect of deferred tax assets not recognised and write-off of deferred tax assets	452	45
Other differences	115	56
Current and deferred income tax recognised in the financial statements, excluding IRAP	**470**	**434**
IRAP (current and deferred)	64	50
Current and deferred income tax recognised in the financial statements	**534**	**484**

(*) The amounts relate to Continuing Operations.

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, 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 27.5% in 2011 and in 2010) to profit/(loss) before taxes.

As shown in the reconciliation, in 2011 theoretical income taxes were affected by permanent differences of €1 million (€108 million in 2010 for Continuing Operations), which consist of the tax effect of non-deductible costs of €205 million (€131 million in 2010 for Continuing Operations) less the tax effect of non-taxable income of €204 million (€23 million in 2010 for Continuing Operations). In 2011 the tax effect of non-taxable income recognised on the acquisition of control of Chrysler arises from the fair value measurement of the 30% interest in Chrysler prior to the acquisition of control and the right to receive an additional 5%, as discussed in Note 8, which has not been recognised as it relates to temporary differences on the investment and other financial assets that are controlled by the Group whose reversal is not deemed to be probable in the foreseeable future. In addition, the difference between theoretical income taxes and the tax charge recognised in the financial statements includes €452 million (€45 million in 2010 for Continuing Operations) arising from unrecognised deferred tax assets on temporary differences and tax losses arising during the year and the write-down of deferred tax assets recognised in previous periods, partially offset by the recognition of deferred tax income of €181 million (€25 million in 2010 for Continuing Operations) on previously unrecognised deductible temporary differences and tax losses.

Other differences in the above reconciliation include unrecoverable withholding tax of €73 million (€74 million in 2010).

The deferred tax asset balance consists of the deferred tax assets less the deferred tax liabilities, where these may be offset, of the individual consolidated companies.

The amounts stated in the statement of financial position are as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Deferred tax assets	1,690	1,678
Deferred tax liabilities	(760)	(135)
Total	**930**	**1,543**

(*) The amounts relate to Continuing Operations.

The decrease of €613 million in net deferred tax assets is mainly due to the following:

- the change in the scope of consolidation arising from the acquisition of control of Chrysler and the subsequent acquisition of further membership interests in Chrysler, which led to the recognition of net deferred tax liabilities of €562 million;
- the recognition of deferred tax assets on the temporary differences and tax losses arising during the year less the effects arising from the recognition/write-off of deferred tax assets relating to prior years, amounting to €25 million;
- the direct recognition in equity of net deferred tax assets of €15 million.

Deferred tax assets, net of Deferred tax liabilities may be analysed by source as follows:

(€ million)	At 31 December 2010 (*)	Recognised in income statement	Charged to equity	Changes in the scope of consolidation	Translation differences and other changes	At 31 December 2011
Deferred tax assets arising from:						
Taxed provisions	1,509	93	-	1,367	128	**3,097**
Inventories	229	-	-	-	-	**229**
Taxed allowances for doubtful accounts	88	(1)	-	-	(2)	**85**
Provision for employee benefits	33	(22)	-	1,234	129	**1,374**
Intangible assets	404	15	-	-	-	**419**
Write-downs of financial assets	157	57	-	-	(2)	**212**
Measurement of derivative financial instruments	17	(4)	20	-	-	**33**
Other	194	22	-	300	22	**538**
Total Deferred tax assets	**2,631**	**160**	**20**	**2,901**	**275**	**5,987**
Deferred tax liabilities arising from:						
Accelerated depreciation	(266)	(284)	-	(1,068)	(115)	**(1,733)**
Deferred tax on gains on disposal	(150)	136	-	-	-	**(14)**
Capital investment grants	(4)	1	-	-	-	**(3)**
Provision for employee benefits	(16)	(3)	-	-	-	**(19)**
Capitalisation of development costs	(708)	(103)	-	-	11	**(800)**
Other	(355)	76	(5)	(946)	(110)	**(1,340)**
Total Deferred tax liabilities	**(1,499)**	**(177)**	**(5)**	**(2,014)**	**(214)**	**(3,909)**
Theoretical tax benefit arising from tax loss carryforwards	**2,581**	**510**	**-**	**94**	**30**	**3,215**
Adjustments for assets whose recoverability is not probable	**(2,170)**	**(468)**	**-**	**(1,543)**	**(182)**	**(4,363)**
Total Deferred tax assets, net of Deferred tax liabilities	**1,543**	**25**	**15**	**(562)**	**(91)**	**930**

(*) The amounts relate to Continuing Operations.

The decision to recognise Deferred tax assets is taken for each company in the Group by assessing critically whether the conditions exist for the future recoverability of such assets on the basis of updated figures from budgets and forecasts. Regarding the Italian entities, despite a tax loss for 2011 in the tax consolidation, the Group continued to recognise deferred tax assets on the basis of the future taxable income expected to arise in the Italian tax consolidation in the period considered and as a consequence of changes in Italian tax law in 2011 by which there is now no limit to the period for which the Group's prior year tax losses can be carried forward. Deferred tax assets arising from Italian companies amount to €1,033 million at 31 December 2011, decreased with respect to the balance at 31 December 2010 (€1,083 million).

The total theoretical future tax benefits arising from deductible temporary differences (€5,987 million at 31 December 2011 and €2,631 million at 31 December 2010) and tax loss carryforwards (€3,215 million at 31 December 2011 and €2,581 million at 31 December 2010) have been reduced by €4,363 million at 31 December 2011 and €2,170 million at 31 December 2010.

In particular, at 31 December 2011 Deferred tax assets, net of Deferred tax liabilities, include tax benefits arising from unused tax losses of €783 million (€1,012 million for Continuing Operations at 31 December 2010). At 31 December 2011, further tax benefits arising from unused tax losses amounting to €2,432 million have not been recognised. At 31 December 2010 the corresponding item for Continuing Operations was €1.569 million.

Deferred taxes have not been provided on the undistributed earnings of subsidiaries since the Fiat Group Post-Demerger and the Fiat Industrial 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 31 December 2011, together with the amounts for which deferred tax assets have not been recognised, analysed by year of expiry, are as follows:

		Year of expiry					
(€ million)	At 31 December 2011	2012	2013	2014	2015	Beyond 2015	Unlimited/ indeterminable
Temporary differences and tax losses relating to State taxation (IRES in the case of Italy):							
Deductible temporary differences	**17,843**	4,373	1,983	1,975	2,011	7,363	138
Taxable temporary differences	**(13,170)**	(1,803)	(1,419)	(1,327)	(1,242)	(5,796)	(1,583)
Tax losses	**11,150**	107	134	153	907	2,134	7,715
Temporary differences and tax losses for which deferred tax assets have not been recognised	**(14,261)**	(1,639)	(749)	(658)	(1,423)	(3,511)	(6,281)
Temporary differences and tax losses relating to State taxation	**1,562**	**1,038**	**(51)**	**143**	**253**	**190**	**(11)**
Temporary differences and tax losses relating to local taxation (IRAP in the case of Italy):							
Deductible temporary differences	**17,870**	3,521	2,363	2,323	2,278	7,340	45
Taxable temporary differences	**(13,417)**	(2,341)	(2,150)	(2,044)	(1,950)	(4,852)	(80)
Tax losses	**2,080**	11	26	16	612	760	655
Temporary differences and tax losses for which deferred tax assets have not been recognised	**(6,102)**	(478)	(407)	(378)	(955)	(3,237)	(647)
Temporary differences and tax losses relating to local taxation	**431**	**713**	**(168)**	**(83)**	**(15)**	**11**	**(27)**

12. Other information by nature

In 2011 the income statement includes personnel costs of €6,320 million (€4,767 million in 2010 for the Continuing Operations).

In 2011 the Fiat Group excluding Chrysler had an average of 140,216 employees, compared to an average of 135,081 during 2010 for Continuing Operations. Chrysler had an average of 55,188 employees during the period June-December 2011.

13. Earnings/(loss) per share

As explained in Note 24 below, Fiat S.p.A. share capital is represented by three different classes of shares (ordinary shares, preference shares and savings shares) which participate in dividends with different rights. In 2011 and in 2010 Profit or loss for the period attributable to each class of share is determined in accordance with the share's contractual dividend rights. For the purpose of the calculation of earnings per share, however, the amount of the dividends contractually due to each class of share on the theoretical total distribution of profit has been subtracted from the Profits attributable to the owners of the parent. The amount obtained in this way has then been divided by the weighted average number of outstanding shares during the year.

Payment of the proposed dividend is contingent upon approval by Shareholders in general meeting and has therefore not been recognised as a liability in the Group Consolidated financial statements at 31 December 2011.

The following table shows the Profit/(loss) attributable to owners of the parent and the Profit/(loss) attributable to each class of share and the weighted average number of outstanding shares for the Group for the two years presented:

		2011				2010			
		Ordinary shares	Preference shares	Savings shares	Total	Ordinary shares	Preference shares	Savings shares	Total
Profit/(loss) for the period attributable to owners of the parent	€ million				**1,334**				**520**
Preferred dividends declared for the period	€ million	-	23	17	**40**	-	32	25	**57**
Profit/(loss) attributable to all classes of shares	€ million	1,129	88	77	**1,294**	433	10	20	**463**
Profit/(loss) attributable to each class of shares	€ million	**1,129**	**111**	**94**	**1,334**	**433**	**42**	**45**	**520**
Weighted average number of shares outstanding	thousand	**1,054,007**	**103,292**	**79,913**	**1,237,212**	**1,053,679**	**103,292**	**79,913**	**1,236,884**
Basic Earnings/(loss) per share	€	**1.071**	**1.071**	**1.180**		**0.410**	**0.410**	**0.565**	

The following tables show the same amounts used in the determination of the earnings per share for Continuing Operations in 2010. These figures have been calculated by taking into account the dividend rights established for Fiat S.p.A. shares post-Demerger.

		Ordinary shares	Preference shares	Savings shares	Total
Profit/(loss) from Continuing Operations attributable to owners of the parent	€ million				**179**
Preferred dividends attributable for the period	€ million	-	23	17	**40**
Profit/(loss) attributable to ordinary and savings shares	€ million	137	-	2	**139**
Profit/(loss) attributable to each class of shares	€ million	**137**	**23**	**19**	**179**
Weighted average number of shares outstanding	thousand	**1,053,679**	**103,292**	**79,913**	**1,236,884**
Basic Earnings/(loss) per share – Continuing Operations	€	**0.130**	**0.217**	**0.239**	

For the purpose of calculating the diluted earnings per share for the two years, the average number of outstanding ordinary shares has been increased to also take into consideration the average number of dilutive potential ordinary shares which would be issued if all stock options or other similar rights were to be exercised. In 2011 all of Fiat S.p.A.'s stock option and stock grant plans had a dilutive effect on earnings per share. In 2010 no dilutive effects arose from the stock option plans granted by Fiat S.p.A. on its ordinary shares since the exercise price exceeded €10.25 per share (the average price of Fiat ordinary shares in 2010).

The figures used to determine diluted earnings per shares for the Fiat Group are as follows:

		2011				2010			
		Ordinary shares	Preference shares	Savings shares	Total	Ordinary shares	Preference shares	Savings shares	Total
Profit/(Loss) attributable to each class of shares	€ million	**1,129**	**111**	**94**	**1,334**	433	42	45	**520**
Weighted average number of shares outstanding	thousand	1,054,007	103,292	79,913	1,237,212	1,053,679	103,292	79,913	1,236,884
Number of shares deployable for stock option plans	thousand	9,677	-	-	9,677	5,936	-	-	**5,936**
Weighted average number of shares	thousand	**1,063,684**	**103,292**	**79.913**	**1,246,889**	**1,059,615**	**103,292**	**79,913**	**1,242,820**
Diluted Earnings/(loss) per share	€	**1.063**	**1.063**	**1.172**		**0.409**	**0.409**	**0.564**	

The figures used to determine diluted earnings per shares for the Continuing Operations in 2010 are as follows:

		2010			
		Ordinary shares	Preference shares	Savings shares	Total
Profit/(Loss) from Continuing Operations attributable to each class of shares	€ million	**137**	**23**	**19**	**179**
Weighted average number of shares outstanding	thousand	1,053,679	103,292	79,913	1,236,884
Number of shares deployable for stock option plans	thousand	5,936	-	-	5,936
Weighted average number of shares	thousand	**1,059,615**	**103,292**	**79,913**	**1,242,820**
Diluted Earnings/(loss) per share – Continuing Operations	€	**0.130**	**0.217**	**0.238**	

14. Goodwill and intangible assets with indefinite useful lives

In 2011 and 2010, changes in the gross carrying amount of Goodwill and intangible assets with indefinite useful lives were as follows:

(€ million)	At 31 December 2010 (*)	Additions	Change in the scope of consolidation	Impairment losses	Translation differences and other changes	At 31 December 2011
Gross amount	1,272	-	8,621	-	971	**10,864**
Accumulated impairment losses	(192)	-	-	(224)	(5)	**(421)**
Goodwill	1,080	-	8,621	(224)	966	**10,443**
Brands	3	-	2,489	-	278	**2,770**
Goodwill and intangible assets with indefinite useful lives	**1,083**	**-**	**11,110**	**(224)**	**1,244**	**13,213**

(€ million)	At 31 December 2009	Additions	Change in the scope of consolidation	Impairment losses	Translation differences and other changes	Reclassified to Discontinued Operations	At 31 December 2010 (*)
Gross amount	3,437	-	-	-	194	(2,359)	**1,272**
Accumulated impairment losses	(661)	-	-	-	(42)	511	**(192)**
Goodwill	2,776	-	-	-	152	(1,848)	**1,080**
Brands	165	-	-	-	12	(174)	**3**
Goodwill and intangible assets with indefinite useful lives	**2,941**	**-**	**-**	**-**	**164**	**(2,022)**	**1,083**

(*) The amounts relate to Continuing Operations.

The increases in Goodwill and Brands arise from the acquisition of the control of Chrysler and its subsequent consolidation.

Brands

Brands arise almost exclusively from the Chrysler sector. The amount of €2,770 million at 31 December 2011 mainly comprises the net carrying amount of the brands Chrysler, Dodge, Ram, Jeep and Mopar. These rights are protected legally through registration with government agencies and through the continuous use in commerce. As these rights have no legal, contractual, competitive or economic term that limits their useful lives, they were classified as intangible assets with indefinite useful lives.

The recoverable amount of brands is tested annually and the Group recognises an impairment loss if the carrying amount of the brand exceeds its fair value. For the purpose of impairment testing the Brands are allocated to the Chrysler cash-generating unit; the principal assumptions used in the calculation of the value in use of this cash generating unit are discussed below.

Goodwill

Goodwill is allocated to the Group's cash-generating units that are expected to benefit from synergies of the business combination that generate it. The net carrying amount of goodwill at 31 December 2011 is allocated as follows to different sectors.

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Chrysler	9,585	-
Ferrari	786	786
Components	51	121
Metallurgical Products	11	18
Fiat Group Automobiles	8	18
Fiat Powertrain	2	2
Production Systems	-	135
Goodwill	**10,443**	**1,080**

(*) The amounts relate to Continuing Operations.

In accordance with IAS 36 goodwill is not amortised and is tested for impairment annually or more frequently if facts or circumstances occur that indicate that the asset may be impaired. Impairment testing is performed by comparing the carrying amount and the recoverable amount of each cash-generating unit to which goodwill has been allocated. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The goodwill generated from the acquisition of Chrysler, representing approximately 92% of the Group's total goodwill at 31 December 2011, has been allocated, together with the Brands, to the cash-generating unit corresponding to the Chrysler sector. The estimate of the cash-generating unit's value in use for this purpose is based on the following assumptions:

- The expected future cash flows from Chrysler's 2010-2014 business plan, which was made public on 4 November 2009, and expected future cash flows for 2015 consistent with those projections. This business plan, whose 2010-2011 targets Chrysler has already achieved, and its further projection to 2015, represent management's best estimate of the future operating performance of the cash-generating unit during the period under consideration. These expected future cash flows relate to the cash-generating unit in its current condition and exclude any estimate of future cash flows that may arise from future restructuring plans or other structural changes.
- The expected future cash flows have been estimated in U.S. dollars, namely the currency in which the cash flows will be generated, taking into consideration the markets in which Chrysler principally operates, and then discounted using a discount rate appropriate for that currency.
- The expected future cash flows cover a 4 year period and include a normalised terminal value used to indicate a synthetic estimate of future results beyond the time period explicitly considered. Based upon the business environment in which Chrysler operates, a long-term growth rate of 2% to 3% is considered reasonable. However, for purposes of estimating value in use in this context, the terminal value has been calculated using a conservative long-term growth rate (g) assumption of 0%.
- As a basic assumption, post-tax expected future cash flows are discounted at a 9.7% post-tax discount rate, which reflects the current market assessment of the time value of money for the considered period and the risks specific to the cash-generating unit under consideration. The discount rate was calculated by referring to the weighted average cost of capital determined using the Capital Asset Pricing Model ("CAPM") technique in which the risk free rate has been calculated by referring to the yield curve of long-term U.S. government bonds and the beta coefficient and the debt/equity ratio have been extrapolated by analysing a group of comparable companies operating in the automotive sector. The Group also performed sensitivity analyses compared to this basic assumption assuming various scenarios of increasing risk premiums. Even when the discount rate was increased from 9.7% to 13% and the 0% long-term growth rate assumption was maintained, the recoverable amount of the cash-generating unit still exceeded the carrying amount.

For the Ferrari sector, the cash-generating unit corresponds to the sector as a whole and the expected future cash flows are the operating cash flows taken from the estimates included in the 2012 budget and the forecast for business performance, made in a prudent manner, taking account of the uncertainties of the global financial and economic situation, extrapolated for subsequent years by using the specific medium/long-term growth rate for the sector equal to 2%. These cash flows were then discounted using a post-tax discount rate of 8.7%. The recoverable amount of the cash-generating unit to which the Ferrari sector goodwill relates is significantly higher than its carrying amount; in addition, the exclusivity of the business, its historical profitability and its future earnings prospects indicate that this carrying amount will continue to be recoverable, even in the event of difficult economic and market conditions.

Finally, given that impairment indicators existed during the year, the Group tested the recoverability of the net carrying amount of certain goodwill allocated to the Pico, System, and Comau Mexico cash-generating units of the Comau sector and other minor cash-generating units of the Magneti Marelli, Fiat Group Automobiles and Metallurgical Products sectors. The recoverable amount was estimated by calculating their value in use, meaning the present value of an estimate of future cash flows based on operating cash flows derived from the respective 2010-2014 strategic plans, suitably revised by management to take account of expected developments and also the integration of Fiat with Chrysler, extrapolated to subsequent years and discounted using a rate substantially aligned with that used at 31 December 2010, which took into consideration the specific risk of the individual cash-generating units. These revised economic valuations and estimates led to the write-down of goodwill by €224 million, fully recognised in the income statement in 2011 under Other unusual income (expenses). The impairment loss recognised related to the Comau sector for €130 million, to the Magneti Marelli sector for €69 million and to the Fiat Group Automobiles sector for €17 million. In the Magneti Marelli and Teksid sectors the same impairment testing led to the write-down of assets included in Property, plant and equipment (see Note 16).

15. Other Intangible assets

In 2011 and 2010, changes in the gross carrying amount of Other intangible assets were as follows:

(€ million)	At 31 December 2010 (*)	Additions	Divestitures	Changes in the scope of consolidation	Translation differences and other changes	Reclassified to Assets held for sale	At 31 December 2011
Development costs externally acquired	3,116	681	(2)	-	46	-	**3,841**
Development costs internally generated	3,507	757	(12)	-	(136)	-	**4,116**
Total Development costs	6,623	1,438	(14)	-	(90)	-	**7,957**
Patents, concessions and licenses externally acquired	742	115	(35)	1,026	134	-	**1,982**
Other intangible assets externally acquired	583	50	(10)	(1)	(16)	-	**606**
Gross carrying amount	**7,948**	**1,603**	**(59)**	**1,025**	**28**	**-**	**10,545**

(*) The amounts relate to Continuing Operations.

(€ million)	At 31 December 2009	Additions	Divestitures	Changes in the scope of consolidation	Translation differences and other changes	Reclassified to Discontinued Operations	At 31 December 2010 (*)
Development costs externally acquired	3,343	357	(20)	-	18	(582)	**3,116**
Development costs internally generated	4,504	925	(8)	-	112	(2,026)	**3,507**
Total Development costs	7,847	1,282	(28)	-	130	(2,608)	**6,623**
Patents, concessions and licenses externally acquired	1,276	78	(3)	2	27	(638)	**742**
Other intangible assets externally acquired	921	98	(48)	3	39	(430)	**583**
Gross carrying amount	**10,044**	**1,458**	**(79)**	**5**	**196**	**(3,676)**	**7,948**

(*) The amounts relate to Continuing Operations.

In 2011 and in 2010 changes in accumulated amortisation and impairment losses were as follows:

(€ million)	At 31 December 2010 (*)	Amorti-sation	Impairment losses	Divesti-tures	Changes in the scope of consolidation	Translation differences and other changes	Reclassified to Assets held for sale	At 31 December 2011
Development costs externally acquired	1,989	270	38	-	-	(17)	-	2,280
Development costs internally generated	1,725	356	127	(11)	-	(40)	-	2,157
Total Development costs	3,714	626	165	(11)	-	(57)	-	**4,437**
Patents, concessions and licenses externally acquired	585	137	-	(29)	(7)	19	-	**705**
Other intangible assets externally acquired	382	50	1	(8)	1	(10)	-	**416**
Accumulated amortisation and impairment	**4,681**	**813**	**166**	**(48)**	**(6)**	**(48)**	**-**	**5,558**

(€ million)	At 31 December 2009	Amorti-sation	Impairment losses	Divesti-tures	Changes in the scope of consolidation	Translation differences and other changes	Reclassified to Discontinued Operations	At 31 December 2010 (*)
Development costs externally acquired	2,001	301	10	(19)	-	5	(309)	1,989
Development costs internally generated	2,253	434	32	(5)	-	75	(1,064)	1,725
Total Development costs	4,254	735	42	(24)	-	80	(1,373)	**3,714**
Patents, concessions and licenses externally acquired	917	118	-	(3)	1	11	(459)	**585**
Other intangible assets externally acquired	615	86	10	(48)	-	18	(299)	**382**
Accumulated amortisation and impairment	**5,786**	**939**	**52**	**(75)**	**1**	**109**	**(2,131)**	**4,681**

(*) The amounts relate to Continuing Operations.

In 2011 and in 2010 changes in the net carrying amount of Other intangible assets were as follows:

(€ million)	At 31 December 2010 (*)	Additions	Amorti-sation	Impairment losses	Divestitures	Change in the scope of consoli-dation	Translation diff. and other changes	Reclassified to Assets held for sale	At 31 December 2011
Development costs externally acquired	1,127	681	(270)	(38)	(2)	-	63	-	**1,561**
Development costs internally generated	1,782	757	(356)	(127)	(1)	-	(96)	-	**1,959**
Total Development costs	2,909	1,438	(626)	(165)	(3)	-	(33)	-	**3,520**
Patents, concessions and licenses externally acquired	157	115	(137)	-	(6)	1,033	115	-	**1,277**
Other intangible assets externally acquired	201	50	(50)	(1)	(2)	(2)	(6)	-	**190**
Net carrying amount	**3,267**	**1,603**	**(813)**	**(166)**	**(11)**	**1,031**	**76**	**-**	**4,987**

(€ million)	At 31 December 2009	Additions	Amorti-sation	Impairment losses	Divestitures	Change in the scope of consoli-dation	Translation diff. and other changes	Reclassified to Discontinued Operations	At 31 December 2010 (*)
Development costs externally acquired	1,342	357	(301)	(10)	(1)	-	13	(273)	**1,127**
Development costs internally generated	2,251	925	(434)	(32)	(3)	-	37	(962)	**1,782**
Total Development costs	3,593	1,282	(735)	(42)	(4)	-	50	(1,235)	**2,909**
Patents, concessions and licenses externally acquired	359	78	(118)	-	-	1	16	(179)	**157**
Other intangible assets externally acquired	306	98	(86)	(10)	-	3	21	(131)	**201**
Net carrying amount	**4,258**	**1,458**	**(939)**	**(52)**	**(4)**	**4**	**87**	**(1,545)**	**3,267**

(*) The amounts relate to Continuing Operations.

Additions of €1,603 million in 2011 relate to the sectors Fiat Group Automobiles, Chrysler and Magneti Marelli.

In 2011 the Group wrote-down certain development costs by €165 million. This was made necessary mainly by an assessment of the effects of a convergence towards the use of a reduced number of platforms common to Fiat and Chrysler, which were accelerated in the period following the acquisition of control of Chrysler. Of this amount, €4 million has been recognised as Trading profit/(loss) and €161 million as Other unusual income (expenses) in the income statement.

Foreign exchange gains of €72 million in 2011 principally reflect the appreciation of the US Dollar against the Euro, partially offset by the devaluation of the Brazilian Real and the Polish Zloty against the Euro. Foreign exchange gains of €100 million in 2010 principally reflect changes in the US Dollar and the Brazilian Real rates against the Euro.

The amortisation of development costs are reported in the income statement as Research and development costs.

16. Property, plant and equipment

In 2011 and 2010, changes in the gross carrying amount of Property, plant and equipment were as follows:

(€ million)	At 31 December 2010 (*)	Additions	Divestitures	Change in the scope of consolidation	Translation differences	Other changes	At 31 December 2011
Land	372	24	(10)	310	21	9	**726**
Owned industrial buildings	3,803	235	(27)	1,824	87	16	**5,938**
Industrial buildings leased under finance leases	60	-	(2)	-	-	(1)	**57**
Total Industrial buildings	3,863	235	(29)	1,824	87	15	**5,995**
Owned plant, machinery and equipment	23,738	1,456	(835)	3,201	(198)	849	**28,211**
Plant, machinery and equipment leased under finance leases	432	37	(111)	-	(3)	4	**359**
Total Plant, machinery and equipment	24,170	1,493	(946)	3,201	(201)	853	**28,570**
Other tangible assets	1,287	589	(194)	3,146	349	226	**5,403**
Advances and tangible assets in progress	961	1,584	(72)	1,201	122	(1,117)	**2,679**
Gross carrying amount	**30,653**	**3,925**	**(1.251)**	**9,682**	**378**	**(14)**	**43,373**

(€ million)	At 31 December 2009	Additions	Divestitures	Change in the scope of consolidation	Translation differences	Other changes	Reclassified to Discontinued Operations	At 31 December 2010 (*)
Land	612	2	(4)	-	14	(42)	(210)	**372**
Owned industrial buildings	5,307	99	(12)	14	161	186	(1,952)	**3,803**
Industrial buildings leased under finance leases	76	-	(1)	-	-	1	(16)	**60**
Total Industrial buildings	5,383	99	(13)	14	161	187	(1,968)	**3,863**
Owned plant, machinery and equipment	27,323	1,098	(551)	180	627	781	(5,720)	**23,738**
Plant, machinery and equipment leased under finance leases	356	107	-	-	1	17	(49)	**432**
Total Plant, machinery and equipment	27,679	1,205	(551)	180	628	798	(5,769)	**24,170**
Assets sold with a buy-back commitment	1,218	344	(139)	-	6	(262)	(1,167)	**-**
Other tangible assets	1,848	224	(195)	9	52	38	(689)	**1,287**
Advances and tangible assets in progress	1,393	730	(14)	7	50	(1,011)	(194)	**961**
Gross carrying amount	**38,133**	**2,604**	**(916)**	**210**	**911**	**(292)**	**(9,997)**	**30,653**

(*) The amounts relate to Continuing Operations.

In 2011 and 2010, Changes in accumulated depreciation and impairment losses were as follows:

(€ million)	At 31 December 2010 (*)	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Other changes	At 31 December 2011
Land	7	-	-	-	-	-	-	**7**
Owned industrial buildings	1,836	189	35	(12)	(1)	(44)	(4)	**1,999**
Industrial buildings leased under finance leases	13	2	-	(1)	-	-	-	**14**
Total Industrial buildings	1,849	191	35	(13)	(1)	(44)	(4)	**2,013**
Owned plant, machinery and equipment	18,150	1,640	281	(831)	13	(330)	20	**18,943**
Plant, machinery and equipment leased under finance leases	157	30	4	(85)	-	(1)	-	**105**
Total Plant, machinery and equipment	18,307	1,670	285	(916)	13	(331)	20	**19,048**
Other tangible assets	871	684	2	(89)	(1)	47	(4)	**1,510**
Advances and tangible assets in progress	18	-	1	-	-	-	(9)	**10**
Accumulated depreciation and impairment	**21,052**	**2,545**	**323**	**(1,018)**	**11**	**(328)**	**3**	**22,588**

(€ million)	At 31 December 2009	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Other changes	Reclassified to Discontinued Operations	At 31 December 2010 (*)
Land	9	-	2	(2)	-	1	(1)	(2)	**7**
Owned industrial buildings	2,561	182	59	(9)	7	74	15	(1,053)	**1,836**
Industrial buildings leased under finance leases	17	2	-	(1)	-	-	2	(7)	**13**
Total Industrial buildings	2,578	184	59	(10)	7	74	17	(1,060)	**1,849**
Owned plant, machinery and equipment	20,813	1,548	73	(542)	92	400	(8)	(4,226)	**18,150**
Plant, machinery and equipment leased under finance leases	120	44	-	-	-	1	5	(13)	**157**
Total Plant, machinery and equipment	20,933	1,592	73	(542)	92	401	(3)	(4,239)	**18,307**
Assets sold with a buy-back commitment	308	131	26	(76)	-	2	(95)	(296)	**-**
Other tangible assets	1,344	136	3	(99)	(2)	32	1	(544)	**871**
Advances and tangible assets in progress	16	-	4	-	-	-	(2)	-	**18**
Accumulated depreciation and impairment	**25,188**	**2,043**	**167**	**(729)**	**97**	**510**	**(83)**	**(6,141)**	**21,052**

(*) The amounts relate to Continuing Operations.

In 2011 and 2010, changes in the net carrying amount of Property, plant and equipment were as follows:

(€ million)	At 31 December 2010 (*)	Additions	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Other changes	At 31 December 2011
Land	365	24	-	-	(10)	310	21	9	**719**
Owned industrial buildings	1,967	235	(189)	(35)	(15)	1,825	131	20	**3,939**
Industrial buildings leased under finance leases	47	-	(2)	-	(1)	-	-	(1)	**43**
Total Industrial buildings	2,014	235	(191)	(35)	(16)	1,825	131	19	**3,982**
Owned plant, machinery and equipment	5,588	1,456	(1,640)	(281)	(4)	3,188	132	829	**9,268**
Plant, machinery and equipment leased under finance leases	275	37	(30)	(4)	(26)	-	(2)	4	**254**
Total Plant, machinery and equipment	5,863	1,493	(1,670)	(285)	(30)	3,188	130	833	**9,522**
Other tangible assets	416	589	(684)	(2)	(105)	3,147	302	230	**3,893**
Advances and tangible assets in progress	943	1,584	-	(1)	(72)	1,201	122	(1,108)	**2,669**
Net carrying amount	**9,601**	**3,925**	**(2,545)**	**(323)**	**(233)**	**9,671**	**706**	**(17)**	**20,785**

(€ million)	At 31 December 2009	Additions	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Other changes	Reclass.to Discontinued Operations	At 31 December 2010 (*)
Land	603	2	-	(2)	(2)	-	13	(41)	(208)	**365**
Owned industrial buildings	2,746	99	(182)	(59)	(3)	7	87	171	(899)	**1,967**
Industrial buildings leased under finance leases	59	-	(2)	-	-	-	-	(1)	(9)	**47**
Total Industrial buildings	2,805	99	(184)	(59)	(3)	7	87	170	(908)	**2,014**
Owned plant, machinery and equipment	6,510	1,098	(1,548)	(73)	(9)	88	227	789	(1,494)	**5,588**
Plant, machinery and equipment leased under finance leases	236	107	(44)	-	-	-	-	12	(36)	**275**
Total Plant, machinery and equipment	6,746	1,205	(1,592)	(73)	(9)	88	227	801	(1,530)	**5,863**
Assets sold with a buy-back commitment	910	344	(131)	(26)	(63)	-	4	(167)	(871)	**-**
Other tangible assets	504	224	(136)	(3)	(96)	11	20	37	(145)	**416**
Advances and tangible assets in progress	1,377	730	-	(4)	(14)	7	50	(1,009)	(194)	**943**
Net carrying amount	**12,945**	**2,604**	**(2,043)**	**(167)**	**(187)**	**113**	**401**	**(209)**	**(3,856)**	**9,601**

(*) The amounts relate to Continuing Operations.

Additions of €3,925 million in 2011 mainly relate to the Chrysler sector for the seven month period June-December 2011 and the sectors Fiat Group Automobiles, Magneti Marelli and Fiat Powertrain.

During 2011, the Group reviewed the recoverable amount of certain buildings, plant, machinery and industrial equipment as a result of the process of updating the economic valuations and estimates carried out during the year of certain assets in the Magneti Marelli and Teksid sectors, and recognised an impairment loss totalling €103 million, discussed in Note 14. The Fiat Group Automobiles sector recognised a further impairment loss of €200 million in connection with the above-mentioned process for the strategic realignment of manufacturing and commercial activities with Chrysler, classified as Other unusual income (expenses).

In 2011 the overall increase of €9,671 million in Change in the scope of consolidation mainly reflects the consolidation of Chrysler. In 2010 the overall increase of €113 million in this item mainly reflected the line-by-line consolidation of Fiat Powertrain Polska Sp.z o.o.

In 2011 exchange gains of €706 million reflect the appreciation of the US Dollar against the Euro from the end of May when Chrysler was consolidated for the first time, partially offset by the depreciation of the Brazilian Real and the Polish Zloty against the Euro. In 2010 exchange gains of €401 million principally reflect the appreciation of the US Dollar, the Brazilian Real and the Polish Zloty against the Euro.

In 2011 Other changes mainly consist of the reclassification of the prior year balances for Advances and tangible assets in progress to the respective categories when the assets were acquired and entered service.

At 31 December 2011, property, plant and equipment of the Fiat Group excluding Chrysler pledged as collateral for loans, which mainly relates to assets that are legally owned by suppliers but are recognised in the consolidated financial statements in accordance with IFRIC 4 with the corresponding recognition of a financial lease payable, were as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Land and industrial buildings of pledged as security for debt	50	128
Plant and machinery pledged as security for debt and other commitments	260	282
Other assets pledged as security for debt and other commitments	7	7
Property plant and equipment pledged as security for debt	**317**	**417**

(*) The amounts relate to Continuing Operations.

The amount of property plant and equipment of the Chrysler sector at 31 December 2011 is €11,050 million. Substantially all the property, plant and equipment of Chrysler Group LLC and its U.S. subsidiary guarantors are pledged as securities for Chrysler's outstanding debt.

At 31 December 2011, the Group had contractual commitments for the purchase of Property, plant and equipment amounting to €965 million (€697 million at 31 December 2010 for Continuing Operations).

17. Investments and other financial assets

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Investments in jointly controlled entities	1,400	1,323
Investments in associates	131	117
Investments in subsidiaries	48	25
Investments accounted for using the equity method	1,579	1,465
Investments at fair value with changes directly in other comprehensive income	116	17
Investments at fair value with changes in profit or loss	149	-
Investments at fair value	265	17
Investment in subsidiaries	18	48
Investments in associates	20	4
Investments in other entities	17	10
Investments measured at cost	55	62
Total Investments	**1,899**	**1,544**
Non-current financial receivables	334	62
Other securities and other financial assets	427	47
Total Investments and other financial assets	**2,660**	**1,653**

(*) The amounts relate to Continuing Operations.

Changes in Investments in 2011 are set out below:

(€ million)	At 31 December 2010 (*)	Revaluations/ (Write-downs)	Acquisitions and Capitalisations	Change in the scope of consolidation	Translation differences	Disposals and other changes	At 31 December 2011
Investments accounted for using the equity method	1,465	146	78	55	(38)	(127)	1,579
Investments at fair value	17	-	-	-	-	248	265
Investments measured at cost	62	(23)	1	3	(2)	14	55
Total Investments	**1,544**	**123**	**79**	**58**	**(40)**	**135**	**1,899**

(*) The amounts relate to Continuing Operations.

Revaluations/(Write-downs) include the share of the profit or loss of investees accounted for using the equity method and the impairment losses recognised during the period for investments measured at cost.

In 2011 Acquisitions and Capitalisations amount to €79 million (€132 million in 2010), of which €49 million relating to the capital increase made by the 50/50 jointly controlled entity GAC Fiat Automobiles Co. Ltd. and €7 million to the capital increase made by the 50/50 jointly controlled entity Fiat India Automobiles Limited.

Changes in the scope of consolidation include €35 million arising from the effects of accounting for V.M. Motori group, a joint venture acquired on 29 June 2011, using the equity method, and €26 million relating to other Chrysler investments.

Disposals and other changes, showing an increase of €135 million, mainly consist of a decrease of €105 million as the result of the distribution of dividends by companies accounted for using the equity method (€40 million by the joint venture Tofas-Turk Otomobil Fabrikasi Tofas A.S. and €50 million by the joint venture FGA Capital), the negative changes of €23 million in the cash flow hedge reserve of Tofas-Turk Otomobil Fabrikasi Tofas A.S., the reclassification of €368 million representing the proportion of the carrying amount of Treasury shares recognised as a reduction of Equity in order to recognised the Fiat Industrial S.p.A. shares arising from the Demerger and the negative adjustment of €95 million made to the investments measured at fair value. In 2010 the dividends received from Tofas-Turk Otomobil Fabrikasi Tofas A.S. and from FGA Capital amounted to €25 million and €26 million respectively. The changes in the cash flow hedge reserve of Tofas-Turk Otomobil Fabrikasi Tofas A.S. and FGA Capital were positive for €5 million and €3 million respectively.

Investments accounted for using the equity method

The item Investments accounted for using the equity method comprises the following:

	At 31 December 2011		At 31 December 2010 (*)	
	% of interest	(€ million)	% of interest	(€ million)
FGA Capital S.p.A.	**50.0**	**725**	50.0	700
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	**37.9**	**272**	37.9	304
GAC Fiat Automobiles Co. Ltd.	**50.0**	**108**	50.0	50
Società Europea Veicoli Leggeri-Sevel S.p.A.	**50.0**	**100**	50.0	99
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	**50.0**	**89**	50.0	95
VM Motori S.p.A.	**50.0**	**38**		
Fiat India Automobiles Limited	**50.0**	**23**	50.0	42
Other		**45**		33
Total Investments in jointly controlled entities		**1,400**		**1,323**
Rizzoli Corriere della Sera MediaGroup S.p.A.	**10.1**	**99**	10.1	101
Other		**32**		16
Total Investments in associates		**131**		**117**
Total Investments in subsidiaries		**48**		**25**
Total investments accounted for using the equity method		**1,579**		**1,465**

(*) The amounts relate to Continuing Operations.

Rizzoli Corriere della Sera MediaGroup S.p.A. is a listed company in which Fiat is one of the major shareholders, is represented on the Board of Directors and is a party to a shareholder 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 the company's most recent published financial statements, being its "Interim Management Statements at 30 September 2011", since those to be issued for 2011 will only be available after the publication of the consolidated financial statements of the Fiat Group.

At 31 December 2011, the stock market quotation of Investments in listed jointly controlled entities and listed associates is as follows:

(€ million)	Carrying value	Stock market quotation
Tofas -Turk Otomobil Fabrikasi Tofas A.S.	272	278
Rizzoli Corriere della Sera MediaGroup S.p.A.	99	52
Total Investments in listed jointly controlled entities and associates	**371**	**330**

Investments measured at fair value

At 31 December 2011, Investments at fair value with changes recognised directly in Other comprehensive income/(losses), include the investment in Fiat Industrial S.p.A. for €104 million, the investment in Fin. Priv. S.r.l. for €10 million (€14 million at 31 December 2010), and the investment in Assicurazioni Generali S.p.A. for €2 million (€3 million at 31 December 2010).

For the investment in Fiat Industrial S.p.A., on the Demerger, Fiat S.p.A. was allotted 38,568,458 ordinary shares in Fiat Industrial S.p.A., without consideration, corresponding to the number of Treasury shares it held. Following this allotment, the portion of the cost of Treasury shares recognised in equity and attributable to the Fiat Industrial S.p.A. shares, amounting to €368 million, was reclassified as an asset in the Statement of financial position. This allocation was calculated on the basis of the weighting of the stock market prices of Fiat and Fiat Industrial shares on the first day of quotation of the Fiat Industrial S.p.A. shares. At the same time, in accordance with IAS 39 and its interpretations, the investment was measured at fair value (€347 million) with a corresponding entry made to Earnings Reserves. The investment is being measured at fair value following initial recognition.

In addition, as described in Note 25, with regard to the changes made to the outstanding stock option and stock grant plans outstanding at 31 December 2010, following the Demerger there were 23,021,250 Fiat Industrial ordinary shares allotted to Fiat S.p.A. that will service the above-mentioned plans and were therefore considered linked to the liability for share-based payments recognised in the Statement of Financial Position as the result of changes to the plans (see Note 25). As a consequence, the portion of the fair value measurement of the Fiat Industrial S.p.A. shares attributable to the shares that will service the stock option and stock grant plans has been recognised in profit or loss, together with the effects of the remeasurement of the related liability. The remaining Fiat Industrial shares outstanding (15,627,208 shares at 1 January 2011) are measured at fair value with changes recognised directly in Other comprehensive income.

At 31 December 2011, the investment in Fiat Industrial S.p.A. consists of 38,215,333 ordinary shares (corresponding to 3.00% of the share capital of the company), amounting to €253 million, of which 22,556,875 shares of Fiat Industrial S.p.A. will service the stock option and stock grant plans and are therefore measured at fair value through profit or loss, for an amount of €149 million, and 15,658,458 shares are classified as available-for-sale and measured at fair value through in Other comprehensive income/(losses), for an amount of €104 million.

At the date of this Annual Report the number of Fiat Industrial S.p.A. shares which will service the stock option and stock grant plans was reduced by 4,000,000 due to the assignment to the Chief Executive Officer of the shares vested under the 2009 Stock Grant Plan (see Note 25). As a result, at that date the investment in Fiat Industrial S.p.A. consisted of 34,215,333 ordinary shares (corresponding to 2.7% of share capital).

Non-current financial receivables

Non-current financial receivables mainly consist of amounts held on deposit or otherwise pledged to secure obligations under various commercial agreements, as well as standby letters of credit and other agreements. The increase over 31 December 2010 is mainly due to the consolidation of Chrysler.

Other securities and other financial assets

Other securities and other financial assets include €321 million ($415 million) relating to the value of Fiat's contractual right to receive an additional 5% ownership interest in Chrysler upon the occurrence of the Ecological Event in early January 2012, and relating to the value of the contractual rights arising from the acquisition of the Equity Recapture Agreement for €58 million ($75 million).

18. Inventories

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Raw materials, supplies and finished goods	7,555	3,671
Assets sold with a buy-back commitment	1,394	637
Gross amount due from customers for contract work	174	135
Total Inventories	**9,123**	**4,443**

(*) The amounts relate to Continuing Operations.

At 31 December 2011, Raw material, supplies and finished goods amount to €7,555 million. Excluding the changes resulting from the initial consolidation of Chrysler, totalling €3,050 million, Inventories rose by €834 million during 2011 (€750 million at unchanged exchange rates) mainly in connection with the development of new production and sales activities in North America and Latin America.

At 31 December 2011, Inventories include those measured at net realisable value (estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale) amounting to €1,343 million (€1,482 million at 31 December 2010 for the Continuing Operations).

The amount of inventory write-downs recognised as an expense during 2011 is €528 million (€432 million in 2010 for Continuing Operations). Amounts recognised as income from the reversal of write-downs on items sold during the year were not significant.

The amount of inventories of the Chrysler sector at 31 December 2011 is €4,170 million. Substantially all of the inventories of Chrysler Group LLC and its U.S. subsidiary guarantors are pledged as securities for debt outstanding. There were no inventories pledged as security at 31 December 2011 for the Fiat Group excluding Chrysler.

The amount due from customers for contract work relates to the Comau sector and can be analysed as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	1,294	1,233
Less: Progress billings	(1,230)	(1,203)
Construction contracts, net of advances on contract work	**64**	**30**
Gross amount due from customers for contract work as an asset	174	135
Less: Gross amount due to customers for contract work as a liability included in Other current liabilities (Note 30)	(110)	(105)
Construction contracts, net of advances on contract work	**64**	**30**

(*) The amounts relate to Continuing Operations.

At 31 December 2011 and 2010, the amount of retentions by customers on contract work in progress was not significant.

19. Current receivables and Other current assets

The composition of the Current receivables and Other current assets is as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Trade receivables	2,625	2,259
Receivables from financing activities	3,968	2,866
Current tax receivables	369	353
Other current assets:		
Other current receivables	1,710	1,410
Accrued income and prepaid expenses	378	118
Total Other current assets	2,088	1,528
Total Current receivables and Other current assets	**9,050**	**7,006**

(*) The amounts relate to Continuing Operations.

The analysis by due date is as follows:

	At 31 December 2011				At 31 December 2010 (*)			
(€ million)	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	2,567	57	1	2,625	2,209	50	-	2,259
Receivables from financing activities	2,943	1,001	24	3,968	2,080	764	22	2,866
Current tax receivables	283	15	71	369	243	28	82	353
Other current receivables	1,340	351	19	1,710	1,200	197	13	1,410
Total Current receivables	**7,133**	**1,424**	**115**	**8,672**	**5,732**	**1,039**	**117**	**6,888**

(*) The amounts relate to Continuing Operations.

At 31 December 2011, Total Current receivables include receivables sold and financed through factoring transactions of €679 million (€533 million at 31 December 2010 for Continuing Operation) 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 statement of financial position as Asset-backed financing (see Note 28).

Trade receivables

Trade receivables amount to €2,625 million at 31 December 2011 (€2,259 million at 31 December 2010 for Continuing Operations). The total balance increased by €366 million over that at 31 December 2010.

Trade receivables are shown net of allowances for doubtful accounts of €329 million at 31 December 2011 (€290 million at 31 December 2010 for Continuing Operations). Changes in these allowances, which are calculated on the basis of historical losses on receivables, were as follows in 2011:

(€ million)	At 31 December 2010 (*)	Provision	Use and other changes	Change in the scope of consolidation	At 31 December 2011
Allowances for doubtful accounts	**290**	82	(43)	-	**329**

(*) The amounts relate to Continuing Operations.

The carrying amount of Trade receivables is considered in line with their fair value.

The amount of trade receivables of the Chrysler sector at 31 December 2011 is €667 million. Substantially all the trade receivables of Chrysler Group LLC and its U.S. subsidiary guarantors are pledged as securities for debt outstanding. For the Fiat Group excluding Chrysler, trade receivables of €1 million were pledged as security for loans obtained (€8 million at 31 December 2010 for Continuing Operations).

Receivables from financing activities

Receivables from financing activities include the following:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Dealer financing	2,360	1,724
Retail financing	1,107	731
Finance leases	310	243
Supplier financing	51	48
Financial receivables from jointly controlled financial services entities	21	12
Financial receivables from companies under joint control, associates and unconsolidated subsidiaries	61	49
Other	58	59
Total Receivables from financing activities	**3,968**	**2,866**

(*) The amounts relate to Continuing Operations.

Receivables from financing activities increased by €1,102 million over the period. Excluding translation exchange losses of €125 million (arising mainly from the devaluation of the Brazilian Real exchange rate against the Euro) and changes resulting from consolidation of Chrysler, totalling €15 million, the item increased by €1,212 million, due to the increase in financing activities of the Group's financial services companies outside Europe.

Financial receivables from jointly controlled financial services companies include current financial receivables due from the FGA Capital group.

Receivables from financing activities are shown net of an allowance for doubtful accounts determined on the basis of specific insolvency risks. At 31 December 2011, the allowance amounts to €101 million (€102 million at 31 December 2010 for Continuing Operations). Changes in the allowance accounts during the year are as follows:

(€ million)	At 31 December 2010 (*)	Provision	Use and other changes	At 31 December 2011
Allowance for receivables regarding:				
Retail financing	21	17	(4)	**34**
Finance leases	9	1	(1)	**9**
Dealer financing	26	12	(13)	**25**
Supplier financing	2	-	-	**2**
Other	44	-	(13)	**31**
Total allowance on Receivables from financing activities	**102**	**30**	**(31)**	**101**

(*) The amounts relate to Continuing Operations.

Finance lease receivables refer to vehicles leased out under finance lease arrangements by the Fiat Group Automobiles and Ferrari sectors. The interest rate implicit in the lease is determined at the contract date for the whole of the lease term and is in line with market rates. This item may be analysed as follows, gross of an allowance of €9 million at 31 December 2011 (€9 million at 31 December 2010):

	At 31 December 2011				At 31 December 2010 (*)			
(€ million)	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	110	216	9	335	75	177	6	258
Less: unrealised interest income	(5)	(11)	-	(16)	(3)	(2)	(1)	(6)
Present value of future minimum lease payments	**105**	**205**	**9**	**319**	**72**	**175**	**5**	**252**

(*) The amounts relate to Continuing Operations.

No contingent rents were recognised as finance leases during 2011 or 2010 and unguaranteed residual values at 31 December 2011 and 2010 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 payment terms range from two to six months.

The fair value of receivables from financing activities at 31 December 2011 amounts to approximately €3,956 million (€2,869 million at 31 December 2010 for Continuing Operations). These fair values have been calculated using a discounted cash flow method based on the following discount rates, adjusted where necessary to take account of the specific insolvency risk of the underlying financial instrument.

(In %)	EUR	USD	GBP	CAD	AUD	BRL	PLN
Interest rate for six months	1.62	0.81	1.38	1.45	4.43	10.16	5.00
Interest rate for one year	1.95	1.13	1.87	1.65	3.88	10.04	4.88
Interest rate for five years	1.73	1.23	1.57	1.46	4.31	10.74	4.81

Other current assets

At 31 December 2011, Other current assets mainly consist of Other tax receivables for VAT and other indirect taxes of €848 million (€765 million at 31 December 2010 for Continuing Operation), Receivables from employees of €51 million (€44 million at 31 December 2010 for Continuing Operation) and Accrued income and prepaid expenses of €378 million (€118million at 31 December 2010 for Continuing Operation). At 31 December 2010 this item also included €88 million due from the tax authorities relating to eco-incentives in Italy.

The carrying amount of Other current assets is considered to be in line with fair value.

20. 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:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Current securities available-for-sale	52	38
Current securities held for trading	147	147
Total Current securities	**199**	**185**

(*) The amounts relate to Continuing Operations.

21. Other financial assets and Other financial liabilities

This item refers to derivative financial instruments and in particular to their measurement at fair value at the balance sheet date and to any cash collateral.

	At 31 December 2011		At 31 December 2010 (*)	
(€ million)	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges				
Interest rate risk - Interest rate swaps	216	-	226	(7)
Interest rate and currency risk - Combined interest rate and currency swaps	1	(2)	15	-
Total Fair value hedges	217	(2)	241	(7)
Cash flow hedges				
Currency risks - Forward contracts, Currency swaps and Currency options	91	(258)	81	(109)
Interest rate risk - Interest rate swaps	-	(5)	56	(78)
Interest rate and currency risk - Combined interest rate and currency swaps	-	-	5	-
Commodity price risk – Commodity swap	1	(42)	2	-
Total Cash flow hedges	92	(305)	144	(187)
Derivatives for trading	174	(122)	131	(61)
Fair value of derivative instruments	**483**	**(429)**	**516**	**(255)**
Cash collateral	74	-	-	-
Other financial assets/(liabilities)	**557**	**(429)**	**516**	**(255)**

(*) The amounts relate to Continuing Operations.

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 derivatives hedging commodity price risk is determined by using the discounted cash flow method, taking market parameters at the balance sheet date where available (and in particular the future price of the underlying and interest rates).
- the fair value of equity swaps is determined using market prices at the balance sheet date;

The overall change in Other financial assets from €516 million at 31 December 2010 to €557 million at 31 December 2011 and in Other financial liabilities from €255 million at 31 December 2010 to €429 million at 31 December 2011 is mostly due to fluctuations in exchange rates, in interest rates and in commodity prices during the year, and to the change in the scope of consolidation arising from the acquisition of Chrysler and the change in fair value of the equity swaps on Fiat S.p.A. and Fiat Industrial S.p.A. ordinary shares.

As this item consists principally of hedging derivatives financial instruments, the change in their value is compensated by the change in the value of the hedged item.

Derivatives for trading consist principally of the following types:

- derivative contracts entered for hedging purposes which do not qualify for hedge accounting;
- derivatives (equity swaps) on Fiat S.p.A. and Fiat Industrial S.p.A. shares which are described below;
- an embedded derivative in a bond issue in which the yield is determined as a function of trends in the inflation rate and related hedging derivative, which converts the exposure to floating rate. The total value of the embedded derivative is offset by the value of the hedging derivative.

The cash collateral relates to Chrysler derivative contracts.

At 31 December 2011, the notional amount of outstanding derivative financial instruments is as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Currency risk management	10,279	8,183
Interest rate risk management	8,407	9,407
Interest rate and currency risk management	652	1,005
Price risk commodity management	690	12
Other derivative financial instruments	168	218
Total notional amount	**20,196**	**18,825**

(*) The amounts relate to Continuing Operations.

At 31 December 2011, the notional amount of Other derivative instruments consists of:

- For €154 million (€204 million at 31 December 2010) the notional amount of four equity swaps, renewed in 2011 and expiring in 2012, arrange to hedge the risk of an increase in the prices of Fiat S.p.A. and Fiat Industrial S.p.A. shares above the exercise price of the stock options granted to the Chief Executive Officer in 2004 and 2006 (see Note 25). The notional amount is linked to the vested stock options. At 31 December 2011, the equity swaps have a total positive fair value of €18 million (a positive fair value of €115 million at 31 December 2010). 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 €14 million (€14 million at 31 December 2010), the notional amount of the derivative embedded in a bond with a return linked to inflation rates, as well as the notional amount of the related hedging derivative, which converts the exposure to floating rate.

The following table provides an analysis by due date of outstanding derivatives financial instruments at 31 December 2011 based on their notional amounts:

	At 31 December 2011			
(€ million)	within one year	due between one and five years	due beyond five years	Total
Currency risk management	9,272	1,007	-	**10,279**
Interest rate risk management	3,277	3,380	1,750	**8,407**
Interest rate and currency risk management	-	-	652	**652**
Price risk commodity management	641	49	-	**690**
Other derivative financial instruments	154	-	14	**168**
Total notional amount	**13,344**	**4,436**	**2,416**	**20,196**

Cash flow hedges

The effects recognised in profit or loss mainly relate to currency risk management and, to a lesser extent, to hedges regarding commodity price risk management and the cash flows that are exposed to an interest rate risk.

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, be hedged. 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, mainly during the following year.

The interest rate and currency derivatives treated as cash flow hedges were entered into by the North American treasury for the purpose of hedging the bond issued in Euros and maturing in 2017; the amount recorded in the cash flow hedge reserve will be recognised in income according 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 the 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 other comprehensive income 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 Other comprehensive income 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 other comprehensive income is recognised in profit or loss immediately.

In respect of derivative financial instruments, in 2011 the Group reclassified gains of €13 million (losses of €168 million in 2010 for Continuing Operations), net of the tax effect, from other comprehensive income to profit or loss. These items are reported in the following lines:

(€ million)	2011	2010 (*)
Currency risk		
Increase (Decrease) in Net revenues	65	(64)
Decrease (Increase) in Cost of sales	(36)	(83)
Financial income (expenses)	(19)	(19)
Result from investments	23	(5)
Interest rate risk		
Decrease (Increase) in Cost of sales	(4)	(8)
Result from investments	(5)	(7)
Financial income (expenses)	(2)	(5)
Commodities price risk		
Decrease (Increase) in Cost of sales	(3)	5
Taxes income (expenses)	(3)	37
Ineffectiveness - overhedges	(3)	(19)
Total recognised in the income statement	**13**	**(168)**

(*) The amounts relate to Continuing Operations.

The ineffectiveness of cash flow hedges was not material in 2011 or 2010.

In 2011 there was an overall negative economic effect of €3 million (negative effect of €19 million in 2010 from hedges of assets and liabilities relating to Continuing Operation) which subsequently turned out to be in excess of the future flows being hedged (overhedges).

Fair value hedges

The gains and losses arising from the valuation of interest rate and currency derivatives financial instruments (mostly for managing currency risk) and interest rate derivatives (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:

(€ million)	2011	2010 (*)
Currency risk		
Net gains (losses) on qualifying hedges	(19)	(50)
Fair value changes in hedged items	19	50
Interest rate risk		
Net gains (losses) on qualifying hedges	24	15
Fair value changes in hedged items	(26)	(15)
Net gains (losses)	**(2)**	**-**

(*) The amounts relate to Continuing Operations.

The ineffective portion of transactions treated as fair value hedges was a negative amount of 2 million in 2011 (in 2010 not significant for Continuing Operations).

22. Cash and cash equivalents

At 31 December 2011 Cash and cash equivalent amounts to €17,526 million, of which €7,420 million relating to Chrysler, and consist of:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Cash at banks (**)	9,383	8,417
Money market securities	8,143	3,550
Total Cash and cash equivalents	**17,526**	**11,967**

(*) The amounts relate to Continuing Operations.
(**) Includes bank deposits which may be used exclusively by Group companies entitled to perform specific operations (cash with a pre-determined use) amounting to 1 million euros at 31 December 2011 (10 million euros at 31 December 2010).

Amounts shown are readily convertible into cash and are subject to an insignificant risk of changes in value, and consist of balances spread across various primary national and international banking institutions, liquid funds and other money market instruments.

The carrying amount of cash and cash equivalents is in line with their fair value at the balance sheet date.

23. Assets and liabilities held for sale and Discontinuing Operations

Assets and liabilities held for sale at 31 December 2011 include the investment in a small company in Brazil, which was classified as held for sale on acquisition, together with certain properties allocated to the Other businesses.

In addition to the above mentioned investment, at 31 December 2010 Assets and liabilities held for sale and Discontinued Operations included certain properties of the Fiat Group Automobiles sector and the assets and liabilities of businesses transferred to the Fiat Industrial Group through the Demerger, as described in the Section – Fiat Demerger and Discontinued Operations. These assets and liabilities were classified and presented as Discontinued Operations in the Fiat Group's Consolidated Financial Statements for the year ended 31 December 2010. Details of the methods used to prepare that statement in accordance with IFRS 5 may be found in the paragraph – Fiat Demerger and Discontinued Operations in those statements.

The items included in Assets and Liabilities held for sale may be summarised as follows:

(€ million)	At 31 December 2011	At 31 December 2010
Property, plant and equipment	6	3
Investments and other financial assets	60	65
Total Assets held for sale	**66**	**68**
Assets classified as Discontinued Operations	**-**	**34,786**
Total Liabilities held for sale	**-**	**-**
Liabilities classified as Discontinued Operations	**-**	**29,920**

Key financial and income statement data for Discontinued Operations for the period ended at 31 December 2010 are as follows:

(€ million)	At 31 December 2010
Total non-current assets	10,029
Total current assets	24,746
Total assets	**34,786**
Liabilities	**29,920**

(€ million)	2010
Net revenues	21,342
Operating profit/(loss)	**1,017**
Profit/(loss) before taxes	**576**
Income taxes	198
Profit/(loss) for the period	**378**

24. Equity

Consolidated equity at 31 December 2011 decreased by €201 million over 31 December 2010, due principally to the Demerger for €4,533 million, a decrease of €152 million resulting from the distribution of dividends by Fiat S.p.A. and a decrease totalling €509 million arising from exercising the UST Call Option on the 6.031% fully-diluted ownership interest in Chrysler and the acquisition of the 1.508% fully-diluted ownership interest in Chrysler held by the Canadian government. These decreases were partially offset by the recognition, at the date of the acquisition of control, of the non-controlling interests of Chrysler amounting to €3,112 million (see the paragraph – Investment in Chrysler) and by the profit for the period of €1,651 million.

Share capital

At 31 December 2011, fully paid-up share capital amounts to €4,466 million (€6,377 million at 31 December 2010). As a result of the Demerger, on 1 January 2011 the share capital of Fiat S.p.A. decreased by €1,913 million. This took place through a reduction in par value, for all share classes, from €5.00 per share to €3.5 per share. The reduction in par value of Fiat S.p.A. shares was a consequence of the issue of shares of Fiat Industrial S.p.A. for no consideration (at a par value of €1.5 each), equivalent in number to the Fiat S.p.A. shares outstanding in each class at the Demerger date. These newly issued shares were allotted to Fiat S.p.A. shareholders on the basis of one share for each share of the same class in Fiat S.p.A. already held.

The share capital of Fiat S.p.A. is as follows:

(number of shares)	At 31 December 2011	At 31 December 2010
Ordinary shares	1,092,680,610	1,092,247,485
Preference shares	103,292,310	103,292,310
Savings shares	79,912,800	79,912,800
Total shares issued	**1,275,885,720**	**1,275,452,595**

The following table provides reconciliation between the number of shares outstanding at 31 December 2009 and the number outstanding at 31 December 2011:

(number of shares in thousands)	At 31 December 2009	Capital increase	(Purchases)/ Sales of treasury shares	At 31 December 2010	Capital increase	(Purchases)/ Sales of treasury shares	At 31 December 2011
Ordinary shares issued	1,092,247	-	-	1,092,247	434	-	**1,092,681**
Less: Ordinary treasury shares	(38,568)	-	-	(38,568)	-	-	**(38,568)**
Ordinary shares outstanding	1,053,679	-	-	1,053,679	434	-	**1,054,113**
Preference shares issued	103,292	-	-	103,292	-	-	**103,292**
Savings shares issued	79,913	-	-	79,913	-	-	**79,913**
Total Shares issued by Fiat S.p.A.	**1,275,452**	**-**	**-**	**1,275,452**	**434**	**-**	**1,275,886**
Less: Treasury shares	**(38,568)**	**-**	**-**	**(38,568)**	**-**	**-**	**(38,568)**
Total Fiat S.p.A. outstanding shares	**1,236,884**	**-**	**-**	**1,236,884**	**434**	**-**	**1,237,318**

During 2011, the number of shares issued by Fiat S.p.A. increased by 433,125 and share capital increased by €2 million as certain managers exercised the options granted to them under the November 2006 stock option plan.

On 22 February 2012, the Board of Directors of Fiat S.p.A. voted to submit a proposal to Shareholders (in the extraordinary session of the General Meeting called for 4 April 2012) for the conversion of the Company's preference and savings shares into Fiat S.p.A. ordinary shares at a ratio of 0.850 ordinary shares per preference share and 0.875 ordinary shares per savings share, thus confirming it resolution adopted on 27 October 2011. Preference shares and savings shares would retain all rights with respect to allocation of 2011 profit. The ordinary shares resulting from the conversions would be eligible for dividends from January 2012. The proposals will also be submitted to holders of preference and savings for approval at the respective special meetings on April 2nd (first call) or April 6th (second call). If each of the proposed conversions is approved by Shareholders in the extraordinary session of the General Meeting and the respective Special Meetings, any holders of preference and savings shares not voting in favour (i.e., absent, abstaining or dissenting) will have the right to redeem their shares for a period of fifteen days from the date the resolutions are filed with the Companies Register. The redemption amount payable will be €3.317 per preference share and €3.458 per savings share. As established by law, those values correspond to the average closing price recorded by Borsa Italiana for the 6 months prior to publication of the notice calling the meetings. Conversion of each class of shares, or even of one share class independently from the other, will only take place if the amount payable by the Company as a result of shareholders exercising their right of withdrawal does not exceed a maximum of €56 million for preference shares and a maximum of €44 million for savings shares. In any event, the total amount payable by the Company as a result of shareholders exercising their right of withdrawal may not exceed €100 million.

Should conversion of one or both classes of shares be approved, the par value of the Company's ordinary shares will increase. The new par value will be determined by dividing total share capital by the number of shares in issue post conversion, rounded up to the nearest cent. The resulting increase will be covered through utilization of the share premium reserve up to a maximum amount of €10.9 million. If conversion is approved for both classes of special shares, par value per ordinary share will increase from €3.50 to €3.58. If preference shares only are converted, par value per ordinary and savings share would increase from €3.50 to €3.55. If savings shares only are converted, par value per ordinary and preference share would increase from €3.50 to €3.53.

As a result of the above-mentioned reduction in par value per share for all share classes pursuant to the Demerger, the distribution entitlement for each class of shares was adjusted on a pro rata basis. The allocation of the annual profit of Fiat S.p.A. as stated in its annual separate financial statements is currently as follows:

- to the legal reserve, 5% of net profit until the amount of the reserve is equal to one-fifth of share capital;
- to savings shares, a dividend of up to €0.217 per share;
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or to retained profit reserve as may be resolved by Shareholders;
- to preference shares, a dividend of up to €0.217 per share;
- to ordinary shares, a dividend of up to €0.1085 per share;
- to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.1085 per share;
- to each ordinary, preference and savings share, in equal amounts, any remaining profit, which Shareholders may resolve to distribute.

When the dividend paid to savings shares in any year amounts to less than €0.217, the difference shall be added to the preferred dividend to which they are entitled in the following two years.

In the event that savings shares are delisted, any bearer shares shall be converted into registered shares with entitlement to a dividend that is €0.1225, rather than €0.1085, higher than the dividend paid on ordinary and preference shares.

In the event that the ordinary shares are delisted, holders of savings shares shall be entitled to a dividend that is €0.140 higher than the dividend paid on ordinary and preference shares.

In the event of a winding-up, the Company's assets shall be distributed in the following order of priority: repayment of savings shares up to their par value, repayment of preference shares up to their par value, repayment of ordinary shares up to their par value; any balance remaining, in an equal pro rata amount to shares of all three classes.

Policies and processes for managing capital
Italian laws and regulations regarding the share capital and reserves of a joint stock corporation establish the following:

- the minimum share capital is €120,000;
- any change in the amount of share capital must be approved in a general meeting by shareholders who may delegate powers to the Board of Directors to increase share capital up to a predetermined amount for a maximum period of five years; the general meeting of shareholders is also required to adopt suitable measures when share capital decreases by more than one third as the result of ascertained losses and to reduce share capital if by the end of the following year if such losses have not fallen by at least one third. If as the consequence of a loss of more than one third of capital this then falls below the legal minimum, shareholders 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 the bylaws of Fiat S.p.A.;
- 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 share capital;
- a company may not purchase treasury shares for an amount exceeding the distributable profits and available reserves stated in its most recently approved financial statements. Any purchase must be approved by shareholders in general meeting and in no case may the nominal value of the shares acquired exceed one fifth of share capital.

Additionally, in respect of the share capital of Fiat S.p.A., in a meeting on 3 November 2006 the Company's Board of Directors exercised its delegated powers pursuant to article 2443 of the Italian Civil Code to carry out an increase in share capital reserved for employees of the Company and/or its subsidiaries up to a maximum of 1% of share capital, being €50 million, by taking a decision to issue up to 10 million ordinary shares each of nominal value €5, corresponding to 0.78% of share capital and 0.92% of ordinary share capital, at a price of €13.37 each, to service the employee stock option plan described in the following paragraph. The execution of this increase in capital is subject to the requirement that the conditions of the plan are met. Following the Demerger and the corresponding reduction in the nominal value of each Fiat S.p.A. share from €5 to €3.5, share capital may in future increase by up to a maximum of €35 million.

For 2011, the Board of Directors will propose a dividend of €39.7 million on special classes of shares to Shareholders at their annual general meeting. The dividend proposal may be summarised as follows:

- €0.217 per preference share;
- €0.217 per savings share.

Given that it is Fiat's intention to maintain a high level of liquidity and that restrictions exist on Chrysler's ability to pay dividends to its members, the Board of Directors has decided not to propose a dividend on Fiat's ordinary shares.

The objectives identified by the Group for managing capital are to create value for shareholders as a whole, 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 shareholders and guarantee economic access to external sources of funds, including 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, in general, it may sell part of its assets to reduce the level of its debt, while the Board of Directors may make proposals to Shareholders in general meeting to reduce or increase share capital or, where permitted by law, to distribute reserves. In this context, the Group also makes purchases of treasury shares, without exceeding the limits authorised by Shareholders 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 the value brought into Fiat S.p.A. by its shareholders (share capital plus the additional paid-in capital reserve less treasury shares, equal to €5,259 million at 31 December 2011, (€7,261 million at 31 December 2010 before the Demerger) 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 result for the year, to €2,927 million at 31 December 2011 and €3,287 million at 31 December 2010 before the Demerger, excluding gains and losses recognised directly in equity and non-controlling interests).

Treasury Shares

Treasury shares consist of 38,568,458 Fiat S.p.A. ordinary shares for an amount of €289 million (€657 million at 31 December 2010).

The reduction in the carrying amount of Treasury shares over 31 December 2010 is a consequence of the Demerger and the Fiat S.p.A. allotment of 38,568,458 ordinary shares in Fiat Industrial S.p.A., recognised as an asset in the Statement of Financial Position at an initial amount of €368 million as discussed in Note 17.

These Treasury shares were purchased under an original authorisation for the purchase of treasury shares (the "Programme") renewed by Shareholders in general meeting on 27 March 2009 and already granted by the general meeting on 31 March 2008. The authorisation provided for the purchase of a maximum number of shares, for all three classes combined, not to exceed 10% of share capital or a purchase value of €1.8 billion, inclusive of existing restricted reserves of €657 million.

In order to maintain the necessary operating flexibility over an adequate time period and given that their authorisation expired on 27 September 2010, on 26 March 2010 Shareholders in general meeting extended the term permitted for the purchase and disposal of treasury shares, including transactions carried out through subsidiary companies, by a further 18 months period, at the same time revoking the authorisation given by them in the general meeting of 27 March 2009 to the extent not exercised at that date. The authorisation provided for the purchase of a maximum number of shares, for all three classes combined, not to exceed 10% of share capital or a purchase value of €1.8 billion, inclusive of the €657 million in Fiat shares already held by the Company.

At the extraordinary general meeting of 16 September 2010, in consideration of the reduction in the par value of Fiat S.p.A. shares from €5.00 to €3.50 per share as a result of the Demerger, Shareholders approved a reduction in the authorisation for the purchase of treasury shares to a maximum value of €1.2 billion, without altering the condition that the total number of shares, in all three classes, may not exceed 10% of share capital or any of the other provisions approved by Shareholders on 26 March 2010, and without amending the authorisation expiry date of 26 September 2011. Reaffirming that the share buy-back programme has been placed on hold, in order to maintain the necessary operating flexibility for an adequate period, Shareholders at the Annual General Meeting on 30 march 2011, approved, the authorisation for the purchase be renewed for a period of 18 months and for the maximum amount of shares for the three classes not to exceed the legally established percentage of share capital, and €1.2 billion including the existing restricted reserve for treasury shares, which after the effects of the Demerger discussed earlier amounted to €289 million.

On 22 February 2012 the Board of Directors proposed to Shareholders the renewal, for a period of eighteen months, of the authorization already granted to purchase own shares of the three categories such not to exceed the legal limitation of the share capital and the maximum counter value of approximately €1.2 billion, including reserves allocated for treasury shares already held for €259 million. Such authorisation is requested in order to service the incentive plans based on financial instruments approved by Fiat S.p.A. and, more generally, in order for the Company to benefit from a strategic investment opportunity for all purposes permissible under applicable law.

On the same date the number of Treasury shares resulted reduced by 4,000,000 due the assignment to the Chief Executive Officer of the shares vested under the 2009 Stock Grant Plan (see Note 25). As a result there were 34,568,458 treasury shares at that date.

Capital reserves
At 31 December 2011, capital reserves amounting to €147 million (€601 million at 31 December 2010) were reduced by €457 million as a consequence of the Demerger.

Revenue reserves
The main revenue reserves are as follows:

- the legal reserve of Fiat S.p.A. of €524 million at 31 December 2011 (€716 million at 31 December 2010) which was reduced by €215 million as a consequence of the Demerger;
- retained earnings of €1,952 million at 31 December 2011 (retained earnings of €2,796 million at 31 December 2010);
- the profit attributable to owners of the parent of €1,334 million at 31 December 2011 (a profit of €520 million for the year ended 31 December 2010);
- the reserve for share-based payments of €52 million at 31 December 2011 (€113 million at 31 December 2010).

  As discussed in Note 25 below, on the Demerger the underlying of the outstanding stock option and stock grant plans at 31 December 2010 was adjusted by allowing the beneficiaries to receive one ordinary Fiat share and one ordinary Fiat Industrial share for each right held, with the pre-established option exercise price (for stock option plans) and the free granting of shares (for the stock grant plan) remaining unchanged. In accordance with IFRS 2 – *Share based payment,* this change required that the stock option and stock grant plans be accounted for as compound financial instruments and in particular that the Reserve for share-based payments at that date be separated into a liability component (the counterparty's right to receive one Fiat Industrial S.p.A. share) and an equity component (the counterparty's right to receive one Fiat S.p.A. share). All stock option and stock grant plans, with the exception of the portion of the 2006 Plan relating to managers for which a capital increase was approved, will additionally be serviced by the use of Treasury shares held by Fiat S.p.A. and the Fiat Industrial ordinary shares that were allotted as a result of the Demerger. The alignment of the underlying of the above plans led to the reclassification of a portion of this reserve (amounting to €62 million) to Other provisions for employees and liabilities for share-based payments (Note 26). On the day on which the Fiat Industrial S.p.A. shares were first quoted, this amount represented the portion of the book value of the Reserve for share-based payments attributable to each plan and relating to the component of the plans which will be serviced by Fiat Industrial S.p.A. shares, calculated on the basis of the weighting of the quotations of the two shares at that date.

Other comprehensive income
Other comprehensive income may be analysed as follows:

(€ million)	2011	2010
Gains/(losses) on cash flow hedging instruments arising during the year	(162)	(143)
Gains/(losses) on cash flow hedging instruments reclassified to profit or loss	2	314
Gains/(losses) on cash flow hedging instruments	**(160)**	**171**
Gains/(losses) on the remeasurement of available-for-sale financial assets arising during the year	(42)	(3)
Gains/(losses) on the remeasurement of available-for-sale financial assets reclassified to profit or loss	-	-
Gains/(Losses) on the remeasurement of available-for-sale financial assets	**(42)**	**(3)**
Exchange gains/(losses) on translating foreign operations arising during the year	452	770
Exchange gains/(losses) on translating foreign operations reclassified to profit or loss	-	(1)
Exchange gains/(losses) on translating foreign operations	**452**	**769**
Share of Other comprehensive income of entities accounted for using the equity method arising during the year	(45)	87
Share of Other comprehensive income of entities accounted for using the equity method reclassified to profit or loss	(18)	13
Share of Other comprehensive income of entities accounted for using the equity method	**(63)**	**100**
Tax effect of the other components of Other comprehensive income	**15**	**3**
Total Other comprehensive income, net of tax	**202**	**1,040**

The tax effect relating to Other comprehensive income may be analysed as follows:

			2011			2010
(€ million)	Pre-tax balance	Tax income (expense)	Net balance	Pre-tax balance	Tax income (expense)	Net balance
Gains/(losses) on cash flow hedging instruments	(160)	14	(146)	171	4	175
Gains/(losses) on the remeasurement of available-for-sale financial assets	(42)	1	(41)	(3)	(1)	(4)
Exchange gains/(losses) on translating foreign operations	452	-	452	769	-	769
Share of Other comprehensive income of entities accounted for using the equity method	(63)	-	(63)	100	-	100
Total Other comprehensive income	**187**	**15**	**202**	**1,037**	**3**	**1,040**

The losses recognised directly in equity for the fair value adjustment of available-for-sale financial assets are due to a decrease in the fair value of the assets to which this relates.

Non-controlling interest
The non-controlling interest of €3,533 million at 31 December 2011 (€917 million at 31 December 2010) refers mainly to the following subsidiaries:

(% held by non-controlling interest)	At 31 December 2011	At 31 December 2010
Chrysler Group LLC	**46.5 (*)**	-
Ferrari S.p.A.	**10.0**	15.0
Teksid S.p.A.	**15.2**	15.2
CNH Global N.V.	**-**	11.1

(*) This percentage gives effect to the dilution of the Class A Interests held by all members (including Fiat) arising from the occurrence of the final Performance Event contemplated by the Chrysler Group Amended and Restated LLC Operating Agreement (the "Ecological Event"). The ownership interest without giving effect to this final Event is 44.7%. Following the occurrence of the Ecological Event in early January 2012 the non-controlling interest is now 41.462%.

The following table shows the effects of changes in Fiat Group's interest in its subsidiaries on the Group's equity:

(€ million)	2011	2010
Profit/(loss) for the period attributable to owners of the parent	**1,334**	**520**
Purchase of 5% of Ferrari S.p.A.	**-**	(73)
New shares issued by CNH Global N.V.	**-**	(5)
Acquisition of 7.5% (fully-diluted) in Chrysler	**(83)**	
Other minor items	**-**	(3)
Net transfers from (to) non-controlling interests	**(83)**	**(81)**
Total Profit/(loss) for the year and transfers from (to) non-controlling interest	**1,251**	**439**

25. Share-based compensation
At 31 December 2011 and 2010, the following share-based compensation plans relating to managers of Group companies or Chief Executive Officer of Fiat S.p.A. were in place.

Stock option plans linked to Fiat S.p.A. and Fiat Industrial S.p.A. ordinary shares
On 26 July 2004, the Board of Directors granted the Chief Executive Officer, as a part of his variable compensation in that position, options to purchase 10,670,000 Fiat S.p.A. ordinary shares at a price of €6.583 per share, exercisable from 1 June 2008 to 1 January 2011. In each of the three years following the grant date, the Chief Executive Officer acquired the right to purchase, beginning 1 June 2008, a maximum of 2,370,000 shares annually. As of 1 June 2008, he also acquired the right to exercise, effective from that date, the remaining options on 3,560,000 shares as predetermined performance objectives for the reference period had been met. On 27 March 2009, Shareholders considered it to be a priority interest for the Group to adopt changes to the plan which would restore its retention capability and approved a new vesting period which depended solely on the requirement for the Chief Executive Officer to remain in office, deferring the vesting of these options until 31 December 2010 and extending the exercise period until 1 January 2016, with all the other conditions remaining unaltered. Finally, taking into consideration the proposed Demerger and by applying the rules of the respective plans, the Board approved to realign the plan with respect to the shares underlying the plan in strict relation to the allotment ratio applicable for the Demerger and to allow the beneficiary to receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each original option, with the option exercise price remaining unchanged.

At 31 December 2011 the features of the stock option plan are as follows:

Plan	Beneficiary	Date of amendment	Expiry date	Strike price (€)	N° of options granted	Vesting date	Vesting portion
Stock Options July 2004 (modified)	Chief Executive Officer	27 March 2009	1 January 2016	6.583	10,670,000	31 December 2010	100%

On 3 November 2006 the Board of Directors of Fiat S.p.A. approved (subject to the subsequent approval of Shareholders in general meeting, which was given on 5 April 2007) an eight year stock option plan, which granted certain managers of the Group and the Chief Executive Officer of Fiat S.p.A. the right to purchase a specific number of Fiat S.p.A. ordinary shares at a fixed price of €13.37 each. More specifically, the 10,000,000 options granted to employees and the 5,000,000 options granted to the Chief Executive Officer had a vesting period of four years, with an equal number vesting each year, were subject to achieving certain predetermined 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 had a vesting period of four years with an equal 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. Finally, with regard to the above incentive plans and in consideration of the proposed Demerger, by applying the rules of the respective plans, on 21 July 2010 the Board approved to realign the plan with respect to the shares underlying the plan in strict relation to the allotment ratio for the Demerger and to allow the beneficiary to receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each original option, with the option exercise price remaining unchanged.

The contractual terms of the plan are as follows:

Plan	Beneficiary	Expiry date	Strike price (€)	N° of options granted	Vesting date	Vesting portion
Stock Option November 2006	Chief Executive Officer	3 November 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	3 November 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	3 November 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 consolidated financial statements; subject to continuation of the professional relationship.

With specific reference to options granted under the November 2006 Stock Option Plan, for which vesting was subject to the achievement of pre-established profitability targets, only the first tranche (i.e. 25%) of those rights have vested as the profitability targets originally established for the 3-year period 2008-2010 were not met.

A summary of the terms of the stock option plans outstanding at 31 December 2011 is as follows:

	Managers' compensation			Compensation to the Chief Executive Officer		
Exercise price (€)	Options outstanding At 31 December 2011	Options outstanding At 31 December 2010	Average remaining contractual life (years)	Options outstanding At 31 December 2011	Options outstanding At 31 December 2010	Average remaining contractual life (years)
6.583	-	-	-	10,670,000	10,670,000	4.0
13.370	1,636,875	2,101,250	2.8	6,250,000	6,250,000	2.8
Total	**1,636,875**	**2,101,250**		**16,920,000**	**16,920,000**	

Changes during the year were as follows:

	Managers' compensation		Compensation to the Chief Executive Officer	
	Number of options	Average exercise price (€)	Number of options	Average exercise price (€)
Outstanding at the beginning of the year	**2,101,250**	**13.37**	**16,920,000**	**9.09**
Granted	-		-	
Forfeited	-		-	
Exercised	(433,125)	13.37	-	
Expired	(31,250)	13.37	-	
Outstanding at 31 December 2011	**1,636,875**	**13.37**	**16,920,000**	**9.09**
Exercisable at 31 December 2011	**1,636,875**	**13.37**	**16,920,000**	**9.09**
Exercisable at 31 December 2010	**-**	**-**	**5,000,000**	**13,37**

As they were already fully vested at 31 December 2010, the above stock option plans did not lead to any nominal cost for 2011. In 2010 the Group recognised a total nominal cost of €4.9 million in the income statement for plans outstanding.

Granting of ordinary shares of Fiat S.p.A. and Fiat Industrial S.p.A. without payment

On 23 February 2009, the Board of Directors of Fiat S.p.A. passed an incentive plan which was subsequently approved by Shareholders in their annual general meeting on 27 March 2009, based on the granting of rights which, subject to the achievement of predetermined performance targets (*Non-Market Conditions or "NMC"*) for 2009 and 2010 and the continuation of the professional relationship with the Group, provided for 2 million Fiat S.p.A. ordinary shares to be granted to the Chief Executive Officer of Fiat S.p.A. without payment. Under this plan the rights vested in a single tranche on the approval of the Group's 2010 consolidated financial statements by the Board of Directors and the number of shares granted was determined as 25% of the rights granted in the event of reaching the 2009 targets and 100% of the rights granted in the event of reaching the 2010 targets. The Group's predetermined profitability targets relating to 2009 were reached.

On 26 March 2010 Shareholders in general meeting introduced a pure retention component of 2 million additional rights into the Plan on the proposal of the Board of Directors; the vesting of these rights is subject to the sole condition that the Chief Executive Officer's professional relationship with the Group continues until the approval of the 2011 Consolidated financial statements. Moreover, the term of the original plan was also extended until the approval of the 2011 Consolidated financial statements and the targets for 2010 and 2011 were redefined.

Subsequently, taking into consideration the proposed Demerger and applying the rules of the respective plans, at its meeting on 21 July 2010 the Board of Directors approved the alignment of the type of shares underlying the plan in strict relation to the allotment ratio applicable for the Demerger. The beneficiaries of the stock grant rights will therefore receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each right held, with the free granting of shares remaining unchanged and subject to the original conditions of the continuation of a professional relationship with the Group and/or achievement of specific performance objectives for 2010 and 2011, consistent with the 2010-2014 Business Plan. And in particular the portion of the objectives relating to the post-Demerger Fiat Group as originally established as part of the total objectives for the pre-Demerger Fiat Group.

Finally, on 18 February 2011, after consultation with the Compensation Committee, the Board of Directors verified the vesting of 375,000 rights following the achievement of the assigned operating targets and, in the light of the extraordinary transactions occurring during the year, in addition voted to make vesting of the remaining rights, which was dependent on the achievement of 2011 performance objectives, conditional only on the continuation of a professional relationship with the Group until the end of 2011.

Following the vesting of the rights granted under the plan, at 1 January 2012, the beneficiary was assigned with 4,000,000 of Fiat S.p.A. ordinary shares and 4,000,000 of Fiat Industrial S.p.A. ordinary shares.

At 31 December 2011, the contractual terms of the plan were therefore as follows:

Plan	Beneficiary	Number of shares	Vesting date	Vesting portion
Stock Grant 2009 (revised)	Chief Executive Officer	4,000,000 Fiat S.p.A.	1st Quarter 2010 (*)	500,000 (**)
		4,000,000 Fiat Industrial S.p.A.	1st Quarter 2011 (*)	375,000*NMC (**)
			1st January 2012	1,125,000 (**)
			1st January 2012	2,000,000 (**)

(*) On approval of the prior year's consolidated financial statements.
(**) Subject to remaining in the position until 1 January 2012.

A total nominal cost of €12 million was recognised in the income statement for this plan in 2011 (€12.4 million in 2010).

Finally, on 22 February 2012, on the basis of a proposal from the Compensation Committee, the Board of Directors of Fiat S.p.A. voted to adopt a Long Term Incentive Plan, in the form of stock grants. Plan beneficiaries will be approximately 300 executives in key positions that have a significant impact on business results, excluding employees of Chrysler Group LLC who are covered by a separate plan. This plan will be submitted for Shareholder approval at the General Meeting called on 4 April 2012.

The first part of the Plan (the "Company Performance LTI") provides for the allocation of a maximum 14 million rights subject to achievement of pre-established performance objectives, for the period 1 January 2012 to 31 December 2014, and continuation of an employment relationship with the Group. The second part of the Plan (the "Retention LTI") provides for allocation of a maximum 17 million rights to be assigned in three cycles: the first award would occur in 2012 (with vesting over the 2012-2015 period), the second in 2013 (with vesting over the 2013-2016 period) and the third in 2014 (with vesting over the 2014-2017 period). The rights will be awarded on the basis of individual performance and vesting will be subject to continuation of a professional relationship with the Group. The CEO is a beneficiary of the Retention LTI and will receive 7 million rights under that Plan.

The Plan will be serviced with treasury shares.

Restricted Stock Unit Plans issued by Chrysler Group LLC

During 2009 the U.S. Treasury's Office of the Special Master for Troubled Asset Relief Program Executive Compensation (the "Special Master") and the Compensation Committee of Chrysler approved the Chrysler Group LLC Restricted Stock Unit Plan ("RSU Plan"), which authorised the issuance of Restricted Stock Units ("RSUs") to certain key employees. RSUs represent a contractual right to receive a payment in an amount equal to the fair market value of one Chrysler unit, as defined in the RSU plan. The fair value of each RSU is based on the fair value of the membership interests of Chrysler.

RSUs granted to employees generally vest if the participant is continuously employed by Chrysler through the third anniversary of the grant date. For certain RSUs granted to employees in 2009 and in 2010, vesting occurs at the later of (i) the participant's continuous employment through the third anniversary of the grant date and (ii) the date on which a Chrysler IPO complete.

Further, during 2009 Chrysler established the Chrysler Group LLC 2009 Directors' Restricted Stock Unit Plan ("Directors' RSU Plan"). For non-employee directors, RSUs vest ratably, in one-third increments on the anniversary of the Director's service date, over a period of three years. Under the plan, settlement of the awards is made within 60 days of the Director's cessation of service on the board of directors and awards are paid in cash; however, upon completion of an IPO, Chrysler has the option to settle the awards in cash or shares. The value of the awards is recorded as compensation expense over the requisite service periods and is measured at fair value.

The liability from the vast majority of these awards is classified as Other current liabilities (Note 30). The liability is remeasured and adjusted to fair value at each reporting date. The expense recognised for these awards during the seven months period June-December 2011 approximated €2 million.

Deferred Phantom shares issued by Chrysler Group LLC

During 2009 the Special Master approved the Chrysler Group LLC Deferred Phantom Share Plan ("DPS Plan") which authorized the issuance of phantom shares of the company ("Phantom Shares"). Under the DPS Plan, Phantom Shares are granted to certain key employees as well as the Chief Executive Officer. The Phantom Shares vest immediately on the grant date and will be settled in cash. Chrysler will begin making payments of certain of these awards in the first quarter of 2012. The expense recognised in connection with these plans during the seven-month period June-December 2011 approximated €3 million.

26. Provisions for employee benefits

A detail of provisions for employee benefits is as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Pension benefits	**2,863**	128
Health care and life insurance plans	**1,922**	2
Employee leaving entitlements in Italy	**793**	846
Other post-employment benefits	**145**	113
Total Post-employment benefits	**5,723**	1,089
Other provisions for employees and liabilities for share based payments	**1,006**	491
Other long-term employee benefits	**297**	124
Total Provision for employee benefits	**7,026**	**1,704**
Defined benefit plan assets	**85**	8
Total Defined benefits plan assets	**85**	**8**

(*) The amounts relate to Continuing Operations.

Provisions for employee benefits consist of the benefits which will be provided after the completion of employment such as pensions, health care and life insurance plans, and the benefits which will be provided during an employee's working life.

The Group provides post-employment benefits for their active employees and retirees. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which the Group operates and may change periodically. The plans are classified by the Group on the basis of the type of benefit provided as follows: Pension benefits, health care and life insurance plans, Reserve for Employee leaving entitlements in Italy (TFR) and Other post-employment benefits.

Moreover, Group companies additionally provide post-employment benefits under defined contribution plans. In this case, the Group pays contributions to public or private pension insurance plans on a legally mandatory, contractual, or voluntary basis, and by paying these contributions the Group fulfils all of its obligations. The Group recognises the cost for defined contribution plans over the period in which the employee renders service and classifies this by function in Cost of sales, Selling, general and administrative costs and Research and development costs. In 2011 this costs totalled €1,383 million (€937 million in 2010 for Continuing Operations).

Pension benefits

Group companies sponsor both non-contributory and contributory defined benefit pension plans. The non-contributory pension plans cover certain employees (hourly and salaried) in the United States, Canada and Mexico and certain employees and retirees in the UK. Benefits are based on a fixed rate for each year of service. Additionally, contributory benefits are provided to certain salaried employees. These plans provide benefits based on the employee's cumulative contributions, years of service during which the employee contributions were made and the employee's average salary during the five consecutive years in which the employee's salary was highest in the fifteen years preceding retirement.

Liabilities arising from these plans are usually funded by contributions made by the employer and, at times by the employees, into a separate company or fund which independently administers the plan assets and from which the employee benefits are paid. The Group's funding policy is to contribute amounts to the plan equal to the amounts required to satisfy the minimum funding requirements prescribed by the laws and regulations of each individual 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 may not be required to contribute to the plan as long as the fund is in surplus.

The investment strategies and objectives for pension assets consider liability hedging and investment return targets. The investment objectives are to minimize the volatility of the value of the pension assets relative to pension liabilities and to ensure pension assets are sufficient to pay plan obligations. The objective of minimizing the volatility of assets relative to liabilities is addressed primarily through asset diversification, partial asset–liability matching and hedging. Assets are broadly diversified across many asset classes to achieve risk–adjusted returns that, in total, lower asset volatility relative to the liabilities. In order to minimize pension asset volatility relative to the pension liabilities, a portion of the pension plan assets are allocated to fixed income investments.

All assets are actively managed by external investment managers. Investment managers are not permitted to invest outside of the asset class or strategy for which they have been appointed. The Group uses investment guidelines to ensure investment managers invest solely within the mandated investment strategy. Certain investment managers use derivative financial instruments to mitigate the risk of changes in interest rates and foreign currencies impacting the fair values of certain investments. Derivative financial instruments may also be used in place of physical securities when it is more cost effective and/or efficient to do so.

Sources of potential risk in the pension plan assets relate to market risk, interest rate risk and operating risk. Market risk is mitigated by diversification strategies and as a result, there are no significant concentrations of risk in terms of sector, industry, geography, market capitalization, or counterparty. Interest rate risk is mitigated by partial asset–liability matching. The fixed income target asset allocation partially matches the bond–like and long–dated nature of the pension liabilities. Interest rate increases generally will result in a decline in fixed income assets while reducing the present value of the liabilities. Conversely, interest rate decreases will increase fixed income assets, partially offsetting the related increase in the liabilities.

In the United Kingdom the Group participates amongst others in a pension plan financed by various entities belonging to the Group, called the “Fiat Group Pension Scheme”. Under this plan, participating employers make contributions on behalf of their active employees, retirees, and employees who have left the Group but have not yet retired.

Health care and life insurance plans

Liabilities arising from these plans comprise obligations for health care and life insurance plans granted to employees and to retirees of the Group working in the United States and Canada and relating to the Chrysler sector. These plans are unfunded.

Reserve for Employee leaving entitlements in Italy (“TFR”)

Until 31 December 2006 the scheme underlying the Employee leaving entitlements in Italy (TFR) of the Italian Group companies was classified as a defined benefit plan. The legislation regarding this scheme was amended by Law no. 296 of 27 December 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 for those benefits accruing prior to 1 January 2007 (and not yet settled by the balance sheet date), while after that date the scheme is classified as a defined contribution plan.

The provision for Employee leaving entitlements in Italy consists of the residual obligation for the benefit due to employees of Italian companies until 31 December 2006, having more than 50 employees and accrued over the employee’s working life for the others and settled when an employee leaves. Under certain conditions the entitlement may be partially advanced to an employee during its working life. This is an unfunded defined benefit plan.

Other post-employment benefits

Other post-employment benefits includes loyalty bonuses, which are due to employees who reach a specified period of service and are generally settled when an employee leaves the company; for French entities there is the *Indemnité de depart à la retraite*, a plan similar to the Italian TFR. These schemes are unfunded.

Other provisions for employees and liabilities for share based payments

Other provisions for employees and liabilities for share based payments consist of the best estimate at the balance sheet date of other employee benefits. At 31 December 2011, liabilities for share-based payments include €122 million relating to the alignment of the underlying of the stock option and stock grant plans resulting from the Demerger and discussed in Note 24 and 25. In accordance with IFRS 2 and IAS 39 the component of the plans which will be serviced by Fiat Industrial S.p.A. shares was initially reclassified from the reserve for share-based payments in equity and measured on the basis of the pro-rata proportion of the book value of that reserve, calculated by taking into account the weighting of the stock market prices of Fiat and Fiat Industrial shares on the day on which the Fiat Industrial S.p.A. shares were first quoted. At the same time the liability was adjusted to fair value (€164 million) with a corresponding entry made to Earning reserves. For the stock grant plan, the fair value of the liability is equal to the market price (stock exchange price) of the Fiat Industrial shares. For the stock option plans it was considered appropriate to calculate this amount by allocating a strike price to the options equal to the nominal value of the Fiat Industrial shares. After initial recognition any changes in the fair value of this liability and the notional charge still to vest for the stock grants are recognised in profit or loss.

Other long-term employee benefits

Other long-term employee benefits represent the obligation for those benefits paid during employment generally after providing a certain period of service in the company or when a specified event occurs; the liability incorporates the probability of payment and the time period over which the payment will be made.

In 2011 and in 2010 changes in Other provisions for employees and in Other long-term employee benefits were as follows:

(€ million)	At 31 December 2010 (*)	Provision	Utilisation and release to income	Change in the scope of consolidation	Exchange rate differences and other differences	At 31 December 2011
Other provisions for employees	**491**	566	(557)	351	155	**1,006**
Other long-term employee benefits	**124**	17	(33)	173	16	**297**
Total	**615**	**583**	**(590)**	**524**	**171**	**1,303**

(€ million)	At 31 December 2009	Provision	Utilisation	Change in the scope of consolidation and other changes	Reclassified to Discontinued Operations	At 31 December 2010 (*)
Other provisions for employees	**504**	542	(269)	(1)	(285)	**491**
Other long-term employee benefits	**160**	32	(15)	6	(59)	**124**
Total	**664**	**574**	**(284)**	**5**	**(344)**	**615**

(*) The amounts relate to Continuing Operations.

The main assumptions used to determine the net liability for the pension benefits were as follows:

	At 31 December 2011			At 31 December 2010		
(In %)	USA	Canada & Mexico	UK	USA	Canada & Mexico	UK
Discount rate	5.0	4.1	5.1	5.2	n/a	5.2
Future salary increase rate	3.8	3.5	2.7	n/a	n/a	3.5
Inflation rate	n/a	n/a	2.7	n/a	n/a	3.5
Expected long term rate of return on plan assets	7.5	7.0	7.0	8.0	n/a	7.0

The main assumptions used to determine the net liability for other post-employment benefits were as follows:

	At 31 December 2011			At 31 December 2010		
(In %)	USA	Canada & Mexico	Italy	USA	Canada & Mexico	Italy
Discount rate	5.1	4.2	4.4	5.2	n/a	4.2
Future salary increase rate	n/a	2.7	3.2	n/a	n/a	3.3
Inflation rate	n/a	n/a	2.0	n/a	n/a	2.0
Weighted average ultimate healthcare cost trend rate	5.0	3.7	n/a	8.0	n/a	n/a

The discount rates are used in measuring the obligation and the interest component of net period cost. The Group selects these rates on the basis of the yields on high-quality fixed income investments for which the timing and amounts of payments match the timing and amounts of the projected pension and other post-employment plan.

The expected long-term rates of return on plan assets reflect the Group’s expectations on long-term rates of return on invested funds. The expected rates are based on estimates made by various consultants for long-term returns on the capital markets and on the outlook for inflation and bond yields, and also by taking into account asset make-up and the Group’s investment strategy.

The annual rate of increase in the cost of health care benefits in the United States was assumed to be 8.5% in 2011. The annual rate was assumed to decrease gradually to 5.0% after 2017 and remain at that level thereafter. The annual rate of increase in the cost of health care benefits in Canada was assumed to be 3.7% in 2011. The annual rate was assumed to remain at 3.7% thereafter.

Assumed health care cost trend rates have a significant effect on the amount recognised in profit or loss. A one percentage point change in assumed health care cost trend rates would have the following effects:

(€ million)	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service costs and interest cost	2	(2)
Effect on defined benefit obligation	52	(44)

The amounts recognised in the statement of financial position for post-employment benefits plans at 31 December 2011 and 2010 are as follows:

(€ million)	Pension benefits		Healthcare and life insurance plans		Employee leaving entitlements		Other post-employment benefits	
	At 31 December 2011	At 31 December 2010	**At 31 December 2011**	At 31 December 2010	**At 31 December 2011**	At 31 December 2010	**At 31 December 2011**	At 31 December 2010
Present value of funded obligations	25,106	419	-	-	-	-	-	-
Fair Value of plan assets	(20,004)	(327)	-	-	-	-	-	-
	5,102	92	-	-	-	-	-	-
Present value of unfunded obligations	95	103	2,070	1	763	811	156	127
Unrecognised actuarial gains (losses)	(2,419)	(75)	(148)	1	30	35	(8)	(11)
Unrecognised past service cost	-	-	-	-	-	-	(3)	(3)
Unrecognised assets	-	-	-	-	-	-	-	-
Net liability	**2,778**	**120**	**1,922**	**2**	**793**	**846**	**145**	**113**
Amounts at year end:								
Liabilities	2,863	128	1,922	2	793	846	145	113
Assets	(85)	(8)	-	-	-	-	-	-
Net liability	**2,778**	**120**	**1,922**	**2**	**793**	**846**	**145**	**113**

The amounts recognised in the income statement for defined benefit plans in 2011 and in 2010 are as follows:

(€ million)	Pension benefits		Healthcare and life insurance plans		Employee leaving entitlements		Other Post-employment benefits	
	2011	2010 (*)	**2011**	2010 (*)	**2011**	2010 (*)	**2011**	2010 (*)
Current service cost	120	10	9	-	-	-	8	7
Interest costs	667	25	57	-	21	26	6	5
Expected return on plan assets	(816)	(20)	-	-	-	-	-	-
Net actuarial losses (gains) recognised	4	3	(4)	-	-	-	1	1
(Negative) positive past service costs	-	-	-	-	-	-	(68)	-
Losses (gains) on curtailments and settlements	36	-	-	-	-	-	-	-
Other (income) losses	-	(2)	1	-	-	-	(1)	-
Total Costs (gains)	**11**	**16**	**63**	**-**	**21**	**26**	**(54)**	**13**
Actual return on plan assets	**286**	**22**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

(*) The amounts relate to Continuing Operations.

Changes in the present value of Post-employment obligations are as follows:

(€ million)	Pension benefits 2011	Pension benefits 2010	Healthcare and life insurance plans 2011	Healthcare and life insurance plans 2010	Employee leaving entitlements 2011	Employee leaving entitlements 2010	Other 2011	Other 2010
Present value of obligations at the beginning of the year	**522**	**2,568**	**1**	**794**	**811**	**1,001**	**127**	**258**
Change in scope of consolidation	20,933	21	1,754	-	(3)	44	101	4
Current service cost	120	27	9	7	-	-	8	15
Interest costs	667	145	57	44	21	32	6	11
Contribution by plan participants	5	3	5	4	-	-	-	-
Actuarial (gains) losses	1,659	181	134	43	7	45	(1)	13
Benefits paid	(990)	(171)	(82)	(59)	(73)	(113)	(18)	(32)
Exchange rate differences	2,255	128	190	64	-	-	2	1
(Negative)positive past service cost	-	3	-	(38)	-	-	(69)	7
(Gains) losses on curtailments	-	-	-	-	-	-	-	4
(Gains) losses on settlements	36	-	2	-	-	-	-	(2)
Other changes	(6)	2	-	-	-	-	-	(1)
Reclassified to Discontinued Operations	-	(2,385)	-	(858)	-	(198)	-	(151)
Present value of obligations at the end of the year	**25,201**	**522**	**2,070**	**1**	**763**	**811**	**156**	**127**

Changes in the fair value of plan assets are as follows:

(€ million)	Pension benefits 2011	Pension benefits 2010	Healthcare and life insurance plans 2011	Healthcare and life insurance plans 2010
Fair value of plan assets at the beginning of the year	**327**	**1,796**	**-**	**46**
Change in scope of consolidation	18,317	20	26	-
Expected return on plan assets	816	135	-	4
Contributions by plan participants	221	102	-	55
Contributions by employer	5	3	-	4
Actuarial gains (losses)	(530)	37	-	2
Benefits paid	(985)	(158)	-	(59)
Exchange rate differences	1,830	108	1	4
(Gains) losses on settlements	-	-	(27)	-
Other changes	3	4	-	-
Reclassified to Discontinued Operations	-	(1,720)	-	(56)
Fair value of plan assets at the end of the year	**20,004**	**327**	**-**	**-**

Change in the scope of consolidation relates to the initial acquisition of control of Chrysler. As required under IFRS 3 – *Business Combinations,* in measuring assets acquired and liabilities assumed of Chrysler, Fiat recognised the assets and liabilities from post-employment benefits of Chrysler at the present value of the obligation less the fair value of any plan assets, including all actuarial gains and losses and past service costs that arose before the acquisition date.

For the year ended 31 December 2011, the actuarial losses arising from calculating the present value of the obligation mainly arose from a reduction in the discount rates used by Chrysler at the end of the seven-month period June-December 2011 compared to those used at the date of acquisition of control and from certain changes to the mortality tables made by the Chrysler sector in North America.

In 2011 a net gain of €69 million shown in Other post-employment benefits relates to a plan amendment associated with the termination of the Chrysler legal services plan in 2013. This gain has been included in the income statement within Other unusual income. The losses on settlements for Pension plan of €36 million is a special early retirement cost. In 2010 the changes to the health care plans stated as past service cost in the obligation and in the composition of defined benefit plan expenses mainly related to the health care plans in North America for the CNH sector which was classified as Discontinued Operations.

Plan assets may be summarised as follows:

(in %)	At 31 December 2011	At 31 December 2010 (*)
Equity securities	25%	44%
Debt investments	43%	38%
Properties occupied by third parties	-	1%
Other assets	32%	17%

(*) The amounts relate to Continuing Operations.

Equity securities are invested broadly in U.S., developed international and emerging market equity securities. Debt investments are fixed income investments which comprise primarily long duration U.S. Treasury and global government bonds, as well as U.S., developed international and emerging market companies debt securities diversified by sector, geography and through a wide range of market capitalisation. Other assets include private equity, real estate and hedge funds. Private equity investments include those in limited partnership that invest primarily in operating companies that are not publicly traded on a stock exchange. Real estate investments include those in limited partnerships that invest in various commercial and residential real estate projects both domestically and internationally. Hedge fund investments include those seeking to maximise absolute return using a broad range of strategies to enhance returns and provide additional diversification. Plan assets do not include treasury shares of Fiat S.p.A. or properties occupied by Group companies.

Provided that the above plan assets are measured at fair value at 31 December 2011 there was no exposure to sovereign debt securities which might have suffered impairment losses.

The present value of the defined benefit obligations, the fair value of plan assets and the surplus or deficit of the plans at the end of 2011 and the four previous years are as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)	At 31 December 2009	At 31 December 2008	At 31 December 2007
Present value of obligation:					
Pension benefits	**25,201**	522	2,568	2,267	2,730
Health care and life insurance plans	**2,070**	1	794	848	817
Employee leaving entitlements in Italy	**763**	811	1,001	1,062	1,133
Others	**156**	127	258	288	279
Fair value of plan assets:					
Pension benefits	**20,004**	327	1,796	1,554	2,036
Health care and life insurance plans	**-**	-	46	39	47
Surplus (deficit) of the plan:					
Pension benefits	**(5,197)**	(195)	(772)	(713)	(694)
Health care and life insurance plans	**(2,070)**	(1)	(748)	(809)	(770)
Employee leaving entitlements in Italy	**(763)**	(811)	(1,001)	(1,062)	(1,133)
Others	**(156)**	(127)	(258)	(288)	(279)

(*) The amounts relate to Continuing Operations.

The best estimate of expected contributions to pension benefits and health care and life insurance plans for 2012 is as follows:

(€ million)	2012
Pension benefits	509
Health care and life insurance plans	143
Others	5
Total expected contributions	**657**

27. Other provisions

Changes in Other provisions are as follows:

(€ million)	At 31 December 2010 (*)	Charge	Utilisation	Release to income	Other changes	Change in the scope of consolidation	At 31 December 2011
Warranty provision	970	1,421	(1,135)	(202)	220	2,256	**3,530**
Restructuring provision	202	108	(82)	(35)	(3)	150	**340**
Investment provision	26	-	-	-	(2)	-	**24**
Other risks	2,022	4,424	(4,109)	(234)	203	2,398	**4,704**
Total Other provisions	**3,220**	**5,953**	**(5,326)**	**(471)**	**418**	**4,804**	**8,598**

(*) Amount relates to the Continuing Operations.

The effect of discounting these provisions, €11 million in 2011 has been included in Other changes together with translation gains of €425 million.

The warranty provision represents the 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 beginning at the date of sale to the end customer. This estimate has been calculated considering the Group's past experience and specific contractual terms. The 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 general recall of vehicles, which is estimated by making an assessment of the historical occurrence of defects on a case-by-case basis.

The restructuring provision at 31 December 2011 consists of termination benefits of €208 million payable to employees in connection with restructuring plans, manufacturing rationalisation costs of €26 million and other costs of €106 million. These provisions relate to business restructuring programs in the following sectors (in € million): Chrysler 116, Fiat Group Automobiles 110, Components 50, Fiat Powertrain 15, Production Systems 8, Metallurgical Products 4, other sectors 37.

The restructuring provision for Continuing Operations at 31 December 2010 consisted of termination benefits of €162 million payable to employees in connection with restructuring plans, manufacturing rationalisation costs of €27 million and other costs of €13 million. These provisions related to business restructuring programs in the following sectors (in € million): Fiat Group Automobiles 88, Components 48, Fiat Powertrain 17, Production Systems 10, Metallurgical Products 7, other sectors 32.

The provision for other risks represents the amounts provided by the individual companies of the Group in connection mainly with contractual and commercial risks and disputes. Details of this item are as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Sales incentives	**2,288**	378
Legal proceedings and other disputes	**608**	535
Commercial risks	**400**	277
Environmental risks	**41**	33
Indemnities	**66**	60
Other reserves for risk and charges	**1,301**	739
Total Other risks	**4,704**	**2,022**

(*) The amounts relate to Continuing Operations.

A description of these follows:

- *Sales incentives* - this provision relates to sales incentives that are offered on a contractual basis to the Group's dealer networks, primarily on the basis of that dealers will achieve a specific cumulative level of sales 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 this provision when it is probable that the incentive will be provided and the Group's inventory is sold to its dealers. The Group estimates this provision 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 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 combines 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 maintenance contracts. An accrual is recorded when the expected costs to complete the services under these contracts exceed the revenues expected to be realised.
- *Environmental risks* - This provision represents management's best estimate of the Group's probable environmental obligations. Amounts included in the estimate comprise direct costs to be incurred by the Fiat Group 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 provision for indemnities relates to contractual indemnities provided by the Group in connection with divestitures carried out in 2011 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 possible 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 31 December 2011				At 31 December 2010 (*)			
(€ million)	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	688	19	3	710	498	29	6	533
Bonds	1,954	5,650	4,080	11,684	2,728	5,200	1,091	9,019
Borrowings from banks	2,042	2,705	2,836	7,583	3,430	3,068	159	6,657
Payables represented by securities	420	1,077	3,460	4,957	172	75	-	247
Other	969	453	416	1,838	1,001	228	254	1,483
Total Other debt	5,385	9,885	10,792	26,062	7,331	8,571	1,504	17,406
Total Debt	**6,073**	**9,904**	**10,795**	**26,772**	**7,289**	**8,600**	**1,510**	**17,939**

(*) The amounts relate to Continuing Operations.

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 statement of financial position under Current receivables and other current assets (Note 19). Asset-backed financing increased by €177 million in 2011, this includes the effect of the consolidation of Chrysler (€93 million at the Acquisition date).

The increase in Other debt by €8,656 million in 2011 is mainly due to the initial consolidation of Chrysler's debt (€9,402 million at the Acquisition date). Excluding the consolidation of the Chrysler debt, Other debt fell by €746 million (a decrease of approximately €1,500 million at unchanged exchange rates). The Group issued new bonds for €2,500 million during the year and repaid bonds on maturity for €2,448 million. Medium and long-term borrowings and credit lines that were repaid (or transferred to the Fiat Industrial treasuries as a result of the Demerger) amount to €3,895 million; while medium and long-term loans obtained by the Group during the year amounted to €2,149 million.

In addition, during the year, Fiat closed a syndicated credit line amounting to €1,950 million which is currently available only to the Fiat Group excluding Chrysler. This credit line was undrawn at 31 December 2011.

At 31 December 2010 Other debt included amongst other things the debt of €122 million arising from exercising the call option on 5% of Ferrari share capital.

The annual interest rates and the nominal currencies of debt at 31 December 2011 are as follows:

(€ million)	less than 5%	from 5% to 7.5%	from 7.5% to 10%	from 10% to 12.5%	Interest rate greater than 12.5%	Total
Euro	3,676	6,048	2,509	99	-	**12,332**
US dollar	489	2,469	6,298	12	191	**9,459**
Brazilian real	1,263	215	424	864	116	**2,882**
Canadian dollar	106	76	670	-	-	**852**
Mexican peso	-	-	446	-	-	**446**
Chinese renminbi	1	327	45	-	-	**373**
Argentine peso	2	-	88	-	77	**167**
Polish zloty	9	139	11	-	-	**159**
British pound	81	-	-	-	-	**81**
Other	18	-	-	1	2	**21**
Total Debt	**5,645**	**9,274**	**10,491**	**976**	**386**	**26,772**

For further information on the management of interest rate and currency risk reference should be made to the Note 35.

The fair value of Debt at 31 December 2011 amounts approximately to €25,239 million (approximately €18,391 million at 31 December 2010). These amounts have been determined using the quoted market price of financial instruments, if available, or discounting the related future cash flows and using the interest rates stated in Note 19, suitably adjusted to take account of the Group's current creditworthiness.

At 31 December 2011 debt secured on assets of the Fiat Group excluding Chrysler amounts to €372 million, of which €281 million due to creditors for the above mentioned assets acquired under finance leases. At 31 December 2010, Debt secured by encumbrances on assets of the Continuing Operations amounted to €324 million, of which €286 million due to creditors for assets acquired under finance leases. The total carrying amount of assets acting as security for loans amounts to €318 million at 31 December 2011 (€425 million at 31 December 2010 classified as Continuing Operations).

At 31 December 2011 debt secured on assets of Chrysler amounts to €5,751 million, and includes €4,780 relating to the principal amount of the Secured Senior Notes and the Senior Secured credit Facility described below, €205 million due to creditors for assets acquired under finance leases and other debt and financial commitments, principally government loans, for €766 million.

In addition, at 31 December 2011 the Group's assets include current receivables to settle asset-backed financing of €679 million (€533 million at 31 December 2010 classified as Continuing Operations) - see Note 19.

Bonds

The bond issues outstanding at 31 December 2011 are as follows:

	Currency	Face value of outstanding bonds (in million)	Coupon	Maturity	Outstanding amount (€ million)
Global Medium Term Notes:					
Fiat Finance and Trade Ltd S.A. (1)	EUR	1,250	9.000%	30 July 2012	1,250
Fiat Finance and Trade Ltd S.A. (1)	EUR	200	5.750%	18 December 2012	200
Fiat Finance and Trade Ltd S.A. (1)	EUR	900	6.125%	8 July 2014	900
Fiat Finance and Trade Ltd S.A. (1)	EUR	1,250	7.625%	15 September 2014	1,250
Fiat Finance and Trade Ltd S.A. (1)	EUR	1,500	6.875%	13 February 2015	1,500
Fiat Finance and Trade Ltd S.A. (1)	EUR	1,000	6.375%	1 April 2016	1,000
Fiat Finance North America Inc. (1)	EUR	1,000	5.625%	12 June 2017	1,000
Fiat Finance and Trade Ltd S.A. (1)	EUR	600	7.375%	9 July 2018	600
Other (2)					7
Total Global Medium Term Notes					**7,707**
Other bonds:					
Fiat Finance and Trade Ltd S.A. (1)	EUR	1,000	6.625%	15 February 2013	1,000
Chrysler Group LLC (Secured Senior Notes) (3)	USD	1,500	8.000%	15 June 2019	1,159
Chrysler Group LLC (Secured Senior Notes) (3)	USD	1,700	8.250%	15 June 2021	1,314
Total Other bonds					**3,473**
Hedging effect and amortised cost valuation					**504**
Total Bonds					**11,684**

(1) Bond for which a listing on the Irish Stock Exchange was obtained.
(2) Bonds with amounts outstanding equal to or less than the equivalent of €50 million.
(3) The Secured Senior Notes were issued at par on 24 May 2011 and initially sold in a private placement to qualified institutional buyers and non-US persons as defined by US Securities Act. On 29 December 2011, in accordance with the indenture, Chrysler commenced an offer to exchange the Secured Senior Notes outstanding for notes having substantially identical terms as those originally issued and the same principal amount but will not contain restrictions on transfer. The offer to exchange the Secured Senior Notes expired on 1 February 2012. Substantially all of the Notes were tendered for New Secured Senior Notes.

Changes in bonds during 2011 are mainly due to:

- the repayment on maturity of bonds having a nominal value of €1,300 million and of €1,000 million issued by Fiat Finance and Trade Ltd S.A. in 2001 and 2006 respectively as part of the Global Medium Term Notes Programme;
- the repayment on maturity of a zero coupon bond having a nominal value of €25 million issued by Fiat Finance and Trade Ltd S.A. in 2001 as part of the Global Medium Term Notes;
- the repayment on maturity of the last annual instalment of €123 million nominal of the Fiat Step-Up Amortizing bond issued by Fiat Finance and Trade Ltd S.A. in 2001;
- the issue by Fiat Finance and Trade Ltd. S.A. as part of the Global Medium Term Notes Programme of a note, having a principal of €1,000 million, due in April 2016 and bearing fixed interest of 6.375%; a €900 million note due in July 2014 bearing fixed interest of 6.125% and a €600 million note due in July 2018 bearing fixed interest of 7.375%. All these notes were issued at par;
- the inclusion of Chrysler in the scope of consolidation, which resulted in the recognition of the notes issued by Chrysler (the "Chrysler Secured Senior Notes") having a nominal value of $1,500 and $1,700 million due in 2019 and in 2021 respectively.

The bonds issued by the Fiat Group excluding Chrysler are governed by different terms and conditions according to their type as follows:

- Global Medium Term Note (GMTN Programme): a maximum of €15 billion may be used under this Program, of which notes of approximately €7.7 billion have been issued to date; the Program is guaranteed by Fiat S.p.A. The issuers taking part in the program include, amongst others, Fiat Finance and Trade Ltd. S.A. for an amount outstanding of €6.7 billion and Fiat Finance North America Inc. with a bond having a nominal value of €1 billion.
- Other bonds: these refer to a bond issued by Fiat Finance and Trade Ltd. S.A. having a nominal value of €1 billion, issued at par, bearing fixed interest at 6.625% and repayable on 15 February 2013.

The Fiat Group intends to repay the bonds issued by Fiat Finance and Trade Ltd S.A. and by Fiat Finance North America Inc. in cash at maturity by utilising available liquid resources. In addition, the companies in the Fiat 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 buybacks, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

Chrysler may redeem, at any time, all or any portion of the Secured Senior Notes on not less than 30 and not more than 60 days' prior notice mailed to the holders of the Notes to be redeemed.

Prior to 15 June 2015, the 2019 Notes will be redeemable at a price equal to the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make–whole" premium calculated under the indenture. At any time prior to 15 June 2014, Chrysler may also redeem up to 35% of the aggregate principal amount of the 2019 Notes, at a redemption price equal to 108 percent of the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest to the date of redemption with the net cash proceeds from certain equity offerings. On and after June 15, 2015, the 2019 Notes are redeemable at redemption prices specified in the indenture, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104 percent of the principal amount of the 2019 Notes being redeemed for the twelve months beginning 15 June 2015, decreasing to 102 percent for the year beginning June 15, 2016 and to par on and after 15 June 2017.

Prior to 15 June 2016, the 2021 Notes will be redeemable at a price equal to the principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make–whole" premium calculated under the indenture. At any time prior to 15 June 2014, Chrysler may also redeem up to 35% of the aggregate principal amount of the 2021 Notes, at a redemption price equal to 108.25 percent of the principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest to the date of redemption with the net cash proceeds from certain equity offerings. On and after 15 June 2016, the 2021 Notes are redeemable at redemption prices specified in the indenture, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104.125 percent of the principal amount of the 2021 Notes being redeemed for the twelve months beginning 15 June 2016, decreasing to 102.75 percent for the year beginning 15 June 2017, to 101.375 percent for the year beginning 15 June 2018 and to par on and after 15 June 2019.

The prospectuses and offering circulars, or their abstracts, relating to the principal bond issues are available on the Group's website at www.fiatspa.com under "Investor Relations – Financial Reports" and at www.chryslergroupllc.com under "Investor Relations – SEC filings". These documents are unaudited.

The bonds issued by Fiat Finance and Trade ltd. S.A. and by Fiat Finance North America Inc. impose covenants on the issuer and, in certain cases, on Fiat S.p.A. as guarantor, which is standard international practice for similar bonds issued by companies in the same industry sector as the Group. Such covenants include: (i) negative pledge clauses which require that bonds benefit from any existing or future pledges of assets of the issuer and/or Fiat S.p.A. granted in connection with other bonds or debt securities having the same ranking; (ii) *pari passu* clauses, under which no obligations ranking senior to the bonds in question may be assumed; (iii) periodic disclosure obligations; (iv) for bond issued under the Global Medium Term Notes programme, cross-default clauses which require immediate repayment of the bonds under certain events of default on other financial instruments issued by the Group's main entities; and, (v) other clauses that are generally applicable to securities of a similar type. A breach of these covenants can lead to the early repayment of the notes. In addition, the agreements for the bonds guaranteed by Fiat S.p.A. contain clauses which could lead to requirement to make early repayment if there is a change of the controlling shareholder of Fiat S.p.A. which leads to a resulting downgrading by the ratings agencies.

In addition, the indenture of the Secured Senior Notes issued by Chrysler Group LLC includes negative covenants related to Chrysler's ability and, in certain instances, the ability of certain of its subsidiaries to, (i) pay dividends or make distributions on the Company's capital stock or repurchase the Company's capital stock; (ii) make restricted payments; (iii) create certain liens to secure indebtedness; (iv) enter into sale and leaseback transactions; (v) engage in transactions with affiliates; (vi) merge or consolidate with certain companies and (vii) transfer and sell assets.

The indenture provides for customary events of default, including but not limited to, (i) non-payment; (ii) breach of covenants in the indenture; (iii) payment defaults or acceleration of other indebtedness; (iv) a failure to pay certain judgments and (v) certain events of bankruptcy, insolvency and reorganisation. If certain events of default occur and are continuing, the trustee or the holders of at least 25% in principal amount of the notes outstanding under one of the series may declare all of the notes of that series to be due and payable immediately, together with accrued interest, if any.

Chrysler's Secured Senior Notes are secured by liens junior to the Senior Credit Facilities on substantially all of Chrysler Group LLC's assets and the assets of its U.S. subsidiary guarantors, including 100% of the equity interests in Chrysler's U.S. subsidiaries and 65% of the equity interests in its non U.S. subsidiaries held directly by Chrysler Group LLC and its U.S. subsidiary guarantors.

Borrowing from banks

At 31 December 2011, the item Borrowings from banks includes for €2,333 million a $3 billion term loan ("Tranche B Term Loan") that is repayable in quarterly instalments of principal amount of $7.5 million, with the remaining balance of $2,827.5 million due in May 2017.

Medium/Long term committed credit lines (expiring after twelve months) currently available to Fiat Group excluding Chrysler amount to approximately €3 billion at 31 December 2011, of which €2 billion were undrawn. This amount does not include credit lines to fund scheduled investments of the Group's operating entities with residual expiry after twelve months, of which €0.5 million was still undrawn at 31 December 2011.

The new €1.95 billion new syndicated credit facility of Fiat contains typical covenants for contracts of this type and size, such as financial covenants (Net Debt/EBITDA and EBITDA/Net Interest ratios related to industrial activities) and negative pledge, pari passu, cross default and change of control clauses. The failure to comply with these covenants, in certain cases if not suitably remedied, can lead to the requirement to make early repayment of the outstanding loans. Similar covenants are contemplated for loans granted by the European Investment Bank for a total of €1.1 billion, in order to fund the Group's investments.

In addition the above new syndicated credit facility above, currently contemplates limits to the capability to extend guarantees or loans to Chrysler and make the increase of Fiat shareholding in Chrysler above the 60% threshold conditional to prior testing of the Net Debt/EBITDA ratio.

At 31 December 2011, Chrysler has secured revolving credit facility ("Revolving Credit Facility") amounting to $1.3 billion (€1 billion), fully undrawn at that date and maturing in May 2016.

Chrysler's senior credit facilities, which include the above mentioned Tranche B Term Facility and the Revolving Credit Facility, are secured by a senior priority security interest in substantially all of Chrysler Group LLC's assets and the assets of its U.S. subsidiary guarantors, subject to certain exceptions. The collateral includes 100% of the equity interests in Chrysler's U.S. subsidiaries and 65% of the equity interests in its non U.S. subsidiaries held directly by Chrysler Group LLC and its U.S. subsidiary guarantors.

The senior secured credit agreement includes negative covenants, including but not limited to, (i) limitations on incurrence, repayment and prepayment of indebtedness; (ii) limitations on incurrence of liens; (iii) the ability to make restricted payments; (iv) limitations on transactions with affiliates, swap agreements and sale and leaseback transactions; (v) limitations on fundamental changes, including certain asset sales and (vi) restrictions on certain subsidiary distributions. In addition, the Senior Secured Credit agreement requires Chrysler to maintain a minimum ratio of "borrowing base" to "covered debt" (as defined in the Facility), as well as a minimum liquidity of $3.0 billion, which includes any undrawn amounts on the Revolving Credit Facility.

The senior secured credit agreement contains a number of events of default related to (i) failure to make payments when due; (ii) failure to comply with covenants; (iii) breaches of representations and warranties; (iv) certain changes of control; (v) cross–default with certain other debt and hedging agreements and (vi) the failure to pay certain material judgements.

Payables represented by securities

At 31 December 2011, the item Payables represented by securities includes the VEBA Trust Note of €3,908 million, which represents Chrysler's financial liability to the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America ("UAW") Retiree Medical Benefits Trust ("VEBA Trust") having a face value of $4,836 million (€3,738 million). This financial liability was recognised by Chrysler in connection with the settlement of obligations related to postretirement healthcare benefits for certain UAW retirees. The VEBA Trust Note has an implied interest rate of 9.0% and requires annual payments of principal and interest through 15 July 2023.

At 31 December 2011, Chrysler's Payables represented by securities also includes the Canadian Health Care Trust Notes totalling €820 million, which represents Chrysler's financial liability to the Canadian Health Care Trust arising from the settlement of postretirement health care benefits for represented employees, retirees and dependants of Chrysler Canada Inc.'s National Automobile, Aerospace, Transportation and General Workers Union of Canada ("CAW"). These notes were issued in four tranches maturing between 2012 and 2024.

Other

At 31 December 2011 the Fiat Group excluding Chrysler had outstanding financial lease agreements for certain Property, plant and equipment whose overall net carrying amount totals €297 million (Note 16). At 31 December 2010 the corresponding balance was €322 million.

At 31 December 2011, payables for finance leases amounted to €486 million and may be analysed as follows:

	At 31 December 2011				At 31 December 2010 (*)			
(€ million)	due within one year	due within one year	due between one and five years	Total	Total	due between one and five years	due beyond five years	Total
Minimum future lease payments	80	286	238	**604**	48	113	129	**290**
Interest expense	(22)	(69)	(27)	**(118)**	(1)	(3)	-	**(4)**
Present value of minimum lease payments	**58**	**217**	**211**	**486**	**47**	**110**	**129**	**286**

(*) The amounts relate to Continuing Operations.

As discussed in Note 16, finance lease payables also relate to suppliers' assets recognised in the consolidated financial statements in accordance with IFRIC 4.

Net financial position

In compliance with Consob Regulation issued on 28 July 2006 and in conformity with the Cesar's "*Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses"* issued on 10 February 2005, the Net financial position of the Group is as follows:

(€ million)	At 31 December 2011 Fiat Group excluding Chrysler	Chrysler	Elimination	Total Fiat Group	of which Related parties	At 31 December 2010 Continuing Operations	Discontinued Operations	Total Fiat Group	of which Related parties
A. Cash and cash equivalents	10,106	7,420	-	17,526	-	11,967	3,686	15,653	-
B. Current securities (securities held for trading)	199	-	-	199	-	185	24	209	-
C. Liquidity (C) = (ABS)	**10,305**	**7,420**	**-**	**17,725**	**-**	**12,152**	**3,710**	**15,862**	-
D. Receivables from financing activities (Current financial receivables)	**3,958**	**20**	**(10)**	**3,968**	**197**	**2,866**	**10,908**	**13,774**	**129**
of which: From jointly-controlled financial services entities	21	-	-	21	21	12	-	12	12
of which: financial receivables for intragroup leased assets (IFRIC 4)	-	10	(10)	-	-	-	-	-	-
E. Financial Receivables from Discontinued/Continuing Operations	**-**	**-**	**-**	**-**	**-**	**5,626**	**2,865**	**-**	**-**
F. Other financial assets	**430**	**127**	**-**	**557**	**-**	**516**	**88**	**604**	**-**
G. Debt	**16,245**	**10,537**	**(10)**	**26,772**	**331**	**20,804**	**18,695**	**31,008**	**553**
of which: financial payables for intragroup leased assets (IFRIC 4)	10	-	(10)	-	-				
H. Other financial liabilities	**329**	**100**	**-**	**429**	**-**	**255**	**147**	**402**	**-**
I. Net financial position (I) = (C+D+E+F-G-H)	**(1,881)**	**(3,070)**	**-**	**(4,951)**	**(134)**	**101**	**(1,271)**	**(1,170)**	**(424)**

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 the Net financial position as presented in the above table and Net debt as presented in the Report on Operations:

(€ million)	At 31 December 2011 Fiat Group excluding Chrysler	Chrysler	Total Fiat Group	At 31 December 2010 Continuing Operations	Discontinued Operations	Total
Consolidated net debt as presented in the Report on Operations	**(5,818)**	**(3,080)**	**(8,898)**	**(2,753)**	**(12,179)**	**(14,932)**
Less: Current financial receivables, excluding those due from jointly controlled financial services companies, amounting to €21 million at 31 December 2011 (€12 million at 31 December 2010 relating to Continuing Operations), and financial receivables for leased assets under IFRIC 4	3,937	10	3,947	2,854	10,908	13,762
Net financial position	**(1,881)**	**(3,070)**	**(4,951)**	**101**	**(1,271)**	**(1,170)**

Reference should be made to Notes 19, 20, 21 and 22 and the information provided in this Note for a further analysis of the items in the table.

29. Trade payables

Trade payables of €16,418 million at 31 December 2011 increased of €7,073 million over 31 December 2010 due to the initial consolidation of Chrysler for €5,541 million. An analysis by due date of trade payables is as follows:

	At 31 December 2011				At 31 December 2010 (*)			
(€ million)	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 payables	16,402	13	3	**16,418**	9,338	6	1	**9,345**

(*) The amounts relate to Continuing Operations.

The carrying amount of Trade payables is considered in line with their fair value.

30. Other current liabilities

An analysis of Other current liabilities is as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Advances on buy-back agreements	**1,681**	822
Indirect tax payables	**1,289**	1,063
Accrued expenses and deferred income	**1,737**	806
Payables to personnel	**672**	269
Social security payables	**313**	280
Amounts due to customers for contract work (Note 18)	**110**	105
Other	**1,736**	563
Total Other current liabilities	**7,538**	**3,908**

(*) The amounts relate to Continuing Operations.

An analysis of Other current liabilities (excluding Accrued expenses and deferred income) by due date is as follows:

	At 31 December 2011				At 31 December 2010 (*)			
(€ million)	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
Total Other current liabilities (excluding Accrued expenses and deferred income)	5,012	763	26	**5,801**	2,544	545	13	**3,102**

(*) The amount relates to the Continuing Operations.

The item Advances on buy-back agreements amounting to €1,681 million refers to agreements entered into by the Group during the year or which still remain effective at the balance sheet date. 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.

Deferred income also includes the revenues not yet recognised in relation to the separately-priced extended warranties and service contracts offered by the Chrysler sector. These revenues will be recognised in profit or loss over the contract period in proportion to the costs expected to be incurred based on historical information.

The carrying amount of Other current liabilities is considered in line with their fair value.

31. Explanatory notes to the Statement of Cash Flows

The Statement of cash flows sets out changes in cash and cash equivalents during the year. As required by IAS 7 – *Statement of Cash Flows*, cash flows are separated into operating, investing and financing activities. The effects of changes in exchange rates on cash and cash equivalents are shown separately under the line item Translation exchange differences.

Cash flows from (used in) operating activities mostly derive from the Group's main revenue producing activities.

The cash flows generated by the sale of vehicles under buy-back commitments, net of the amounts included in Profit/(loss) for the year, are included under operating activities in a single line item which includes changes in working capital arising from these transaction.

Cash flows generated by operating lease arrangements are included in operating activities in a single line item which includes capital expenditures, depreciation, impairment losses and changes in inventories.

For 2011, Other non-cash items (a negative balance of €1,106 million) include the reversal of the following non-cash items:

- unusual income totalling €2,017 million arising from remeasurement of the 30% interest previously held in Chrysler and Fiat's right to receive an additional 5% on the occurrence of the final Performance Event, which took place in early January 2012;
- impairment losses on property, plant and equipment and other intangible assets amounting to €713 million;
- the unusual expenses of €220 million arising on the revaluation of the inventories of Chrysler on initial consolidation as the consequence of measuring the identifiable assets acquired and identifiable liabilities assumed at fair value, recognised in profit or loss for the period;
- the negative change in fair value of €110 million arising from the equity swaps on the ordinary shares of Fiat S.p.A. and Fiat Industrial S.p.A.;
- the share of the profit or loss of investees accounted for using the equity method and the impairment losses recognised during the period for investments measured at cost totalling €123 million;
- the other unusual income of €69 million resulting from changes in Other post-employment benefits in the Chrysler sector.

In 2010, with respect to Continuing Operations, Other non-cash items of €89 million included €134 million for the reversal of impairment losses on assets, a €107 million gain in the mark-to-market value of two stock option-related equity swaps on Fiat shares, the share of the profit or loss of investees accounted for using the equity method and the impairment losses recognised during the period for investments measured at cost.

Cash flows for income tax payments net of refunds amount to €532 million in 2011 (€724 million in 2010 with reference to the Fiat Group as a whole).

Interest of €1,569 million was paid and interest of €793 million was received in 2011 (interest of €1,727 million was paid in 2010 and interest of €1,248 million was received in 2010 with reference to the Fiat Group as a whole). Amounts indicated are inclusive of interest rate differentials paid or received on interest rate derivatives.

The item Cash and cash equivalents from the consolidation of Chrysler, net of consideration paid for the additional 16% ownership interest, consists of the cash and cash equivalents arising from the consolidation of Chrysler at the Acquisition date amounting to €6,505 million net of the consideration paid for the acquisition of the additional 16% ownership interest, amounting to €881 million ($1,268 million), as explained in further detail in the Section – Investment in Chrysler.

Finally, following the occurrence of the Technology Event and the Distribution Event, the rights associated with Fiat's Class B membership interests increased to 25% in January 2011 and to 30% in April 2011 without the payment of cash: these transactions have therefore not been included in the Statement of cash flows.

The purchases in 2011 of the additional 6.031% and 1.508% fully-diluted ownership interests in Chrysler from the U.S. Treasury and the Canadian government, at respective prices of $500 million and $125 million (€351 million and €87 million, respectively), have been classified under (Purchase)/sale of ownership interests in subsidiaries. Comparative amounts relating mainly to the acquisition of the 5% interest in Ferrari S.p.A. in 2010 have been reclassified on a consistent basis.

32. Guarantees granted, commitments and contingent liabilities

Guarantees granted

At 31 December 2011 the Group had pledged guarantees on the debt or commitments of third parties totalling €40 million (€35 million at 31 December 2010), as well as guarantees of €30 million on related party debt (€16 million at 31 December 2010).

With reference to Chrysler, in accordance with the terms of the Ally Auto Finance Operating Agreement ("Ally Agreement"), Ally provides wholesale and retail financing to dealers and retail customers in the U.S., Canada and Mexico. Chrysler subsidises interest rates or cash payments required at the inception of the financing arrangement, as a customer incentive, a practice known as "subvention." The agreement with Ally is not exclusive. Ally provides consumer and dealer financing to other manufacturers and Chrysler's dealers and retail customers obtain financing, including some subvented financing, from other financing sources. Under the agreement, however, Chrysler must offer all subvention programs to Ally, and is required to ensure that Ally finances a specified minimum percentage of the vehicles it sells in North America under rate subvention programs in which it elects to participate. In addition, Chrysler may, from time to time, offer lease products to retail customers through Ally, but Ally is not obligated to offer lease products. Under the Ally Agreement, Chrysler is required to repurchase Ally-financed dealer inventory, upon certain triggering events and with certain exceptions, in the event of an actual or constructive termination of a dealer's franchise agreement (including in certain circumstances when Ally forecloses on all assets of a dealer securing financing provided by Ally). These obligations exclude vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date. As of 31 December 2011, the maximum potential amount of future payments required to be made to Ally under this guarantee was approximately €5.7 billion and was based on the aggregate repurchase value of eligible vehicles financed by Ally in Chrysler's U.S. and Canadian dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent the vehicles are able to be resold to another dealer.

The Ally Agreement is effective through 30 April 2013, with automatic one-year renewals unless either party elects not to renew.

Other commitments and important contractual rights

The Group has important commitments and rights deriving from outstanding agreements, summarised in the following.

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 share capital of Teksid, the initial investment price as increased by a given interest rate;
- for the remaining amount of share capital of Teksid, the share of the accounting net equity at the exercise date.

Chrysler

Following the occurrence of the Ecological Event in early January 2012, at the date of this Annual report Fiat holds a 58.5% membership interest in Chrysler; the remaining 41.5% is held by the VEBA Trust, the fund that provides health benefits to the employees of Chrysler who are no longer in service. In addition Fiat is the holder of the VEBA Trust Call Option, pursuant to which it is entitled to acquire 40% of the membership interests originally issued to the VEBA Trust, provided that Fiat is entitled to purchase no more than 8% of such membership interests in any six-month period. This option may be exercised from 1 July 2012 to 30 June 2016. For the VEBA Trust Call Option, prior to a Chrysler IPO the exercise price is to be determined using a defined market-based multiple (the average multiple of a certain automotive manufacturers, not to exceed the trading multiple for Fiat) applied to Chrysler's EBITDA for the four recent quarters less Chrysler's net industrial debt. If there has been a Chrysler IPO, the price is to be based on the trading price for Chrysler's ordinary shares.

In addition, on 21 July 2011 the U.S. Treasury assigned Fiat its rights under the Equity Recapture Agreement. The Equity Recapture Agreement provides Fiat the rights to the economic benefit associated with the membership interests held by the VEBA Trust once the VEBA Trust receives proceeds, including certain distributions, in excess of $4.25 billion plus interest of 9% per annum from 1 January 2010 ("Threshold Amount"). Once the VEBA Trust receives the Threshold Amount, any additional proceeds payable to the VEBA trust for Chrysler membership interest and any membership interest retained by the VEBA Trust are to be transferred to Fiat for no further consideration. In addition, Fiat has the right to acquire VEBA Trust's entire membership interest in Chrysler at a price equivalent to the specified Threshold Amount, less any proceeds already received by the VEBA Trust on that interest. These rights have been recognised in the Group's Statement of Financial Position at €58 million ($75 million).

If the VEBA Trust seeks to transfer its membership interests, it must provide notice to Fiat and Fiat will have an irrevocable non–transferable first option to purchase all or a portion of the offered securities at the same price and on the same terms and conditions as those negotiated by the VEBA Trust.

VM Motori
Following the acquisition of the 50% interest in the VM Motori group, the Fiat Group is party to a put and call agreement with General Motors under which two years after the date of this acquisition Fiat will have the right to buy the residual interest in VM Motori from General Motors. Furthermore, General Motors has a put option to sell its interest in VM Motori to Fiat if certain conditions occur.

Sales of receivables
The Group has discounted receivables and bills without recourse having due dates after 31 December 2011 and amounting to €3,858 million (€3,524 million at 31 December 2010), which refer to trade receivables and other receivables for €3,031 million (€2,761 million at 31 December 2010), and receivables from financing for €827 million (€763 million at 31 December 2010). These amounts include receivables, mainly from the sales network, sold to jointly-controlled financial services companies (FGA Capital) for €2,495 million (€2,376 million at 31 December 2010).

Operating lease contracts
The Group has entered operating lease contracts for the right to use industrial buildings and equipment with an average term of 10-20 years and 3-5 years, respectively. At 31 December 2011 the total future minimum lease payments under non-cancellable lease contracts are as follows:

	At 31 December 2011				At 31 December 2010 (*)			
(€ million)	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	136	325	227	**688**	34	91	99	**224**

(*) The amounts relate to Continuing Operations.

During 2011, the Group has recorded costs for lease payments of €118 million (€48 million included in Profit/(loss) from Continuing Operations in 2010).

Contingent liabilities
As a global group 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, dealer and supplier relationship, intellectual property rights. The outcome of any current or future proceedings cannot be predicted with certainty. These proceedings seek recovery for damage to property, personal injuries and in some cases include a claim for exemplary or punitive damage. 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's financial position and results.

At 31 December 2011, contingent liabilities estimated by the Group for which no provisions have been recognised since an outflow of resources is not considered to be probable and for which a reliably estimate can be made amount to approximately €100 million (approximately €131 million at 31 December 2010). Furthermore, contingent assets and expected reimbursement in connection with these contingent liabilities for approximately €14 million (€17 million at 31 December 2010) 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 provisions for this purpose (see Note 27).

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 refer principally to potential liabilities arising from possible breaches of representations and warranties provided in the contracts and, in certain instances, environmental or tax matters, generally for a limited period of time. At 31 December 2011, potential obligations with respect to these indemnities were approximately €430 million (approximately €859 million at 31 December 2010). Against these obligations, at 31 December 2011 provisions of €66 million (€60 million 31 December 2010) have been made which are 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.

33. Segment reporting

As reported on 28 July 2011, as a result of the acquisition of majority ownership of Chrysler Group and consistent with the objective of enhancing the operational integration of Fiat S.p.A. and Chrysler Group, Fiat has announced significant changes to its organisation effective beginning of September 2011. The effects of these organisational changes on the composition of the Fiat Group's operating segments will be reflected in its IFRS 8 segment reporting from the first quarter of 2012, once all required economic and financial information has been determined. Changes in information by sector have therefore not been reflected in this note.

The operating segments through which the Group carries out its activities are based on the information referring to 2011 used by the Group's Chief Executive Officer to make strategic decisions.

In accordance with IFRS 8 – *Operating Segments*, as a result of the Demerger which took place on 1 January 2011 and the acquisition of the control of Chrysler on 24 May 2011, the Group's disclosures by operating segment have been revised to reflect the internal information used by the Group's Chief Executive Officer to make strategic decisions. In particular, following the inclusion of Chrysler in the scope of consolidation of the Fiat Group, the operating segment representing Chrysler has been added to the operating segments of the Continuing Operations of the Fiat Group (Fiat Group Automobiles, Maserati, Ferrari, Fiat Powertrain, Magneti Marelli, Teksid, and Comau).

The information used in the preparation of this Note and prepared in accordance with the accounting policies described under the paragraph Significant Accounting Policies.

The individual operating segments included in Continuing Operations earn revenues from their ordinary production and sales activities as follows:

- Fiat Group Automobiles earns its revenues from the production and sale of passenger cars and light commercial vehicles, in addition to the provision of financial services associated with the sale of those vehicles in markets outside the European Union (mainly in Latin America). Financial services activities within the European Union are, however, carried out through the 50/50 joint venture FGA Capital set up with the Crédit Agricole group.
- Chrysler generates its revenues from the design, development, production, distribution and sale of automobiles under the Chrysler, Jeep, Dodge and Ram brand names, and from the related parts and accessories (under the Mopar brand name). The segment's product line consists of cars (including SUVs and crossovers), minivans, pick-ups and medium-duty trucks.
- The Maserati segment earns its revenues from the production and sale of Maserati-brand luxury sport cars.
- The Ferrari segment earns its revenues from the production and sale of Ferrari-brand luxury sport cars, from managing its Formula 1 team and from providing financial services offered in conjunction with its vehicle sales.
- The Components segment (Magneti Marelli) earns its revenues from the production and sale of lighting components, engine control units, suspensions, shock absorbers, electronic systems, and exhaust systems and from activities in the plastic moulding components and in the after-market.
- The Fiat Powertrain segment earns its revenues from the production and sale of engines and transmissions for passenger and commercial vehicles.
- The Metallurgical Products segment (Teksid) earns its revenues from the production and sale of cast iron components for engines, transmissions and suspension systems, and aluminium cylinder heads.
- The Production System segment (Comau) earns its revenues from the design and production of industrial automation systems and related products for the automotive sector.

The Group continues to assess the performance of its operating segments on the basis of the Trading profit/(loss), Operating profit/(loss) and Result from investments of those segments. Revenues for each reported segment are those directly generated by or attributable to the segment as the result of its usual business activities and include revenues from transactions with third parties as well as those deriving from transactions with other segments, recognised at normal market prices. For those operating segments which also provide financial services activities, revenues include interest income and other financial income deriving from those activities. Segment expenses represent expenses deriving from each segment's business activities with third parties and other operating segments or those which may otherwise be directly attributable to it. Expenses deriving from business activities with other segments are recognised at normal market prices. For those operating segments which also carry out financial services activities, expenses include interest expense and other financial expense deriving from those activities.

The measure used to assess profit and loss for each operating segment is Operating profit/(loss). Trading profit/(loss) is reported as a specific part of Operating profit/(loss) in order to separate out from the profit or loss attributable to the segments the income and expense that is non-recurring in the ordinary operations of the business, such as gains and losses on the disposals of investments or restructuring costs. Financial income and expenses and taxes are responsibility of corporate in the Fiat Group excluding Chrysler, as they are not directly attributable to the performance of the operating segments and are subject to overall assessment by the Chief Executive Officer: they are therefore reported under Unallocated items and adjustments. Financial income (expenses) and taxes are allocated to the Chrysler sector income statement line items since the Fiat Group and the Chrysler Group have, and are expected to continue to have separate fiscal and treasury management, including funding and cash management.

Details of the income statement by operating segment for the years ended 31 December 2011 and 2010 are as follows:

(€ million)	FGA	Maserati	Ferrari	Magneti Marelli	Fiat Powertrain	Teksid	Comau	Other Businesses	Unallocated items & adjustments	Fiat Group excluding Chrysler	Chrysler (*)	Elim. and adjust	FIAT Group
2011													
Segment revenues	27,980	588	2,251	5,860	4,450	922	1,402	1,082	(7,153)	**37,382**	23,609	(1,432)	**59,559**
Revenues from transactions with other operating segments (**)	(320)	(76)	(77)	(2,090)	(3,816)	(225)	(380)	(457)	7,153	**(288)**	(1,144)	1,432	**-**
Revenues from external customers	**27,660**	**512**	**2,174**	**3,770**	**634**	**697**	**1,022**	**625**	**-**	**37,094**	**22,465**	**-**	**59,559**
Trading profit/(loss)	**430**	**40**	**312**	**181**	**131**	**26**	**10**	**(79)**	**(4)**	**1,047**	**1,345**	**-**	**2,392**
Unusual income/(expense)	1,446	-	6	(154)	3	(28)	(130)	(38)	(16)	**1,089**	(145)	-	**944**
Operating profit/(loss)	**1,876**	**40**	**318**	**27**	**134**	**(2)**	**(120)**	**(117)**	**(20)**	**2,136**	**1,200**	**-**	**3,336**
Financial income/(expense)									(796)	**(796)**	(486)	-	**(1,282)**
Interest in profit/(loss) of joint ventures and associates accounted for using the equity method	145	-	-	(3)	(7)	3	-	6	1	**145**	1	-	**146**
Other profit/(loss) from investments	1	-	-	(15)	-	-	-	-	(1)	**(15)**	-	-	**(15)**
Result from investments	**146**	**-**	**-**	**(18)**	**(7)**	**3**	**-**	**6**	**-**	**130**	**1**	**-**	**131**
Profit/(loss) before taxes										**1,470**	**715**	**-**	**2,185**
Income taxes									464	**464**	70	-	**534**
Profit/(loss) from Continuing Operations										**1,006**	**645**	**-**	**1,651**
Amortisation and depreciation	(1,233)	(68)	(269)	(303)	(284)	(28)	(14)	(34)	(2)	**(2,235)**	(1,123)	-	**(3,358)**
Goodwill impairment	(17)	-	-	(69)	-	(7)	(130)	(1)	-	**(224)**	-	-	**(224)**
Other impairments losses and other non-cash items	(1,924)	(51)	(69)	(158)	(135)	(42)	(26)	(127)	(10)	**(2,542)**	(3,901)	-	**(6,443)**
Reversal of impairment losses	-	-	-	1	-	-	-	-	-	**1**	-	-	**1**

(*) The amounts reported include seven months of operations.

(**) Revenues from transactions with other operating segments include revenues between consolidated Group companies relating to different sectors. Intersegment sales are accounted for at transfer prices that are substantially in line with market.

(€ million)	FGA	Maserati	Ferrari	Magneti Marelli	Fiat Powertrain	Teksid	Comau	Other Businesses	Unallocated items & adjustments	Fiat Group excluding Chrysler	Chrysler	Elim. and adjust	FIAT Group
2010 (*)													
Segment revenues	**27,860**	**586**	**1,919**	**5,402**	**4,211**	**776**	**1,023**	**1,159**	**(7,056)**	**35,880**	**-**	**-**	**35,880**
Revenues from transactions with other operating segments (**)	(238)	(72)	(65)	(2,079)	(3,627)	(204)	(280)	(491)	7,056	**-**	-	-	**-**
Revenues from external customers	**27,622**	**514**	**1,854**	**3,323**	**584**	**572**	**743**	**668**	**-**	**35,880**	**-**	**-**	**35,880**
Trading profit/(loss)	**607**	**24**	**303**	**98**	**140**	**17**	**(6)**	**(85)**	**14**	**1,112**	**-**	**-**	**1,112**
Unusual income/(expense)	(92)	-	(1)	(25)	32	-	-	(34)	-	**(120)**	-	-	**(120)**
Operating profit/(loss)	**515**	**24**	**302**	**73**	**172**	**17**	**(6)**	**(119)**	**14**	**992**	**-**	**-**	**992**
Financial income/(expense)									**(400)**	**(400)**	**-**	**-**	**(400)**
Interest in profit/(loss) of joint ventures and associates accounted for using the equity method	134	-	-	(3)	(11)	1	-	(3)	2	**120**	-	-	**120**
Other profit/(loss) from investments	(3)	-	-	(2)	-	-	-	(1)	-	**(6)**	-	-	**(6)**
Result from investments	**131**	**-**	**-**	**(5)**	**(11)**	**1**	**-**	**(4)**	**2**	**114**	**-**	**-**	**114**
Profit/(loss) before taxes										**706**	**-**	**-**	**706**
Income taxes									**484**	**484**	**-**	**-**	**484**
Profit/(loss) from Continuing Operations										**222**	**-**	**-**	**222**
Amortisation and depreciation	(1,197)	(81)	(251)	(293)	(259)	(28)	(13)	(51)	(13)	**(2,186)**	-	-	**(2,186)**
Goodwill impairment	-	-	-	-	-	-	-	-	-	**-**	-	-	**-**
Other impairments losses and other non-cash items	(1,702)	(40)	(52)	(137)	(83)	(17)	(16)	(80)	-	**(2,127)**	-	-	**(2,127)**
Reversal of impairment losses	-	-	-	-	-	-	-	3	-	**3**	-	-	**3**

(*) The amounts relate to Continuing Operations.
(**) Revenues from transactions with other operating segments include revenues between consolidated Group companies relating to different sectors. Intersegment sales are accounted for at transfer prices that are substantially in line with market.

In the Statement of Financial Position, segment operating assets are those assets employed by each segment in carrying out its usual activities or those which may be reasonably allocated to it on the basis of its usual activities, including the carrying amount of investments in joint ventures and associates. Segment liabilities are those liabilities arising directly from each segment's usual activities or which may be reasonably allocated to it on the basis of its usual activities. As stated above, treasury and fiscal activities in the Fiat Group excluding Chrysler are the responsibility of corporate because they are not directly attributable to the performance of the operating segments and are subject to overall assessment by the Chief Executive Officer; these assets and liabilities are therefore not included in the assets and liabilities allocated to the segments, but are instead reported under Unallocated items and adjustments. In particular, treasury assets include the amounts receivable from financing activities, other non-current receivables, securities and other financial assets and cash and cash equivalents of the Group's industrial entities. Treasury liabilities, on the other hand, include the debt and other financial liabilities of the Group's industrial entities, net of current financial receivables from jointly-controlled financial services entities. As the segment Profit/(loss) includes the Interest income and other financial income and Interest expense and other financial expense of the financial services entities, the segment operating assets of Fiat Group Automobiles and Ferrari also include the financial assets (predominantly the loan portfolio) of their financial services companies. Similarly, liabilities for those segments include the debt of the financial services companies. The unallocated Group debt accordingly solely represents the debt of the industrial entities of the Fiat Group excluding Chrysler. The tax and treasury activities, including funding and cash management, of Chrysler on the other hand are, and are expected to continue to be, maintained separately, and are therefore fully allocated to the segment's assets and liabilities.

(€ million)	FGA	Maserati	Ferrari	Magneti Marelli	Fiat Powertrain	Teksid	Comau	Other Businesses	Unallocated items & adjustments	FIAT Group excluding Chrysler	Chrysler	Elim. and Adjust	FIAT Group
At 31 December 2011													
Segment operating assets	22,190	477	1,911	3,365	3,258	546	742	9,740	(9,654)	**32,575**	31,251	(4,904)	**58,922**
Tax assets									1,967	**1,967**	91	-	**2,058**
Receivables from financing activities, Non-current Other receivables and Securities of industrial companies									611	**611**	294	(10)	**895**
Cash and cash equivalents, Current securities and Other financial assets of industrial companies									10,609	**10,609**	7,547	-	**18,156**
Total Treasury assets (unallocated for Fiat Group excluding Chrysler)									***11,220***	***11,220***	***7,841***	***(10)***	***19,051***
Total non-operating assets (unallocated for Fiat Group excluding Chrysler)									***13,187***	***13,187***	***7,932***	***(10)***	***21,109***
Total assets allocated to sectors	**22,190**	**477**	**1,911**	**3,365**	**3,258**	**546**	**742**	**9,740**	**3,533**	**45,762**	**39,183**	**(4,914)**	**80,031**
Total Assets										**45,762**	**39,183**	**(4,914)**	**80,031**
Segment operating assets include													
Investments in subsidiaries, associates and joint-ventures accounted by using the equity method	1,272	-	-	17	110	32	-	131	(9)	**1,553**	26	**-**	**1,579**
Increases in non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	3,766	134	237	502	322	38	20	74	(1,360)	**3,733**	1,937	**-**	**5,670**
Segment operating liabilities	16,587	391	1,524	2,110	1,795	325	648	1,176	(1,435)	**23,121**	**20,686**	(965)	**42,842**
Tax liabilities									383	**383**	861	**-**	**1,244**
Treasury liabilities									13,058	**13,058**	10,637	**(10)**	**23,685**
Total liabilities unallocated for Fiat Group excluding Chrysler									**13,441**	**13,441**	**11,498**	**(10)**	**24,929**
Total liabilities allocated to sectors	**16,587**	**391**	**1,524**	**2,110**	**1,795**	**325**	**648**	**1,176**	**12,006**	**36,562**	**32,184**	**(975)**	**67,771**
Total liabilities										**36,562**	**32,184**	**(975)**	**67,771**

(€ million)	FGA	Maserati	Ferrari	Magneti Marelli	Fiat Powertrain	Teksid	Comau	Other Businesses	Unallocated items & adjustments	FIAT Group excluding Chrysler	Chrysler	Elim. and Adjust	FIAT Group
At 31 December 2010													
Segment operating assets	17,027	382	1,667	3,395	3,419	581	697	17,102	(17,501)	**26,769**	-	-	**26,769**
Tax assets	-	-	-	-	-	-	-	-	2,031	**2,031**	-	-	**2,031**
Receivables from financing activities, Non-current Other receivables and Securities of industrial companies	-	-	-	-	-	-	-	-	273	**273**	-	-	**273**
Cash and cash equivalents, Current securities and Other financial assets of industrial companies	-	-	-	-	-	-	-	-	12,380	**12,380**	-	-	**12,380**
Total Treasury assets (unallocated for Fiat Group excluding Chrysler)									***12,653***	***12,653***	-	-	***12,653***
Total non-operating assets (unallocated for Fiat Group excluding Chrysler)									***14,684***	***14,684***	-	-	***14,684***
Total assets allocated to sectors	17,027	382	1,667	3,395	3,419	581	697	17,102	**(2,817)**	**41,453**	-	-	**41,453**
Assets included in Discontinued Operation										**31,989**	-	-	**31,989**
Total Assets										**73,442**	-	-	**73,442**
Segment operating assets include:													
Investments in subsidiaries, associates and joint-ventures accounted by using the equity method	1,248	-	-	9	55	28	-	136	(11)	**1,465**	-	-	**1,465**
Increases in non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	1,764	104	239	399	444	36	24	194	(57)	**3,147**	-	-	**3,147**
Segment operating liabilities	14,796	350	1,141	2,045	1,826	293	513	1,162	1,125	**23,251**	-	-	**23,251**
Tax liabilities	-	-	-	-	-	-	-	-	514	**514**	-	-	**514**
Treasury liabilities	-	-	-	-	-	-	-	-	12,922	**12,922**	-	-	**12,922**
Total liabilities unallocated for Fiat Group excluding Chrysler									13,436	**13,436**	-	-	**13,436**
Total liabilities allocated to sectors	**14,796**	**350**	**1,141**	**2,045**	**1,826**	**293**	**513**	**1,162**	**14,561**	**36,687**	-	-	**36,687**
Total Liabilities included in Discontinued Operation										**24,294**	-	-	**24,294**
Total liabilities										**60,981**	-	-	**60,981**

34. Information by geographical area

The Group's parent company has its registered office in Italy. In 2011, revenues earned from external customers may be analysed as follows:

(€ million)	2011	2010 (*)
Italy	9,258	9,782
Rest of the world	50,301	26,098
Total revenues from external customers	**59,559**	**35,880**

(*) The amounts relate to Continuing Operations.

Revenues earned from external customers in the Rest of the world in 2011 arise mainly from (in €million): United States, Canada and Mexico 21,423 (1,270 in 2010), Brazil for 9,860 (9,246 in 2010), Germany 3,158 (2.739 in 2010), France 2,251 (2,244 in 2010), China 1,557 (602 in 2010), Turkey for 1,357 (1,247 in 2010), UK 1,321 (1,261 in 2010) and Spain for 1,019 (1,021 in 2010).

In 2011 and 2010, no single external customer of the Group accounted for 10% or more of consolidated revenues.

Total Non-current assets located in Italy (excluding financial assets, deferred tax assets and defined benefit assets) totalled €9,569 million at 31 December 2011; the corresponding amount classified as Continuing Operations at 31 December 2010 amounted to €9,490 million. The total of such assets located in the Rest of the world totalled €31,360 million at 31 December 2011 (€6,005 million for Continuing Operations at 31 December 2010). Non-current assets located in the Rest of the world may be analysed as follows (in €million): United States, Canada and Mexico 25,165 (320 in 2010) Brazil 2,463 (2,412 in 2010) Poland 1,511 (1,612 in 2010) Serbia 463 (100 in 2010) France 322 (331 in 2010), China 272 (180 in 2010) and Germany 170 (157 in 2010).

35. Qualitative and quantitative information on financial risks

The Group is exposed to the following financial risks connected with its operations:

- credit risk, arising both from its normal commercial relations with final 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;
- finance market risk (principally relating to exchange rates, interest rates and commodity prices), since the Group operates at an international level in different currencies and uses financial instruments which generate interests. The Group is also exposed to the risk of changes in the price of certain commodities and of certain listed shares.

These risks could significantly affect the Group's financial position and results, and for this reason the Group systematically identifies, and monitors these risks, in order to detect potential negative effects in advance and take the necessary action to mitigate them, primarily through its operating and financing activities and if required, through the use of derivative financial instruments.

Financial instruments held by the funds that manage pension plan assets are not included in this analysis (see the Note 26).

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 predictive value, in particular the sensitivity analysis on finance market risks does not reflect the complexity of the market or the reaction which may result from any changes that are assumed to take place.

Credit risk

Credit risk is the risk of economic loss arising from the failure to collect a receivable. Credit risk encompasses the direct risk of default and the risk of a deterioration of the creditworthiness of the counterparty, as well as concentration risks.

The Group's credit risk differs in relation to the activities carried out. In particular, dealer financing and operating and financial lease activities that are carried out through the Group's financial services companies are exposed both to the direct risk of default and the deterioration of the creditworthiness of the counterparty, while the sale of vehicles and spare parts is mostly exposed to the direct risk of default of the counterparty. These risks are however mitigated by the fact that collection exposure is spread across a large number of counterparties and customers.

Taken overall, however, the credit risk regarding the Group's trade receivables and receivables from financing activities is concentrated in the European Union and Latin America markets for the Fiat Group Automobiles sector and in the North American market for the Chrysler sector.

In order to test for impairment, significant receivables from corporate customers and receivables for which collectability is at risk are assessed individually, while receivables from end customers or small business customers are grouped into homogeneous risk categories. A receivable is considered impaired when there is objective evidence that the Group will be unable to collect all amounts the due specified in the contractual terms. Objective evidence may be provided by the following factors: significant financial difficulties of the counterparty, the probability that the counterparty will be involved in an insolvency procedure or will default on its instalment payments, the restructuring or renegotiation of open items with the counterparty, changes in the payment status of one or more debtors included in a specific risk category and other contractual breaches. The calculation of the amount of the impairment loss is based on the risk of default by the counterparty, which is determined by taking into account all the information available as to the customer's solvency, the fair value of any guarantees received for the receivable and the Group's historical experience.

The maximum credit risk to which the Group is theoretically exposed at 31 December 2011 is represented by the carrying amounts of financial assets in the financial statements and the nominal value of the guarantees provided on liabilities and commitments to third parties as discussed in Note 32.

Dealers and final customers for which the Group provides financing 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 risks arising from credit granted for the sale of cars, whose amount depends on the amount of the assets sold. 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.

Receivables for financing activities amounting to €3.968 million at 31 December 2011 contain balances totalling €5 million, which have been written down on an individual basis. Of the remainder, balances totalling €70 million are past due by up to one month (€42 million at 31 December 2010 for Continuing Operation), while balances totalling €62 million are past due by more than one month (€92 million at 31 December 2010). In the event of instalment payments, even if only one instalment is overdue, the whole amount of the receivable is classified as such.

Trade receivables and Other receivables amounting to €4,335 million at 31 December 2011 contain balances totalling €78 million which have been written down on an individual basis. Of the remainder, balances totalling €314 million are past due by up to one month (€164 million at 31 December 2010), while balances totalling €313 million are past due by more than one month (€341 million at 31 December 2010). The increase over the previous year in the amounts past due up to one month arises mainly from the consolidation of Chrysler.

Provided that Current securities and Cash and cash equivalents are measured at fair value, there was no exposure to sovereign debt securities at 31 December 2011 which might lead to significant repayment risk.

Liquidity risk

Liquidity risk arises if the Group is unable to obtain the funds needed to carry out its operations under economic conditions. Any actual or perceived limitations on the Group's liquidity may affect the ability of counterparties to do business with the Group or may require additional amounts of cash and cash equivalents to be allocated as collateral for outstanding obligations.

The continuation of a difficult economic situation in the markets in which the Group operates and the uncertainties that characterise the financial markets, necessitate giving special attention to the management of liquidity risk. In that sense measures taken to generate funds through operations and to maintain a conservative level of available liquidity are an important factor for ensuring operational flexibility and addressing strategic challenges over the next few years.

The two main factors that determine the Group's liquidity situation are on the one hand 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 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 a conservative level of available liquidity;
- diversifying the means by which funds are obtained and maintaining a continuous and active presence in the capital markets;
- obtaining adequate credit lines;
- monitoring future liquidity on the basis of business planning.

From an operating point of view the Group manages liquidity risk by monitoring cash flows and keeping an adequate level of funds at its disposal. The operating cash flows, main funding operations and liquidity of the Fiat Group excluding Chrysler are centrally managed in the Group's treasury companies with the aim of ensuring effective and efficient management of the Group's funds. These companies obtain funds on the financial markets by means which may assume different technical forms.

Chrysler manages the cash generated by its operations and coverage of its funding requirements independently. In this respect Fiat has pledged no guarantee, commitment or similar obligation in relation to any of Chrysler's financing obligations, nor has it assumed any kind of obligation or commitment to fund Chrysler in the future.

Details of the repayment structure of the Group's financial assets and liabilities are provided in Note 19 - Current Receivables and Other current assets and in Note 28 - Debt. Details of the repayment structure of derivative financial instruments are provided in Note 21.

The Group believes that the funds currently available to the treasuries of Fiat and Chrysler, in addition to those that will be generated from operating and financing activities, will enable the Fiat Group to satisfy the requirements of its investing activities and working capital needs, fulfil its obligations to repay its debt at the natural due dates and ensure an appropriate level of operating and strategic flexibility.

Finance market risks

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, in addition, the Group is exposed to market risks in terms of the commodity prices associated with business operations. The Group is also exposed to the risk of a change in the price of certain shares.

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

The Group 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 profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

The Group's exposure to commodity price risk arises from the risk of changes occurring in the price of certain raw materials used in production. Changes in the price of raw materials could have a significant effect on the Group's results by indirectly affecting costs and product margins.

The Group regularly assesses its exposure to finance market risk and manages those risks 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, and 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 price of certain commodities.

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. Exposure to changes in the price of commodities is generally hedged by using commodity swaps.

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 21.

Quantitative information on currency risk

The Group is exposed to risk resulting from changes in exchange rates, which can affect its earnings and 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 profit/(loss) of that company. In 2011, the total trade flows exposed to currency risk amounted to the equivalent of 10% of the Group's turnover.
- The principal exchange rates to which the Group is exposed are the following:
  - USD/CAD, relating to sales in Canadian dollars made by Chrysler in Canada;
  - EUR/USD, relating to sales in US dollars made by Italian companies (in particular Ferrari and Maserati) to the North American market and to other markets in which the US dollar is the trading currency;
  - EUR/GBP, EUR/CHF, USD/MXN, USD/VEF in relation to sales in the UK, Swiss, Mexican and Venezuelan markets;
  - EUR/PLN, EUR/TRY, relating to manufacturing costs incurred in Poland and Turkey for products sold in the Euro area;
  - USD/BRL, EUR/BRL, relating to Brazilian manufacturing operations and the related import and export flows.

  Taken overall trade flows exposed to changes in these exchange rates in 2011 made up approximately 80% of the exposure to currency risk from trade transactions.
- It is the Group's policy to use derivative financial instruments to hedge a certain percentage, on average between 55% and 85%, of the forecast trading transaction exchange risk exposure 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, Brazil, Canada, Poland, Turkey, Mexico, Argentina, the Czech Republic, India, China and South Africa. As the Group's reference currency is the Euro, the income statements of those entities 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 fluctuation in exchange rates. The effects of these changes are recognised directly in the item Cumulative Translation Adjustments reserve, included in Other Comprehensive income (see Note 24).

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 2011 in the nature or structure of exposure to currency risk or in the Group's hedging policies.

The potential loss in fair value of derivative financial instruments held for currency risk management (currency swaps/forwards, currency options, interest rate and currency swaps) at 31 December 2011 resulting from a hypothetical, unfavourable and instantaneous change of 10% in the exchange rates of the leading foreign currencies with the Euro would have been approximately €625 million (€457 million for Continuing Operations at 31 December 2010). The increase is mainly due to the inclusion of Chrysler in the analysis.

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.

Quantitative information on 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 affect the operating profit/(loss) 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 net profit/(loss).

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 31 December 2011, resulting from a hypothetical, unfavourable and instantaneous change of 10% in market interest rates, would have been approximately €140 million (€49 million at 31 December 2010 with respect to Continuing Operations). The increase is mainly due to the inclusion of Chrysler in the analysis.

Floating rate financial instruments consist principally of 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 31 December 2011, applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivative financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately €10 million (€3 million at 31 December 2010 with respect to Continuing Operation).

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.

Quantitative information on commodity price risk
The Group has entered into derivative contracts for certain commodities to hedge its exposure to commodity price risk associated with buying raw materials or other commodities used in its normal operations.

In connection with the commodity price derivative contracts outstanding at 31 December 2011, a hypothetical, unfavourable and instantaneous change of 10% in the price of the commodities at that date would have caused a fair value loss of €58 million; the corresponding figure at 31 December 2010 was €1 million. The increase is essentially related to the use of commodity price derivatives by Chrysler.

Quantitative information on other risks on derivative financial instruments
As described in Note 21, the Group holds derivative financial instruments, whose value is linked to the price of listed shares (predominately equity swaps on Fiat shares and after the Demerger, on Fiat S.p.A. and Fiat Industrial S.p.A. shares). Although these 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 net profit/(loss).

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 31 December 2011 linked to the Fiat S.p.A. and Fiat Industrial S.p.A: share price would have been approximately €17 million (€32 million at 31 December 2010). The decrease over the previous year is due to the different price of the share at the end of the year (which is used as a basis for the simulation) and to the lower notional amount outstanding.

36. Fair value measurement

IFRS 7 requires financial instruments recognised in the statement of financial position at fair value to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value. The following levels are used in this hierarchy:

- Level 1 – quoted prices in active markets for the assets or liabilities being measured;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) on the market;
- Level 3 – inputs that are not based on observable market data.

The following table provides an analysis under this hierarchy of the financial instruments measured at fair value at 31 December 2011.

(€ million)	Note	Level 1	Level 2	Level 3	Total
Assets at fair value with changes directly in Other comprehensive income:					
Investments at fair value with changes directly in equity	(17)	116	-	-	**116**
Investments at fair value through profit or loss	(17)	149	-	-	**149**
Other non-current securities	(17)	32	-	12	**44**
Current securities available-for-sale	(20)	52	-	-	**52**
Financial assets at fair value held-for-trading:					
Current investments		33	-	-	**33**
Current securities held for trading	(20)	147	-	-	**147**
Other financial assets	(21)	-	482	1	**483**
Total Assets		**529**	**482**	**13**	**1,024**
Other financial liabilities	(21)	-	(401)	(28)	**(429)**
Total Liabilities		**-**	**(401)**	**(28)**	**(429)**

The other assets and liabilities classified in Level 3 relate to certain derivatives on commodities acquired by Chrysler for which fair value is not directly determined on the basis of observable market data.

In 2011, there were no transfers from Level 1 to Level 2 or vice versa.

The following table provides changes in Level 3 in 2011:

(€ million)	Other non-current securities	Other financial assets/ (liabilities)
Balances at 31 December 2010	**12**	**-**
Changes in the scope of consolidation	-	15
Gains/(Losses) recognised in Other comprehensive income/(loss)	-	(31)
(Gains) and losses recognised in profit or loss	-	(3)
Increases/(Decreases)	-	(8)
Balances at 31 December 2011	**12**	**(27)**

Changes in the scope of consolidation relate to the acquisition of Chrysler.

In 2011, there were no transfers from Level 3 to other levels or vice versa.

37. Related party transactions

Pursuant to IAS 24, the related parties of Fiat Group are entities and individuals capable of exercising control, joint control or significant influence over Fiat Group and its subsidiaries, companies belonging to the Exor Group, (including the Fiat Industrial group) and unconsolidated subsidiaries, associates or joint ventures of Fiat Group. In addition, members of Fiat Group Board of Directors, Board of Statutory Auditors and executives with strategic responsibilities and their families are also considered related parties.

The Group carries out transactions with unconsolidated subsidiaries, jointly-controlled entities, associates and other related parties, on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

Transactions carried out by the Group with unconsolidated subsidiaries, jointly-controlled entities, associates and other related parties are primarily of those a commercial nature, which have had an effect on revenues, cost of sales, and trade receivables and payables; these transactions regard in particular:

- the sale of motor vehicles to the jointly-controlled entities Tofas-Turk Otomobil Fabrikasi A.S. and FGA Capital;
- the sale of engines, other components and production systems to the jointly-controlled entities Società Europea Veicoli Leggeri-Sevel S.p.A. and Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme and, to the Chrysler Group in 2010 and in the first 5 months of 2011 and companies of the Fiat Industrial group;
- the provision of services, recharges of research costs and the sale of materials to the jointly-controlled entity Fiat India Automobiles Limited;
- the sale of publishing products to the associate To-dis;
- the purchase of motor vehicles from the jointly-controlled entities Società Europea Veicoli Leggeri-Sevel S.p.A., Tofas-Turk Otomobil Fabrikasi A.S, Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme and FGA Capital and, to the Chrysler Group in 2010 and in the first 5 months of 2011;
- the purchase of engines from the jointly-controlled entity Fiat India Automobiles Limited and from the VM Motori group;
- the purchase of commercial vehicles from the Fiat Industrial Group;
- the purchase of steel from Tata Steel IJmuiden BV (formerly the Corus group), which is part of the Tata group;
- the purchase of goods for the high range and deluxe upholstery of the Group's automobiles from Poltrona Frau S.p.A., a company listed on the Italian Stock Exchange in which Fiat S.p.A. Board member Luca Cordero di Montezemolo holds an indirect investment.

The most significant financial transactions with related parties generated receivables from financing activities of the Group's financial services companies due from jointly-controlled entities and asset-backed financing relating to amounts due to FGA Capital for the sale of receivables which do not qualify for derecognition under IAS 39. At 31 December 2010, Receivables from financing activities due from related parties mainly relates to financing provided by the central treasury companies of the Fiat Group remaining within Fiat Group Post-Demerger (Fiat Finance S.p.A., Fiat Finance and Trade Ltd SA, Fiat Finance Canada Ltd and Fiat Finance North America Inc.) to the companies transferred to Fiat Industrial Group and Debt payable to related parties consisting mainly of cash held on deposit with the treasury companies remaining in the Fiat Group Post- Demerger by the companies transferred to the Fiat Industrial Group.

Finally, regarding transactions with other related parties, the Group sold its interest in Fiat Switzerland and certain minor businesses to the Fiat Industrial group in 2011, realising disposal gains totalling €12 million. In addition, in 2011 the Group recognised income of €72 million, classified as Interest income and other financial income, calculated after the Demerger using market values and relating to the early repayment of the outstanding medium-term financial receivables due from the Fiat Industrial group at 31 December 2011.

In accordance with IAS 24, transactions with related parties also include compensation payable to Directors, Statutory Auditors and managers with strategic responsibilities.

The main effects on profit and loss of the above related party transactions for 2011 and 2010 are as follows:

(€ million)	2011 Net Revenues	2011 Cost of sales	2011 Selling, general and administrative costs	2011 Financial income (expenses)	2010 (*) Net Revenues	2010 (*) Cost of sales	2010 (*) Selling, general and administrative costs	2010 (*) Financial income (expenses)
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	1,257	1,289	10	-	1,152	1,230	3	-
Società Europea Veicoli Leggeri-Sevel S.p.A.	465	1,603	-	-	362	1,318	4	-
FGA Capital	207	80	14	(34)	101	72	13	(31)
Fiat India Automobiles Limited	42	14	-	-	73	34	-	3
GAC Fiat Automobiles Co Ltd	42	3	-	-	7	-	-	-
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	32	265	-	-	32	329	-	-
VM Motori group	-	115	-	-	-	-	-	-
Other	4	4	-	-	3	12	-	-
Total jointly-controlled entities	**2,049**	**3,373**	**24**	**(34)**	**1,730**	**2,995**	**20**	**(28)**
Chrysler Group (**)	165	310	-	-	195	226	29	-
To-dis S.r.l.	51	3	-	-	49	3	-	-
Other	2	-	10	-	-	2	8	-
Total associates	**218**	**313**	**10**	**-**	**244**	**231**	**37**	**-**
Fiat Industrial group	663	428	1	72	592	362	2	214
Tata Steel IJmuiden BV	-	55	-	-	-	59	-	-
Poltrona Frau	-	25	-	-	-	19	-	-
Directors, Statutory Auditors and Key Management	-	-	58	-	-	-	60	-
Other	2	7	3	-	1	5	3	-
Total other related parties and Fiat Industrial group	**665**	**515**	**62**	**72**	**593**	**445**	**65**	**214**
Total unconsolidated subsidiaries	**38**	**71**	**21**	**2**	**19**	**71**	**17**	**2**
Total of which related parties	**2,970**	**4,272**	**117**	**40**	**2,586**	**3,742**	**139**	**188**
Total	**59,559**	**50,704**	**5,047**	**(1,282)**	**35,880**	**30,718**	**2,956**	**(400)**
Effect on Total (%)	**5.0%**	**8.4%**	**2.3%**		**7.2%**	**12.2%**	**4.7%**	

(*) The amounts relate to Continuing Operations.
(**) The revenues and cost of sales relating to Chrysler Group and its associates refer in 2011 to the first five months and in 2010 to the full half year.

An analysis of the effects of related party transactions on asset and liability items of a non-financial nature at 31 December 2011 and 31 December 2010 is as follows:

	At 31 December 2011				At 31 December 2010 (*)			
(€ million)	Trade receivables	Trade payables	Other current assets	Other current liabilities	Trade receivables	Trade payables	Other current assets	Other current liabilities
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	26	262	-	-	90	220	-	-
Società Europea Veicoli Leggeri-Sevel S.p.A.	44	615	12	10	28	466	5	3
FGA Capital	63	104	19	80	96	52	26	49
Fiat India Automobiles Limited	102	6	2	-	104	-	2	-
GAC Fiat Automobiles Co Ltd	18	3	-	-	-	-	-	-
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	1	35	-	-	1	51	-	-
VM Motori group	-	34	-	-	-	-	-	-
Other	4	2	1	-	6	9	1	1
Total jointly-controlled entities	**258**	**1.061**	**34**	**90**	**325**	**798**	**34**	**53**
Chrysler Group	10	5	-	-	96	184	36	16
Other	10	6	-	24	2	6	-	3
Total associates	**20**	**11**	**-**	**24**	**98**	**190**	**36**	**19**
Fiat Industrial group	97	30	28	13	1	-	-	-
Tata Steel IJmuiden BV	-	10	-	-	-	20	-	-
Poltrona Frau	-	7	-	-	-	7	-	-
Directors, Statutory Auditors and Key Management	-	-	-	-	-	-	-	9
Other	-	7	-	-	-	5	-	-
Total other related parties and Fiat Industrial group	**97**	**54**	**28**	**13**	**1**	**32**	**-**	**9**
Total unconsolidated subsidiaries	**36**	**13**	**8**	**3**	**35**	**20**	**6**	**6**
Total of which related parties	**411**	**1.139**	**70**	**130**	**459**	**1,040**	**76**	**87**
Total	**2,625**	**16,418**	**2,088**	**7,538**	**2,259**	**9,345**	**1,528**	**3,908**
Effect on Total (%)	**15.7%**	**6.9%**	**3.4%**	**1.7%**	**20.3%**	**11.1%**	**5.0%**	**2.2%**

(*) The amounts relate to Continuing Operations.

An analysis of the effects of related party transactions on asset and liability items of a financial nature at 31 December 2011 and 31 December 2010 is as follows:

(€ million)	At 31 December 2011				At 31 December 2010 (*)				
	Current Receivables from financing activities	Asset-backed financing	Other debt	Debt payable to Discontinued Operations	Current Receivables from financing activities	Asset-backed financing	Other debt	Debt payable to Discontinued Operations	Current Receivables from financing activities
FGA Capital	32	92	118	-	12	-	92	144	-
Società Europea Veicoli Leggeri-Sevel S.p.A.	45	-	-	-	14	-	-	2	-
Other	37	-	-	-	37	-	-	-	-
Total jointly-controlled entities	**114**	**92**	**118**	**-**	**63**	**-**	**92**	**146**	**-**
Chrysler Group	2	-	4	-	17	-	-	-	-
Total associates	**2**	**-**	**4**	**-**	**17**	**-**	**-**	**-**	**-**
Fiat Industrial group	43	9	68	-	4	5,626	9	-	2,865
Total other related parties and Fiat Industrial group	**43**	**9**	**68**	**-**	**4**	**5,626**	**9**	**-**	**2,865**
Total unconsolidated subsidiaries	**38**	**-**	**40**	**-**	**45**	**-**	**-**	**32**	**-**
Total of which related parties	**197**	**101**	**230**	**-**	**129**	**5,626**	**101**	**178**	**2,865**
Total	**3,968**	**710**	**26,062**	**-**	**2,866**	**5,626**	**533**	**17,406**	**2,865**
Effect on Total (%)	**5.0%**	**14.2%**	**0.9%**	**-**	**4.5%**	**100%**	**18.9%**	**1.0%**	**100%**

(*) The amounts relate to Continuing Operations.

Guarantees granted and other commitments to related parties

Other guarantees pledged in favour of related parties at 31 December 2011and 2010 are as follows:

(€ million)	At 31 December 2011	At 31 December 2010 (*)
Total jointly-controlled entities	8	4
Total other related parties and Fiat Industrial group	10	-
Total unconsolidated subsidiaries	12	12
Total of which related parties	**30**	**16**

(*) The amounts relate to Continuing Operations.

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 € thousands)	At 31 December 2011	At 31 December 2010
Directors (a)	24,570	32,896
Statutory auditors	260	260
Total Emoluments	**24,830**	**33,156**

(a) This amount includes the notional compensation cost arising from stock grants granted to the Chief Executive Officer.

The aggregate compensation of Group executives with strategic responsibilities amounts to approximately €32 million in 2011. This is inclusive of the following:

- the amount contributed by the Fiat Group to State and employer defined contribution pension funds of approximately €12 million;
- the amount contributed by the Fiat Group to a special defined benefit plan for certain senior Executives amounting to €2 million.

38. Non-recurring transactions

Pursuant to Consob Communication No. DEM/6064293 of 28 July 2006, the Group did not carry out any significant non-recurring operations in 2011 other than the acquisition of the control of Chrysler as discussed above.

39. Transactions resulting from unusual and/or abnormal operations

Pursuant to Consob Communication No. DEM/6064293 of 28 July 2006, the Group did not carry out any unusual and/or abnormal operations in 2011 as defined in that Communication (for the definition of these see the Section –Format of the financial statements).

40. Subsequent events

- In January 2012, Fiat announced that the "Ecological Event" (3rd performance event established in the Amended and Restated LLC Operating Agreement) had been achieved, leading to a further 5% increase of its interest in Chrysler. Fiat currently has a 58.5% ownership interest in Chrysler. The VEBA Trust owns the remaining 41.5% of the equity in Chrysler.
- On January 18th, Fiat and Suzuki Motor Corporation reached an agreement for the supply of a 75 hp 1.3 MultiJet BS-IV Small Diesel Engine – to be produced under license by Fiat India Automobiles Limited, a joint venture between Fiat and Tata Motors – to Suzuki's affiliate company Maruti Suzuki India Limited (MSIL). Fiat India Automobiles Limited will supply MSIL up to 100,000 engines per year for a period of three years, commencing January 2012. The engine will equip Suzuki branded vehicles produced in India by MSIL for the domestic market.
- On February 1st at its Lingotto headquarters, Fiat met with trade unions that signed the company specific collective labor agreement, to present the Group's 2011 financial results. During the meeting, Fiat's CEO confirmed that investments for the Mirafiori plant in Turin would go ahead. Plans call for production of at least two new models for the export market, with production to reach 280,000 vehicles per year accompanied by a progressive return to full utilization of all plant employees. Investment is to commence in the second quarter of 2012 and retooling of the plant will be completed during 2013. Production of the first model (Fiat brand) is scheduled to begin in December 2013 and the second model (Jeep brand) is slated for production beginning in the second quarter of 2014. The CEO also confirmed that Mirafiori would continue production of the Alfa Romeo MiTo, for which a refresh is planned, as well as the Lancia Musa, on the basis of market demand.
- On the same occasion, it was announced that another 662 new employees would begin work at the Pomigliano Newco, bringing total employment at the plant to 1,845.
- On February 6th, Standard & Poor's announced that it had placed Fiat S.p.A.'s long-term debt rating (BB) under review for possible downgrade. The short-term rating was affirmed at B.
- On February 16th, Fiat S.p.A announced pricing of CHF 425,000,000 guaranteed 5.00% notes due September 2015, with an issue price of 100% of the principal amount. Closing is currently expected for 7 March 2012, in line with Swiss market practice. The notes will be issued by Fiat Finance and Trade Ltd. S.A. (a wholly-owned subsidiary of Fiat S.p.A.) under the GMTN Program guaranteed by Fiat S.p.A.
- On February 22nd, the Board of Directors of Fiat S.p.A., in confirmation of the resolution of 27 October 2011, called an Extraordinary General Meeting for approval of the conversion of preference and savings shares into Fiat S.p.A. ordinary shares. Holders of preference and savings shares will also be asked to approve the conversion at the respective Special Meetings. The Board also voted to submit a proposal to Shareholders for adoption of a Long Term Incentive Plan, in the form of grants of Fiat S.p.A. ordinary shares, linked to achievement of performance objectives and continuation of a professional relationship with the Group. Finally, the Board voted to submit a proposal to Shareholders for renewal of the authorization to purchase and dispose of t shares, refer to Note 24.

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann
John Elkann
CHAIRMAN

Appendix I
Fiat Companies
at 31 December 2011

In accordance with Article 126 of Consob Regulation 11971 of 14 May 1999, as subsequently amended, a complete list of Group companies and significant investments at 31 December 2011 is provided on the following pages.

Companies in the list are grouped according to type of control, method of consolidation and classification by operating segment (pursuant to IFRS 8).

For each company, the following information is provided: name, location of registered office, country and share capital stated in original currency. Additionally, the percentage consolidated and the percentage interest held directly by Fiat S.p.A. or its subsidiary is also shown.

The column on the far right shows the percentage of voting rights exercisable at an ordinary general meeting, where such percentage differs from the percentage of shares held.

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
CONTROLLING COMPANY								
Parent Company								
Fiat S.p.A.	Turin	Italy	4,465,600,020	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 S.p.A.	100.000	
Abarth & C. S.p.A.	Turin	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	
Alfa Romeo U.S.A. S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Banco Fidis S.A.	Betim	Brazil	337,261,783	BRL	100.00	Fidis S.p.A.	75.000	
						Fiat Automoveis S.A. - FIASA	25.000	
C.R.F. Società Consortile per Azioni	Orbassano	Italy	45,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	75.000	
						Fiat Gestione Partecipazioni S.p.A.	20.000	
						Fiat Powertrain Technologies SpA	5.000	
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	
Elasis-Società Consortile per Azioni	Pomigliano d'Arco	Italy	20,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	70.000	
						C.R.F. Società Consortile per Azioni	27.933	
						Fiat Gestione Partecipazioni S.p.A.	1.500	
						Fiat Powertrain Technologies SpA	0.317	
						Fiat Information Technology, Excellence and Methods S.p.A.	0.250	
Fabbrica Italia Pomigliano S.p.A.	Pomigliano d'Arco	Italy	50,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
FGA Investimenti S.p.A.	Turin	Italy	2,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
FGA Officine Automobilistiche Grugliasco S.p.A.	Turin	Italy	500,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
FGA Versicherungsservice GmbH	Heilbronn	Germany	26,000	EUR	100.00	Fiat Group Automobiles Germany AG	51.000	
						Rimaco S.A.	49.000	
Fiat Auto Argentina S.A. *(business Fiat Group Automobiles)*	Buenos Aires	Argentina	476,464,366	ARS	100.00	Fiat Automoveis S.A. - FIASA	100.000	
Fiat Auto Poland S.A.	Bielsko-Biala	Poland	660,334,600	PLN	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Auto S.A. de Ahorro para Fines Determinados	Buenos Aires	Argentina	109,535,149	ARS	100.00	Fiat Auto Argentina S.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	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
FIAT AUTOMOBILES SERBIA DOO KRAGUJEVAC	Kragujevac	Serbia	304,500,000	EUR	66.67	Fiat Group Automobiles S.p.A.	66.670	
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 *(business Fiat Group Automobiles)*	Betim	Brazil	1,069,492,850	BRL	100.00	Fiat Group Automobiles S.p.A.	100.000	
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	244,414,453	ARS	100.00	Fidis S.p.A.	100.000	
Fiat France	Trappes	France	235,480,520	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Austria GmbH	Vienna	Austria	37,000	EUR	100.00	Fiat Group Automobiles S.p.A.	98.000	
						FGA Investimenti S.p.A.	2.000	
Fiat Group Automobiles Belgium S.A.	Auderghem	Belgium	26,100,000	EUR	100.00	Fiat Group Automobiles S.p.A.	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 Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Germany AG	Frankfurt	Germany	82,650,000	EUR	100.00	Fiat Group Automobiles S.p.A.	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 Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Ireland Ltd.	Dublin	Ireland	5,078,952	EUR	100.00	Fiat Group Automobiles S.p.A.	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 Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Portugal, S.A.	Alges	Portugal	1,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	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 Group Automobiles S.p.A.	99.998	
						Fiat Group Automobiles Switzerland S.A.	0.002	
Fiat Group Automobiles Sweden AB	Kista	Sweden	10,000,000	SEK	100.00	Fiat Group Automobiles S.p.A.	100.000	
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 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 NORTH AMERICA LLC	Wilmington	U.S.A.	0	USD	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Professional S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	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	33,194	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fidis S.p.A.	Turin	Italy	250,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
i-FAST Automotive Logistics S.r.l.	Turin	Italy	1,250,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
i-FAST Container Logistics S.p.A.	Turin	Italy	2,500,000	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.	Auderghem	Belgium	13,500,000	EUR	100.00	Fiat Group Automobiles Belgium S.A.	99.988	
						Fiat Group Automobiles S.p.A.	0.012	
Italian Motor Village Ltd.	Slough Berkshire	United Kingdom	1,500,000	GBP	100.00	Fiat Group Automobiles UK Ltd	100.000	
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	
Mecaner S.A.	Urdùliz	Spain	3,000,000	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 Automotive Limited	Slough Berkshire	United Kingdom	50,000	GBP	100.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A. in liquidation	100.000	
Società di Commercializzazione e Distribuzione Ricambi S.p.A. in liquidation	Turin	Italy	100,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
TCA - Tecnologia em Componentes Automotivos SA	Jaboatao do Guararapes	Brazil	42,840,185	BRL	100.00	Fiat Automoveis S.A. - FIASA	100.000	
Chrysler								
Chrysler Group LLC	Wilmington	U.S.A.	0	USD	53.50	FIAT NORTH AMERICA LLC	53.500 (*)	
0847574 British Columbia ULC	Vancouver	Canada	0	CAD	53.50	New CarCo Acquisition Canada Ltd.	100.000	
Auburn Hills Mezzanine LLC	Wilmington	U.S.A.	100	USD	53.50	CHRYSLER GROUP REALTY COMPANY LLC	100.000	
Auburn Hills Owner LLC	Wilmington	U.S.A.	100	USD	53.50	Auburn Hills Mezzanine LLC	100.000	
AutoDie LLC	Wilmington	U.S.A.	10,000,000	USD	53.50	Chrysler Group LLC	100.000	
CG EC2 LLC	Wilmington	U.S.A.	0	USD	53.50	CG EC1 LLC	100.000	
CG Venezuela UK Holdings Limited	Slough Berkshire	United Kingdom	100	GBP	53.50	Chrysler Group LLC	100.000	
Chrysler & Jeep Vertriebsgesellschaft mbH	Berlin	Germany	25,600	EUR	53.50	Chrysler Deutschland GmbH	100.000	
Chrysler (Hong Kong) Automotive Ltd.	Hong Kong	People's Rep.of China	10,000,000	EUR	53.50	Chrysler Group LLC	100.000	
Chrysler Argentina S.R.L.	Buenos Aires	Argentina	29,335,170	ARS	53.50	Chrysler Group LLC	98.000	
						Chrysler Group Minority LLC	2.000	
Chrysler Asia Pacific Investment Ltd.	Shanghai	People's Rep.of China	4,500,000	CNY	53.50	Chrysler (Hong Kong) Automotive Ltd.	100.000	
Chrysler Australia Pty. Ltd.	Mulgrave	Australia	143,629,774	AUD	53.50	Chrysler Group LLC	100.000	
Chrysler Austria GmbH	Vienna	Austria	4,300,000	EUR	53.50	Chrysler Deutschland GmbH	100.000	
CHRYSLER BALKANS doo Beograd	Beograd	Serbia	2,161,151	EUR	53.50	Chrysler Group LLC	100.000	
Chrysler Belgium Luxembourg SA	Brussels	Belgium	28,262,700	EUR	53.50	Chrysler Group LLC	99.998	
						Chrysler Group Minority LLC	0.002	

(*) This percentage gives effect to the dilution of the Class A Interests held by all members (including Fiat) arising from the occurrence of the final Performance Event contemplated by the Chrysler Group Amended and Restated LLC Operating Agreement (the "Ecological Event"). The ownership interest without giving effect to this final Event is 44.7%. Following the occurrence of the Ecological Event in early January 2012 the non-controlling interest is now 41.462%.

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Chrysler Canada Cash Services Inc.	Toronto	Canada	1,000	CAD	53.50	Chrysler Group LLC	100.000	
Chrysler Canada Inc.	Windsor	Canada	0	CAD	53.50	0847574 British Columbia ULC	100.000	
Chrysler Cayman Investments Ltd.	Grand Cayman	Cayman Islands	50,000	USD	53.50	Chrysler Group LLC	100.000	
Chrysler Chile Importadora Ltda	Santiago	Chile	41,800,000	CLP	53.50	Chrysler Group LLC	99.990	
						Chrysler Group Minority LLC	0.010	
Chrysler Czech Republic s.r.o.	Prague	Czech Republic	55,932,000	CZK	53.50	Chrysler Group LLC	99.964	
						Chrysler Group Minority LLC	0.036	
Chrysler Danmark ApS	Glostrup	Denmark	1,000,000	EUR	53.50	Chrysler Group LLC	100.000	
Chrysler de Mexico S.A. de C.V.	Santa Fe	Mexico	238,621,186	MXN	53.50	Chrysler Mexico Holding, S. de R.L. de C.V.	99.960	
						Chrysler Group Minority LLC	0.040	
Chrysler de Venezuela LLC	Wilmington	U.S.A.	132,474,694	USD	53.50	Chrysler Group LLC	100.000	
Chrysler Deutschland GmbH	Berlin	Germany	20,426,200	EUR	53.50	Chrysler Group LLC	100.000	
Chrysler Espana S.L.	Alcalá De Henares	Spain	16,685,690	EUR	53.50	Chrysler Group LLC	100.000	
Chrysler France S.A.S.	Trappes	France	460,000	EUR	53.50	Chrysler Group LLC	100.000	
Chrysler Group (China) Sales Ltd.	Beijing	People's Rep.of China	10,000,000	CNY	53.50	Chrysler (Hong Kong) Automotive Ltd.	100.000	
CHRYSLER GROUP DEALER CAPITAL LLC	Wilmington	U.S.A.	0	USD	53.50	Chrysler Group LLC	100.000	
CHRYSLER GROUP DO BRASIL COMERCIO DE VEICULOS Ltda.	São Paulo	Brazil	31,517,999	BRL	53.50	Chrysler Group LLC	99.999	
						Chrysler Group Minority LLC	0.001	
Chrysler Group Egypt Limited	New Cairo	Egypt	240,000	EGP	53.50	Chrysler Group LLC	99.000	
						Chrysler Group Minority LLC	1.000	
CHRYSLER GROUP INTERNATIONAL LLC	Wilmington	U.S.A.	0	USD	53.50	Chrysler Group LLC	100.000	
CHRYSLER GROUP INTERNATIONAL SERVICES LLC	Wilmington	U.S.A.	0	USD	53.50	Chrysler Group LLC	100.000	
Chrysler Group Middle East FZ-LLC	Dubai	United Arab Emirates	300,000	AED	53.50	CHRYSLER GROUP INTERNATIONAL LLC	100.000	
Chrysler Group Minority LLC	Wilmington	U.S.A.	0	USD	53.50	Chrysler Group LLC	100.000	
CHRYSLER GROUP REALTY COMPANY LLC	Wilmington	U.S.A.	168,769,528	USD	53.50	Chrysler Group LLC	100.000	
Chrysler Group Service Contracts LLC	Wilmington	U.S.A.	100,000,000	USD	53.50	Chrysler Group LLC	100.000	
CHRYSLER GROUP TRANSPORT LLC	Wilmington	U.S.A.	0	USD	53.50	Chrysler Group LLC	100.000	
CHRYSLER GROUP VANS LLC	Wilmington	U.S.A.	0	USD	53.50	Chrysler Group LLC	100.000	
Chrysler India Automotive Private Ltd.	Chennai	India	99,990	INR	53.50	Chrysler Netherlands Distribution B.V.	99.990	
						CHRYSLER GROUP DUTCH OPERATING LLC	0.010	
Chrysler International GmbH	Stuttgard	Germany	25,000	EUR	53.50	Chrysler Group LLC	100.000	
Chrysler Investment Holdings LLC	Wilmington	U.S.A.	173,350,999	USD	53.50	Chrysler Group LLC	100.000	
Chrysler Italia S.r.l.	Rome	Italy	100,000	EUR	53.50	Chrysler Group LLC	100.000	
Chrysler Japan Co., Ltd.	Tokyo	Japan	100,000,000	JPY	53.50	Chrysler Group LLC	100.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Chrysler Jeep International S.A.	Saint-Lambrechts-Woluwe	Belgium	1,860,000	EUR	53.50	Chrysler Group LLC	99.998	
						Chrysler Group Minority LLC	0.002	
Chrysler Korea, Ltd.	Seoul	South Korea	32,639,200,000	KRW	53.50	Chrysler Group LLC	100.000	
Chrysler Lease Receivables 1 Inc.	Windsor	Canada	100	CAD	53.50	Chrysler Canada Inc.	100.000	
Chrysler Lease Receivables 2 Inc.	Windsor	Canada	100	CAD	53.50	Chrysler Canada Inc.	100.000	
Chrysler Lease Receivables Limited Partnership	Windsor	Canada	0	CAD	53,50	Chrysler Canada Inc.	99.990	
						Chrysler Lease Receivables 1 Inc.	0.005	
						Chrysler Lease Receivables 2 Inc.	0.005	
Chrysler Management Austria GmbH	Gossendorf	Austria	75,000	EUR	53.50	Chrysler Austria GmbH	100.000	
Chrysler Mexico Holding, S. de R.L. de C.V.	Santa Fe	Mexico	3,377,922,033	MXN	53.50	Chrysler Mexico Investment Holdings Cooperatie U.A.	99.900	
						CarCo Intermediate Mexico LLC	0.100	
Chrysler Mexico Investment Holdings Cooperatie U.A.	Amsterdam	Netherlands	0	EUR	53.50	Chrysler Investment Holdings LLC	99.990	
						Chrysler Group Minority LLC	0.010	
Chrysler Nederland B.V.	Utrecht	Netherlands	19,000	EUR	53.50	Chrysler Group LLC	100.000	
Chrysler Netherlands Distribution B.V.	Amsterdam	Netherlands	90,000	EUR	53.50	Chrysler Netherlands Holdings Cooperatie U.A.	100.000	
Chrysler Polska sp.zo.o.	Warsaw	Poland	30,356,000	PLN	53.50	Chrysler Group LLC	100.000	
Chrysler Russia SAO	Moscow	Russia	574,665,000	RUB	53.50	Chrysler Group LLC	99.999	
						Chrysler Group Minority LLC	0.001	
Chrysler South Africa (Pty) Limited	Centurion	South Africa	200	ZAR	53.50	Chrysler Group LLC	100.000	
Chrysler South East Asia Pte. Ltd.	Singapore	Singapore	3,010,513	SGD	53.50	Chrysler Group LLC	100.000	
Chrysler Sweden AB	Kista	Sweden	100,000	SEK	53.50	Chrysler Group LLC	100.000	
Chrysler Switzerland GmbH	Schlieren	Switzerland	2,000,000	CHF	53.50	Chrysler Group LLC	100.000	
Chrysler UK Limited	Slough Berkshire	United Kingdom	46,582,132	GBP	53.50	Chrysler Group LLC	100.000	
CPK Interior Products Inc.	Windsor	Canada	1,000	CAD	53.50	Chrysler Canada Inc.	100.000	
Global Engine Manufacturing Alliance LLC	Wilmington	U.S.A.	300,000	USD	53.50	Chrysler Group LLC	100.000	
Mopar (Shanghai) Auto Parts Trading Co. Ltd.	Shanghai	People's Rep.of China	5,000,000	USD	53.50	Chrysler Asia Pacific Investment Ltd.	100.000	
New CarCo Acquisition Canada Ltd.	Toronto	Canada	0	CAD	53.50	New CarCo Acquisition Holdings Canada Ltd.	100.000	
New CarCo Acquisition Holdings Canada Ltd.	Toronto	Canada	0	CAD	53.50	Chrysler Group LLC	100.000	
Operadora G.C. S.A. de C.V.	Santa Fe	Mexico	99,999	MXN	53.50	Chrysler Mexico Holding, S. de R.L. de C.V.	99.999	
						Chrysler de Mexico S.A. de C.V.	0.001	
Maserati								
Maserati S.p.A.	Modena	Italy	40,000,000	EUR	100.00	Fiat S.p.A.	100.000	
Maserati (Suisse) S.A.	Schlieren	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 Japan KK	Tokyo	Japan	18,000,000	JPY	100.00	Maserati S.p.A.	100.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
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	90.00	Fiat S.p.A.	90.000	
410 Park Display Inc.	Englewood Cliffs	U.S.A.	100	USD	90.00	Ferrari N.America Inc.	100.000	
Ferrari Central / East Europe GmbH	Wiesbaden	Germany	1,000,000	EUR	90.00	Ferrari S.p.A.	100.000	
Ferrari Financial Services AG	Munich	Germany	1,777,600	EUR	81.00	Ferrari Financial Services S.p.A.	100.000	
Ferrari Financial Services Japan KK	Tokyo	Japan	50,000	JPY	81.00	Ferrari Financial Services S.p.A.	100.000	
Ferrari Financial Services S.p.A.	Modena	Italy	5,100,000	EUR	81.00	Ferrari S.p.A.	90.000	
Ferrari Financial Services, Inc.	Wilmington	U.S.A.	1,000	USD	81.00	Ferrari Financial Services S.p.A.	100.000	
Ferrari GE.D. S.p.A.	Modena	Italy	11,570,000	EUR	90.00	Ferrari S.p.A.	100.000	
Ferrari Japan KK	Tokyo	Japan	160,050,000	JPY	90.00	Ferrari S.p.A.	100.000	
Ferrari Management Consulting (Shanghai) CO., LTD	Shanghai	People's Rep.of China	2,100,000	USD	90.00	Ferrari S.p.A.	100.000	
Ferrari Maserati Cars International Trading (Shanghai) Co. Ltd.	Shanghai	People's Rep.of China	3,000,000	USD	53.10	Ferrari S.p.A.	59.000	
Ferrari N.America Inc.	Englewood Cliffs	U.S.A.	200,000	USD	90.00	Ferrari S.p.A.	100.000	
Ferrari North Europe Limited	Slough Berkshire	United Kingdom	50,000	GBP	90.00	Ferrari S.p.A.	100.000	
Ferrari South West Europe S.A.R.L.	Levallois-Perret	France	172,000	EUR	90.00	Ferrari S.p.A.	100.000	
GSA-Gestions Sportives Automobiles S.A.	Meyrin	Switzerland	1,000,000	CHF	90.00	Ferrari S.p.A.	100.000	
Iniziativa Fiorano S.r.l.	Modena	Italy	90,000	EUR	90.00	Ferrari S.p.A.	100.000	
Mugello Circuit S.p.A.	Scarperia	Italy	10,000,000	EUR	90.00	Ferrari S.p.A. Ferrari GE.D. S.p.A.	90.000 10.000	
Components								
Magneti Marelli S.p.A.	Corbetta	Italy	254,325,965	EUR	99.99	Fiat S.p.A.	99.990	100.000
ABC Industria, Comercio, Importacao e Exportacao de Componentes Automotivos Ltda	Sao Bernardo do Campo	Brazil	1,000	BRL	99.63	Magneti Marelli Cofap Companhia Fabricadora de Pecas Magneti Marelli Cofap Autopecas Ltda	99.900 0.100	
Automotive Lighting Brotterode GmbH	Brotterode	Germany	7,270,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Italia S.p.A.	Venaria Reale	Italy	12,000,000	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 France S.a.s.	Saint Julien du Sault	France	1,524,768	EUR	99.99	Automotive Lighting Italia S.p.A.	100.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
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 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	Chadwell Heath	United Kingdom	40,387,348	GBP	99.99	Magneti Marelli S.p.A.	100.000	
Centro Ricerche Plast-Optica S.p.A.	Amaro	Italy	1,033,000	EUR	75.49	Automotive Lighting Italia S.p.A.	75.500	
Ergom do Brasil Ltda	Itauna	Brazil	6,402,500	BRL	99.99	Plastic Components and Modules Automotive S.p.A.	100.000	
Ergom Soffiaggio S.r.l.	Leno	Italy	45,900	EUR	84.99	Plastic Components and Modules Automotive S.p.A.	85.000	
Fiat CIEI S.p.A. in liquidation	Corbetta	Italy	220,211	EUR	99.99	Magneti Marelli 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	
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	
Industrie Plastica S.p.A.	Grugliasco	Italy	1,000,000	EUR	99.99	Plastic Components and Modules Automotive S.p.A.	100.000	
Magneti Marelli After Market Parts and Services S.p.A.	Corbetta	Italy	7,000,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Aftermarket GmbH	Heilbronn	Germany	100,000	EUR	99.99	Magneti Marelli After Market Parts and Services S.p.A.	100.000	
Magneti Marelli Aftermarket S.a.s.	Trappes	France	782,208	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Aftermarket Sp. z o.o.	Katowice	Poland	2,000,000	PLN	99.99	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 S.p.A.	95.000	
						Magneti Marelli France S.a.s.	5.000	
Magneti Marelli Automotive Components (Changsha) Co. Ltd	Changsha	People's Rep.of China	5,400,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive Components (WUHU) Co. Ltd.	Wuhu	People's Rep.of China	32,000,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive d.o.o. Kragujevac	Kragujevac	Serbia	1,500,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive Electronics (Guangzhou) Co. Limited	Guangzhou	People's Rep.of China	16,100,000	USD	99.99	Magneti Marelli S.p.A.	100.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Magneti Marelli Cofap Autopecas Ltda	São Paulo	Brazil	7,554,539	BRL	99.99	Magneti Marelli After Market Parts and Services S.p.A.	100.000	
Magneti Marelli Cofap Companhia Fabricadora de Pecas	Santo Andre	Brazil	177,725,564	BRL	99.63	Magneti Marelli S.p.A.	99.643	99.966
Magneti Marelli Conjuntos de Escape S.A.	Buenos Aires	Argentina	7,480,071	ARS	99.99	Magneti Marelli S.p.A.	95.000	
						Magneti Marelli Argentina S.A.	5.000	
Magneti Marelli d.o.o. Kragujevac, Kosovska 4	Kragujevac	Serbia	13,000,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli do Brasil Industria e Comercio SA	Hortolandia	Brazil	40,568,427	BRL	99.86	Magneti Marelli S.p.A.	99.872	99.990
Magneti Marelli Espana S.A.	Llinares del Valles	Spain	781,101	EUR	99.99	Magneti Marelli Iberica S.A.	100.000	
Magneti Marelli Exhaust Systems Polska Sp. z o.o.	Sosnowiec	Poland	15,000,000	PLN	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli France S.a.s.	Trappes	France	42,672,960	EUR	99.99	Magneti Marelli S.p.A.	99.999	
						Ufima S.A.S.	0.001	
Magneti Marelli GmbH	Russelsheim	Germany	200,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Holding U.S.A. Inc.	Wixom	U.S.A.	10	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Iberica S.A.	Santpedor	Spain	389,767	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli India Private Ltd	New Delhi	India	20,000,000	INR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli International Trading (Shanghai) Co. LTD	Shanghai	People's Rep.of China	200,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Japan K.K.	KohoKu-Ku-Yokohama	Japan	60,000,000	JPY	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Motopropulsion France SAS	Argentan	France	37,002	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli North America Inc.	Wilmington	U.S.A.	40,223,205	USD	99.63	Magneti Marelli Cofap Companhia Fabricadora de Pecas	100.000	
Magneti Marelli Powertrain (Shanghai) Co. Ltd.	Shanghai	People's Rep.of China	17,500,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Powertrain India Private Limited	New Delhi	India	450,000,000	INR	51.00	Magneti Marelli S.p.A.	51.000	
Magneti Marelli Powertrain Slovakia s.r.o.	Bratislava	Slovack Republic	7,000,000	EUR	99.99	Magneti Marelli S.p.A.	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 in liquidation	Basildon	United Kingdom	10,000	GBP	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Repuestos S.A.	Buenos Aires	Argentina	2,012,000	ARS	99.99	Magneti Marelli After Market Parts and Services S.p.A.	52.000	
						Magneti Marelli Cofap Autopecas Ltda	48.000	
Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	Contagem	Brazil	206,834,874	BRL	99.99	Magneti Marelli S.p.A.	66.111	
						Automotive Lighting Reutlingen GmbH	33.889	
Magneti Marelli Sistemas Electronicos Mexico S.A.	Tepotzotlan	Mexico	50,000	MXN	99.99	Magneti Marelli S.p.A.	99.998	
						Servicios Administrativos Corp. IPASA S.A.	0.002	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Magneti Marelli Slovakia s.r.o.	Bratislava	Slovack Republic	60,006,639	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli South Africa (Proprietary) Limited	Johannesburg	South Africa	1,950,000	ZAR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Suspension Systems Bielsko Sp. z.o.o.	Bielsko-Biala	Poland	70,050,000	PLN	99.99	Sistemi Sospensioni S.p.A.	100.000	
Magneti Marelli Suspension Systems Poland Sp. z o.o. in liquidation	Sosnowiec	Poland	4,310,000	PLN	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Suspensions USA LLC	Farmington Hills	U.S.A.	1,300,000	USD	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Magneti Marelli Um Electronic Systems Private Limited	New Delhi	India	260,000,000	INR	51.00	Magneti Marelli S.p.A.	51.000	
Mako Elektrik Sanayi Ve Ticaret A.S.	Osmangazi Bursa	Turkey	16,500,000	TRY	99.94	Powertrain Mekanik Sanayi ve Ticaret Anonim Sirketi	100.000	
Malaysian Automotive Lighting SDN. BHD	Bayan Lepas	Malaysia	6,000,000	MYR	79.99	Automotive Lighting Reutlingen GmbH	80.000	
Plastic Components and Modules Automotive S.p.A.	Grugliasco	Italy	10,000,000	EUR	99.99	Plastic Components and Modules Holding S.p.A.	100.000	
Plastic Components and Modules Fuel Tanks S.p.A.	Grugliasco	Italy	120,000	EUR	99.99	Plastic Components and Modules Automotive S.p.A.	100.000	
Plastic Components and Modules Holding S.p.A.	Grugliasco	Italy	10,000,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Plastic Components and Modules Poland S.A.	Sosnowiec	Poland	21,000,000	PLN	99.99	Plastic Components and Modules Automotive S.p.A.	100.000	
Plastic Components Fuel Systems Poland Sp. z o.o.	Sosnowiec	Poland	29,281,500	PLN	99.99	Plastic Components and Modules Poland S.A.	100.000	
Plastiform A.S.	Bursa	Turkey	715,000	TRY	99.99	Plastic Components and Modules Automotive S.p.A.	97.000	
						Magneti Marelli S.p.A.	3.000	
Powertrain Mekanik Sanayi ve Ticaret Anonim Sirketi	Bursa	Turkey	50,000	TRY	99.94	Magneti Marelli S.p.A.	99.800	
						Mako Elektrik Sanayi Ve Ticaret A.S.	0.050	
						Plastiform A.S.	0.050	
						Sistemi Comandi Meccanici Otomotiv Sanayi Ve Ticaret A.S.	0.050	
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 S.p.A.	100.000	
SNIARICERCHE S.P.A. in liquidation	Pisticci	Italy	880,000	EUR	99.99	Plastic Components and Modules Holding S.p.A.	95.000	
						Plastic Components and Modules Automotive S.p.A.	5.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
TEA S.r.l.	Grugliasco	Italy	516,000	EUR	99.99	Plastic Components and Modules Automotive S.p.A.	95.000	
						Plastic Components and Modules Holding S.p.A.	5.000	
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.	Trappes	France	44,940	EUR	99.99	Magneti Marelli S.p.A.	65.020	
						Fiat Gestione Partecipazioni S.p.A.	34.980	
Fiat Powertrain								
Fiat Powertrain Technologies SpA	Turin	Italy	525,000,000	EUR	100.00	Fiat S.p.A.	100.000	
Fiat Auto Argentina S.A. *(business Fiat Powertrain)*	Buenos Aires	Argentina	476,464,366	ARS	100.00	Fiat Automoveis S.A. - FIASA	100.000	
Fiat Automoveis S.A. - FIASA *(business Fiat Powertrain)*	Betim	Brazil	1,069,492,850	BRL	100.00	Fiat Group Automobiles S.p.A.	100.000	
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	
Fiat Powertrain Technologies Poland Sp. z o.o.	Bielsko-Biala	Poland	269,037,000	PLN	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 Powertrain Technologies do Brasil - Industria e Comércio de Motores Ltda	Campo Largo	Brazil	197,792,500	BRL	100.00	Fiat Automoveis S.A. - FIASA	100.000	
Metallurgical Products								
Teksid S.p.A.	Turin	Italy	71,403,261	EUR	84.79	Fiat 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.	99.800	
						Teksid Inc.	0.200	
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	Teksid S.p.A.	83.607	
Teksid Aluminum S.r.l.	Carmagnola	Italy	5,000,000	EUR	100.00	Fiat S.p.A.	100.000	
Teksid do Brasil Ltda	Betim	Brazil	176,387,013	BRL	84.79	Teksid S.p.A.	100.000	
Teksid Hierro de Mexico S.A. de C.V.	Frontera	Mexico	716,088,300	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 (KUNSHAN) Automation Co. Ltd.	Kunshan	People's Rep.of China	3,000,000	USD	100.00	Comau S.p.A.	100.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Comau (Shanghai) Engineering Co. Ltd.	Shanghai	People's Rep.of China	5,000,000	USD	100.00	Comau S.p.A.	100.000	
Comau (Shanghai) International Trading Co. Ltd.	Shanghai	People's Rep.of China	200,000	USD	100.00	Comau S.p.A.	100.000	
Comau 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	77,566,653	BRL	100.00	Comau S.p.A.	100.000	
Comau Estil Unl.	Luton	United Kingdom	107,665,056	USD	100.00	Comau S.p.A.	100.000	
Comau France S.A.S.	Trappes	France	6,000,000	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	239,935,020	INR	100.00	Comau S.p.A.	99.990	
						Comau Deutschland GmbH	0.010	
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	17,181,062	MXN	100.00	Comau Pico Mexico S.de R.L. de C.V.	100.000	
Comau Pico Mexico S.de R.L. de C.V.	Tepotzotlan	Mexico	99,349,172	MXN	100.00	Comau S.p.A.	100.000	
Comau Pico Pitex S.de R.L. C.V.	Tepotzotlan	Mexico	62,204,118	MXN	100.00	Comau Pico Mexico S.de R.L. de C.V.	100.000	
Comau Pico Trebol S.de R.L. de C.V.	Tepotzotlan	Mexico	16,168,211	MXN	100.00	Comau Pico Mexico S.de R.L. de C.V.	100.000	
Comau Poland Sp. z o.o.	Bielsko-Biala	Poland	3,800,000	PLN	100.00	Comau S.p.A.	100.000	
Comau Resources, Inc.	Southfield	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Comau Romania S.R.L.	Oradea	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 Service Systems S.L.	Madrid	Spain	250,000	EUR	100.00	Comau S.p.A.	100.000	
Comau U.K. Limited	Telford	United Kingdom	2,502,500	GBP	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	88.00	Itedi-Italiana Edizioni S.p.A.	88.000	
Editrice La Stampa S.p.A.	Turin	Italy	7,700,000	EUR	100.00	Itedi-Italiana Edizioni S.p.A.	100.000	
Nexta Srl	Turin	Italy	50,000	EUR	66.00	Itedi-Italiana Edizioni S.p.A.	66.000	
Publikompass S.p.A.	Milan	Italy	3,068,000	EUR	100.00	Editrice La Stampa S.p.A.	100.000	
Holding companies and Other companies								
Deposito Avogadro S.p.A.	Turin	Italy	5,100,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Fiat Argentina S.A.	Buenos Aires	Argentina	5,292,117	ARS	100.00	Fiat Services 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 do Brasil S.A.	Nova Lima	Brazil	37,158,349	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.	100.000	
Fiat Finance Canada Ltd.	Calgary	Canada	10,099,885	CAD	100.00	Fiat Finance and Trade Ltd S.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.	190,090,010	USD	100.00	Fiat Finance and Trade Ltd S.A.	100.000	
Fiat Finance S.p.A.	Turin	Italy	224,440,000	EUR	100.00	Fiat S.p.A.	100.000	
Fiat Gestione Partecipazioni S.p.A.	Turin	Italy	614,071,587	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 Group Marketing & Corporate Communication S.p.A.	Turin	Italy	100,000,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
Fiat Group Purchasing France S.a.r.l.	Trappes	France	7,700	EUR	100.00	Fiat Group Purchasing S.r.l.	100.000	
Fiat Group Purchasing Poland Sp. z o.o.	Bielsko-Biala	Poland	300,000	PLN	100.00	Fiat Group Purchasing S.r.l.	100.000	
Fiat Group Purchasing S.r.l.	Turin	Italy	600,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
Fiat Iberica S.A.	Madrid	Spain	2,797,054	EUR	100.00	Fiat Services S.p.A.	100.000	
Fiat Information Technology, Excellence and Methods S.p.A.	Turin	Italy	500,000	EUR	100.00	Fiat Services S.p.A.	100.000	
Fiat Partecipazioni France Société par actions simplifiée	Trappes	France	37,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Partecipazioni S.p.A.	Turin	Italy	148,679,554	EUR	100.00	Fiat S.p.A.	96.707	
						Fiat Group Automobiles S.p.A.	3.293	
Fiat Polska Sp. z o.o.	Warsaw	Poland	25,500,000	PLN	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
Fiat Services Belgium N.V.	Zedelgem	Belgium	62,000	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	Fiat Gestione Partecipazioni S.p.A.	100.000	
Fiat Servizi per l'Industria S.c.p.a.	Turin	Italy	1,652,669	EUR	90.70	Fiat Partecipazioni S.p.A.	51.000	
						Fiat Group Automobiles S.p.A.	25.500	
						Fiat S.p.A.	5.000	
						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 S.p.A.	1.500	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
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.p.a.	Turin	Italy	300,000	EUR	84.00	Fiat S.p.A.	71.000	
						Fiat Group Automobiles S.p.A.	13.000	
Neptunia Assicurazioni Marittime S.A.	Lausanne	Switzerland	10,000,000	CHF	100.00	Rimaco S.A.	100.000	
Rimaco S.A.	Lausanne	Switzerland	350,000	CHF	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
Risk Management S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Gestione 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	86.44	Fiat Gestione Partecipazioni S.p.A.	58.152	
						Fiat Group Automobiles S.p.A.	16.017	
						Magneti Marelli S.p.A.	1.863	
						Fiat Powertrain Technologies SpA	1.314	
						Sata-Società Automobilistica Tecnologie Avanzate S.p.A.	0.833	
						Fiat S.p.A.	0.751	
						Comau S.p.A.	0.729	
						Ferrari S.p.A.	0.729	
						Teksid S.p.A.	0.664	
						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	
						Fiat Servizi per l'Industria S.c.p.a.	0.503	
						Fabbrica Italia Pomigliano S.p.A.	0.417	
						Fiat Finance S.p.A.	0.406	
						Fidis S.p.A.	0.325	
						Automotive Lighting Italia S.p.A.	0.255	
						Editrice La Stampa S.p.A.	0.233	
						Elasis-Società Consortile per Azioni	0.233	
						FGA Officine Automobilistiche Grugliasco S.p.A.	0.167	
						Fiat Group Marketing & Corporate Communication S.p.A.	0.103	
						Fiat Group Purchasing S.r.l.	0.103	
						Servizi e Attività Doganali per l'Industria S.p.A.	0.103	
						Fiat-Revisione Interna S.c.p.a.	0.061	
						Fiat Center Italia S.p.A.	0.045	
						Abarth & C. S.p.A.	0.039	

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
						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	
						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	
						Customer Services Centre S.r.l.	0.022	
						Easy Drive S.r.l.	0.022	
						Fiat Auto Var S.r.l.	0.022	
						Fiat Information Technology, Excellence and Methods S.p.A.	0.022	
						Plastic Components and Modules Automotive S.p.A.	0.022	
						TEA S.r.l.	0.022	
						i-FAST Automotive Logistics S.r.l.	0.020	
						i-FAST Container Logistics S.p.A.	0.020	
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 EQUITY METHOD

Fiat Group Automobiles								
FGA CAPITAL 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	FGA CAPITAL S.p.A.	100.000	
FC France S.A.	Trappes	France	11,360,000	EUR	50.00	FGA CAPITAL S.p.A.	99.999	
FGA Bank G.m.b.H.	Vienna	Austria	5,000,000	EUR	50.00	FGA CAPITAL S.p.A.	50.000	
						Fidis S.p.A.	25.000	
FGA Bank Germany GmbH	Heilbronn	Germany	39,600,000	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CAPITAL BELGIUM S.A.	Auderghem	Belgium	3,718,500	EUR	50.00	FGA CAPITAL S.p.A.	99.999	
FGA Capital Danmark A/S	Glostrup	Denmark	14,154,000	DKK	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CAPITAL HELLAS S.A.	Argyroupoli	Greece	1,200,000	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CAPITAL IFIC SA	Alges	Portugal	10,000,000	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CAPITAL IRELAND Public Limited Company	Dublin	Ireland	132,562	EUR	50.00	FGA CAPITAL S.p.A.	99.994	
FGA Capital Netherlands B.V.	Lijnden	Netherlands	3,085,800	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CAPITAL RE Limited	Dublin	Ireland	1,000,000	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA Capital Services Spain S.A.	Alcalá De Henares	Spain	25,145,299	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA Capital Spain E.F.C. S.A.	Alcalá De Henares	Spain	26,671,557	EUR	50.00	FGA CAPITAL S.p.A.	100.000	

JOINTLY-CONTROLLED ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
FGA CAPITAL UK LTD.	Slough Berkshire	United Kingdom	50,250,000	GBP	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CONTRACTS UK LTD.	Slough Berkshire	United Kingdom	19,000,000	GBP	50.00	FGA CAPITAL S.p.A.	100.000	
FGA Distribuidora Portugal S.A.	Alges	Portugal	500,300	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA INSURANCE HELLAS S.A.	Argyroupoli	Greece	60,000	EUR	49.99	FGA CAPITAL HELLAS S.A.	99.975	
FGA Leasing GmbH	Vienna	Austria	40,000	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA Leasing Polska Sp. z o.o.	Warsaw	Poland	12,500,000	PLN	50.00	FGA CAPITAL S.p.A.	100.000	
FGA WHOLESALE UK LTD.	Slough Berkshire	United Kingdom	20,500,000	GBP	50.00	FGA CAPITAL S.p.A.	100.000	
Fiat Bank Polska S.A.	Warsaw	Poland	125,000,000	PLN	50.00	FGA CAPITAL S.p.A.	100.000	
Fidis Finance (Suisse) S.A.	Schlieren	Switzerland	24,100,000	CHF	50.00	FGA CAPITAL S.p.A.	100.000	
Fidis Finance Polska Sp. z o.o.	Warsaw	Poland	10,000,000	PLN	50.00	FGA CAPITAL 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	Trappes	France	76,225	EUR	49.99	FC France S.A.	99.980	
Leasys S.p.A.	Turin	Italy	77,979,400	EUR	50.00	FGA CAPITAL 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 Limited *(business Fiat Group Automobiles)*	Ranjangaon	India	19,199,279,000	INR	50.00	Fiat Group Automobiles S.p.A.	50.000	
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	
GAC FIAT Automobiles Co. Ltd. *(business Fiat Group Automobiles)*	Changsha	People's Rep.of China	1,800,000,000	CNY	50.00	Fiat Group Automobiles S.p.A.	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	
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	
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	
Components								
Endurance Magneti Marelli Shock Absorbers (India) Private Limited	Pune	India	618,999,980	INR	50.00	Magneti Marelli S.p.A.	50.000	
JCMM Automotive d.o.o. Beograd, Francuska 27	Beograd	Serbia	500	EUR	50.00	Plastic Components and Modules Automotive S.p.A.	50.000	
Magneti Marelli Motherson Auto System Limited	New Delhi	India	970,000,000	INR	50.00	Magneti Marelli Motherson India Holding B.V.	39.175	100.000
						Magneti Marelli S.p.A.	30.412	0.000
Magneti Marelli Motherson India Holding B.V.	Amsterdam	Netherlands	2,000,000	EUR	50.00	Magneti Marelli S.p.A.	50.000	

JOINTLY-CONTROLLED ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Magneti Marelli SKH Exhaust Systems Private Limited	New Delhi	India	95,000,000	INR	50.00	Magneti Marelli S.p.A.	50.000	
SAIC MAGNETI MARELLI Powertrain Co. Ltd	Shanghai	People's Rep.of China	12,000,000	EUR	50.00	Magneti Marelli S.p.A.	50.000	
SKH Magneti Marelli Exhaust Systems Private Limited	New Delhi	India	95,450,000	INR	46.62	Magneti Marelli S.p.A.	46.621	50.000
tema.mobility	Turin	Italy	850,000	EUR	50.00	Magneti Marelli S.p.A.	50.000	
Zhejiang Wanxiang Magneti Marelli Shock Absorbers Co. Ltd.	Zhenjiang-Jangsu	People's Rep.of China	100,000,000	CNY	50.00	Magneti Marelli S.p.A.	50.000	
Fiat Powertrain								
Fiat India Automobiles Limited *(business Fiat Powertrain)*	Ranjangaon	India	19,199,279,000	INR	50.00	Fiat Group Automobiles S.p.A.	50.000	
FIAT POWERTRAIN TECHNOLOGIES SOLLERS Investment Company B.V.	Amsterdam	Netherlands	250,000	EUR	50.00	Fiat Powertrain Technologies SpA	50.000	
FIAT POWERTRAIN TECHNOLOGIES SOLLERS Limited Liability Company	Zavolzhje	Russia	10,000	RUB	50.00	FIAT POWERTRAIN TECHNOLOGIES SOLLERS Investment Company B.V.	100.000	
GAC FIAT Automobiles Co. Ltd. *(business Fiat Powertrain)*	Changsha	People's Rep.of China	1,800,000,000	CNY	50.00	Fiat Group Automobiles S.p.A.	50.000	
VM Motori S.p.A.	Cento	Italy	21,008,000	EUR	50.00	Fiat Powertrain Technologies SpA	50.000	
VM North America Inc.	Auburn Hills	U.S.A.	1,000	USD	50.00	VM Motori S.p.A.	100.000	
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	Share capital	Currency	% of Group consoli-dation	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	
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	
GESTIN POLSKA Sp. z o.o.	Bielsko-Biala	Poland	500,000	PLN	100.00	Fiat Auto Poland S.A.	100.000	
Italcar SA	Casablanca	Morocco	28,000,000	MAD	99.94	Fiat Group Automobiles Maroc S.A.	99.986	
Motor Village Austria GmbH	Vienna	Austria	37,000	EUR	100.00	Fiat Group Automobiles Austria GmbH	100.000	
Sirio Polska Sp. z o.o.	Bielsko-Biala	Poland	1,350,000	PLN	100.00	Fiat Auto Poland S.A.	100.000	
Chrysler								
AC Austro Car Handelsgesellschaft mbh & Co.	Vienna	Austria	0	EUR	53.50	Chrysler Austria GmbH	100.000	
Alhambra Chrysler Jeep Dodge, Inc. in liquidation	Wilmington	U.S.A.	1,272,700	USD	53.50	Chrysler Group LLC	100.000	

SUBSIDIARIES ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Bessemer Chrysler Jeep Dodge, Inc. in liquidation	Wilmington	U.S.A.	3,590,000	USD	53.50	Chrysler Group LLC	100.000	
CG EC1 LLC	Wilmington	U.S.A.	0	USD	53.50	Chrysler Group LLC	100.000	
Chrysler Group Taiwan Sales Ltd.	Taipei	Taiwan	229,500,000	TWD	27.29	Chrysler Group LLC	51.000	
Chrysler Jeep Ticaret S.A.	Istanbul	Turkey	5,357,000	TRY	53.46	Chrysler Group LLC	99.920	
Downriver Dodge, Inc.	Wilmington	U.S.A.	604,886	USD	53.50	Chrysler Group LLC	100.000	
Gulfgate Dodge, Inc.	Wilmington	U.S.A.	1,258,306	USD	53.50	Chrysler Group LLC	100.000	
Gwinnett Automotive Inc.	Wilmington	U.S.A.	3,505,019	USD	53.50	Chrysler Group LLC	100.000	
La Brea Avenue Motors, Inc.	Wilmington	U.S.A.	7,373,800	USD	53.50	Chrysler Group LLC	100.000	
McKinney Dodge, Inc.	Wilmington	U.S.A.	2,858,463	USD	53.50	Chrysler Group LLC	100.000	
North Tampa Chrysler Jeep Dodge, Inc.	Wilmington	U.S.A.	1,014,700	USD	53.50	Chrysler Group LLC	100.000	
Superstition Springs Chrysler Jeep, Inc.	Wilmington	U.S.A.	675,400	USD	53.50	Chrysler Group LLC	100.000	
Components								
Cofap Fabricadora de Pecas Ltda	Santo Andre	Brazil	75,720,716	BRL	68.26	Magneti Marelli do Brasil Industria e Comercio SA	68.350	
Holding companies and Other companies								
Fabbrica Italia Mirafiori S.p.A.	Turin	Italy	200,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fast-Buyer S.p.A.	Turin	Italy	500,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
Fiat (China) Business Co., Ltd.	Beijing	People's Rep.of China	3,000,000	USD	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
Financière Pegaso France S.A. société en liquidation	Trappes	France	260,832	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	Turin	Italy	300,000	EUR	99.54	Fiat Gestione Partecipazioni S.p.A.	66.000	
						Fiat Group Automobiles S.p.A.	16.000	
						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 S.p.A.	3.000	
						Teksid S.p.A.	3.000	
Iveco Motors of China Limited in liquidation	Shanghai	People's Rep.of China	300,000	USD	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
Iveco S.P.R.L.	Kinshasa	Congo (Dem. Rep. Congo)	1	CDF	99.99	Fiat Gestione Partecipazioni S.p.A.	99.992	
SGR-Sociedad para la Gestion de Riesgos S.A.	Buenos Aires	Argentina	150,000	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	

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
SUBSIDIARIES VALUED AT COST								
Fiat Group Automobiles								
0914098 BC Unlimited Liability Company	Vancouver	Canada	1,000	USD	100.00	FIAT NORTH AMERICA LLC	100.000	
CANADA CH INVESTMENT CORPORATION	Toronto	Canada	0	CAD	100.00	0914098 BC Unlimited Liability Company	100.000	
(**)CMP Componentes e Modulos Plasticos Industria e Comercio Ltda.	Contagem	Brazil	25,007,977	BRL	100.00	Fiat Automoveis S.A. - FIASA	100.000	
CODEFIS Società consortile per azioni	Turin	Italy	120,000	EUR	51.00	Fiat Group Automobiles S.p.A.	51.000	
Consorzio Servizi Balocco	Turin	Italy	10,000	EUR	91.37	Fiat Group Automobiles S.p.A.	77.800	
						Ferrari S.p.A.	5.300	
						Fiat Powertrain Technologies SpA	4.500	
						Maserati S.p.A.	2.800	
						Abarth & C. S.p.A.	1.500	
FAS FREE ZONE Ltd. Kragujevac	Kragujevac	Serbia	500	EUR	66.67	FIAT AUTOMOBILES SERBIA DOO KRAGUJEVAC	100.000	
FGA Russia S.r.l.	Turin	Italy	1,682,028	EUR	100.00	Fiat Group Automobiles 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 Automobiles Service Co. Ltd.	Nanjing	People's Rep.of China	10,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Motor Sales Ltd	Slough Berkshire	United Kingdom	1,500,000	GBP	100.00	Fiat Group Automobiles UK Ltd	100.000	
OOO "CABEKO"	Nizhniy Novgorod	Russia	138,018,750	RUB	100.00	FGA Russia S.r.l.	99.059	
						Fiat Gestione Partecipazioni S.p.A.	0.941	
Chrysler								
Banbury Road Motors Limited	Slough Berkshire	United Kingdom	1,000	GBP	53.50	Chrysler UK Limited	100.000	
CarCo Intermediate Mexico LLC	Wilmington	U.S.A.	1	USD	53.50	Chrysler Mexico Investment Holdings Cooperatie U.A.	100.000	
CG Co-Issuer Inc.	Wilmington	U.S.A.	100	USD	53.50	Chrysler Group LLC	100.000	
CHRYSLER GROUP DUTCH OPERATING LLC	Wilmington	U.S.A.	0	USD	53.50	CNI CV	100.000	
Chrysler Netherlands Holdings Cooperatie U.A.	Amsterdam	Netherlands	0	EUR	53.50	CNI CV	99.000	
						CHRYSLER GROUP DUTCH OPERATING LLC	1.000	
Chrysler Receivables 1 Inc.	Windsor	Canada	100	CAD	53.50	Chrysler Canada Inc.	100.000	
Chrysler Receivables 2 Inc.	Windsor	Canada	100	CAD	53.50	Chrysler Canada Inc.	100.000	

(**) Asset held for sale.

SUBSIDIARIES VALUED AT COST (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Chrysler Receivables Limited Partnership	Windsor	Canada	0	CAD	53.50	Chrysler Canada Inc.	99.990	
						Chrysler Receivables 1 Inc.	0.005	
						Chrysler Receivables 2 Inc.	0.005	
Chrysler UK Pension Trustee Limited	Slough Berkshire	United Kingdom	1	GBP	53.50	Chrysler UK Limited	100.000	
CNI CV	Amsterdam	Netherlands	0	EUR	53.50	Chrysler Group LLC	99.000	
						Chrysler Group Minority LLC	1.000	
Fundacion Chrysler de Mexico I.A.P.	Santa Fe	Mexico	0	MXN	53.50	Chrysler de Mexico S.A. de C.V.	100.000	
The Chrysler Foundation	Bingham Farms	U.S.A.	0	USD	53.50	Chrysler Group LLC	100.000	
Ferrari								
Ferrari (Suisse) SA in liquidation	Nyon	Switzerland	0	CHF	90.00	Ferrari S.p.A.	100.000	
Scuderia Ferrari Club S.c. a r.l.	Maranello	Italy	105,000	EUR	84.86	Ferrari S.p.A.	94.286	
Components								
Automotive Lighting Japan K.K.	KohoKu-Ku-Yokohama	Japan	10,000,000	JPY	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Magneti Marelli Automotive Components (India) Limited in liquidation	Pune	India	125,000,000	INR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Comandos Mecanicos Industria e Comercio Ltda	Itauna	Brazil	1,000	BRL	99.99	Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	99.900	
						Fiat do Brasil S.A.	0.100	
Sistemi Comandi Meccanici Otomotiv Sanayi Ve Ticaret A.S.	Bursa	Turkey	90,000	TRY	99.95	Magneti Marelli S.p.A.	99.956	
Production Systems								
Consorzio Fermag in liquidation	Bareggio	Italy	144,608	EUR	68.00	Comau S.p.A.	68.000	
Holding companies and Other companies								
Fiat Common Investment Fund Limited	London	United Kingdom	2	GBP	100.00	Fiat U.K. Limited	100.000	
Fiat Oriente S.A.E. in liquidation	Cairo	Egypt	50,000	EGP	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
Fiat Partecipazioni India Private Limited	New Delhi	India	28,605,400	INR	100.00	Fiat Gestione Partecipazioni S.p.A.	99.825	
						Fiat Group Purchasing S.r.l.	0.175	
Fiat Services d.o.o. Kragujevac, Kosovska 4, Kragujevac	Kragujevac	Serbia	150,000	EUR	100.00	Fiat Services S.p.A.	100.000	
Fides Corretagens de Seguros Ltda	Belo Horizonte	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	99.54	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	100.000	
New Business 27 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
New Business 28 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
New Business 29 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
New Business 30 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	

SUBSIDIARIES VALUED AT COST (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
New Business 31 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
New Business 32 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
New Business 33 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
New Business 34 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Gestione Partecipazioni S.p.A.	100.000	
OOO Sadi Rus	Nizhniy Novgorod	Russia	2,700,000	RUB	100.00	Sadi Polska-Agencja Celna Sp. z o.o.	90.000	
						Fiat Services Polska Sp. z o.o.	10.000	
Orione-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni	Turin	Italy	120,000	EUR	97.51	Fiat Gestione Partecipazioni S.p.A.	76.722	
						Fiat S.p.A.	18.003	
						Editrice La Stampa S.p.A.	0.439	
						Comau S.p.A.	0.220	
						Fabbrica Italia Pomigliano 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	
						Fiat Servizi per l'Industria S.c.p.a.	0.220	
						Magneti Marelli S.p.A.	0.220	
						Sisport Fiat S.p.A. - Società sportiva dilettantistica	0.220	
						Teksid S.p.A.	0.220	
						Fiat Group Automobiles S.p.A.	0.219	

ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Fiat Group Automobiles								
Utymat S.A.	Santa Margarita I Els Monjos	Spain	4,644,453	EUR	37.50	FGA Investimenti S.p.A.	37.500	
Chrysler								
Arab American Vehicles Company S.A.E.	Cairo	Egypt	6,000,000	USD	26.22	Chrysler Group LLC	49.000	
Global Engine Alliance LLC	Wilmington	U.S.A.	1,500,000	USD	17.83	Chrysler Group LLC	33.330	
Fiat Powertrain								
Hangzhou IVECO Automobile Transmission Technology Co., Ltd.	Hangzhou	People's Rep.of China	240,000,000	CNY	33.33	Fiat Gestione Partecipazioni S.p.A.	33.333	
Haveco Automotive Transmission Co. Ltd.	Zhajiang	People's Rep.of China	200,010,000	CNY	33.33	Fiat Gestione Partecipazioni S.p.A.	33.330	
Publishing and Communications								
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	

ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Holding companies and Other companies								
Iveco-Motor Sich, Inc.	Zaporozhye	Ukraine	26,568,000	UAH	38.62	Fiat Gestione Partecipazioni S.p.A.	38.618	
Otoyol Sanayi A.S. in liquidation	Samandira-Kartal/ Istanbul	Turkey	52,674,386	TRY	27.00	Fiat Gestione Partecipazioni S.p.A.	27.000	
Rizzoli Corriere della Sera MediaGroup S.p.A.	Milan	Italy	762,019,050	EUR	10.09	Fiat S.p.A.	10.093	10.497

ASSOCIATED COMPANIES VALUED AT COST

Name	Registered Office	Country	Share capital	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	20,000	EUR	30.00	Fiat Group Automobiles S.p.A.	30.000	
Consorzio Prode	Naples	Italy	51,644	EUR	20.00	Elasis-Società Consortile per Azioni	20.000	
Consorzio Scuola Superiore per l'Alta Formazione Universitaria Federico II in liquidation	Naples	Italy	127,500	EUR	20.00	Elasis-Società Consortile per Azioni	20.000	
Fidis Rent GmbH	Frankfurt	Germany	50,000	EUR	49.00	Fiat Group Automobiles Germany AG	49.000	
Innovazione Automotive e Metalmeccanica Scrl	Lanciano	Italy	115,000	EUR	24.35	Fiat Group Automobiles S.p.A. C.R.F. Società Consortile per Azioni	17.391 6.957	
New Holland Fiat (India) Private Limited	Mumbai	India	12,485,547,400	INR	3.59	Fiat Group Automobiles S.p.A.	3.593	51.035
Tecnologie per il Calcolo Numerico-Centro Superiore di Formazione S.c. a r.l.	Trento	Italy	100,000	EUR	25.00	C.R.F. Società Consortile per Azioni	25.000	
Turin Auto Private Ltd. in liquidation	Mumbai	India	43,300,200	INR	50.00	FGA Investimenti S.p.A.	50.000	
Chrysler								
United States Council for Automotive Research LLC	Southfield	U.S.A.	100	USD	17.83	Chrysler Group LLC	33.330	
Ferrari								
Senator Software Gmbh	Munich	Germany	25,565	EUR	39.69	Ferrari Financial Services AG	49.000	
Components								
Auto Componentistica Mezzogiorno - A.C.M. Melfi Società Consortile a responsabilità limitata	Turin	Italy	40,000	EUR	24.25	Plastic Components and Modules Automotive S.p.A. Sistemi Sospensioni S.p.A.	16.500 7.750	
Bari Servizi Industriali S.c.r.l.	Modugno	Italy	24,000	EUR	25.00	Magneti Marelli S.p.A.	25.000	
Flexider S.p.A.	Turin	Italy	4,080,000	EUR	25.00	Magneti Marelli S.p.A.	25.000	
L.U.C.I. SRL	Amaro	Italy	10,000	EUR	26.05	Centro Ricerche Plast-Optica S.p.A.	34.500	
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.	Bursa	Turkey	3,800,000	TRY	28.00	Magneti Marelli S.p.A.	28.000	

ASSOCIATED COMPANIES VALUED AT COST (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Holding companies and Other companies								
ANFIA Automotive S.c.r.l.	Turin	Italy	20,000	EUR	25.00	C.R.F. Società Consortile per Azioni	5.000	
						Elasis-Società Consortile per Azioni	5.000	
						Fiat Group Automobiles S.p.A.	5.000	
						Fiat Powertrain Technologies SpA	5.000	
						Magneti Marelli S.p.A.	5.000	
Consorzio Parco Industriale di Chivasso	Chivasso	Italy	51,650	EUR	37.90	Fiat Partecipazioni S.p.A.	27.000	
						Plastic Components and Modules Automotive S.p.A.	10.900	
Consorzio per lo Sviluppo delle Aziende Fornitrici in liquidation	Turin	Italy	241,961	EUR	21.34	Fiat Gestione Partecipazioni S.p.A.	10.672	
						Fiat Group Automobiles S.p.A.	10.672	
FMA-Consultoria e Negocios Ltda	São Paulo	Brazil	1	BRL	50.00	Fiat do Brasil S.A.	50.000	
Maxus MC2 S.p.A.	Turin	Italy	219,756	EUR	20.00	Fiat Partecipazioni S.p.A.	20.000	
MB Venture Capital Fund I Participating Company F N.V.	Amsterdam	Netherlands	50,000	EUR	45.00	Fiat Partecipazioni S.p.A.	45.000	
Zastava-Kamioni D.O.O.	Kragujevac	Serbia	1,673,505,893	RSD	33.68	Fiat Gestione Partecipazioni S.p.A.	33.677	

OTHER COMPANIES VALUED AT COST

Name	Registered Office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Fiat Group Automobiles								
Centro di Eccellenza su Metodi e Sistemi per le Aziende Competitive	Fisciano	Italy	225,000	EUR	16.00	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	10.53	Elasis-Società Consortile per Azioni	5.319	
						C.R.F. Società Consortile per Azioni	5.213	
Consorzio Technapoli	Naples	Italy	1,626,855	EUR	11.11	Elasis-Società Consortile per Azioni	11.110	
Ferrari								
Nuova Didactica S.c. a r.l.	Modena	Italy	112,200	EUR	14.73	Ferrari S.p.A.	16.364	
Components								
Editori Riuniti S.p.A. in liquidation	Rome	Italy	441,652	EUR	13.11	Plastic Components and Modules Holding S.p.A.	13.110	
Holding companies and Other companies								
Consorzio Lingotto	Turin	Italy	9,612	EUR	16.90	Fiat Partecipazioni S.p.A.	11.500	
						Fiat S.p.A.	5.400	
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. in liquidation	Turin	Italy	2,205,930	EUR	18.95	Fiat Gestione Partecipazioni S.p.A.	18.949	
Fin.Priv. S.r.l.	Milan	Italy	20,000	EUR	14.29	Fiat S.p.A.	14.285	

Appendix II

Information required under Article 149-*duodecies* of the "Regolamento Emittenti" issued by Consob

The following table, prepared in accordance with Article 149-*duodecies* of the "Regolamento Emittenti" issued by Consob, reports fees related to 2011 for audit and other services provided by the independent auditors and members of their network.

(€ thousand)	Service Provider	Fiat Group Entity		2011 Fees
Audit	Deloitte & Touche S.p.A.	Parent Company – Fiat S.p.A.		**186**
	Deloitte & Touche S.p.A.	Subsidiaries		**4,320**
	Deloitte network	Subsidiaries	(1)	**12,507**
Attestation	Deloitte & Touche S.p.A	Parent Company – Fiat S.p.A.	(2)	**351**
	Deloitte & Touche S.p.A	Subsidiaries	(3)	**188**
	Deloitte network	Subsidiaries	(4)	**145**
Other services	Deloitte & Touche S.p.A.	Parent Company – Fiat S.p.A.	(5)	**270**
	Deloitte & Touche S.p.A.	Subsidiaries	(6)	**194**
	Deloitte network	Parent Company – Fiat S.p.A.	(7)	**20**
	Deloitte network	Subsidiaries	(8)	**1,254**
Total				**19,435**

(1) Includes 7/12 of fees relative to Chrysler Group, equivalent to €10,967 thousand per annum
(2) Principally related to verification of pro forma data contained in the Information Document prepared pursuant to Article 71 of the Issuer Regulations (published on 6 June 2011) and attestation of tax forms ('Modello Unico', IRAP, domestic tax consolidation, Form 770); comfort letters for demerger executed by Fiat S.p.A.
(3) Attestation of tax forms ('Modello Unico', IRAP, Form 770) and reports for refund of tax credits and other contributions for research activities
(4) Attestation of tax forms
(5) Non-recurring activity for the Fiat Group consolidated financial statements connected with acquisition of control and initial consolidation of Chrysler Group LLC and subsidiaries
(6) Primarily related to audit of periodic reporting for financed projects and tender offers
(7) Tax related activities
(8) Primarily connected with bond issues, employee benefit plans and related IAS 19 impacts

Attestation of the Consolidated Financial Statements under Article 154-*bis* of Legislative Decree 58/98

1. The undersigned, Sergio Marchionne, in his capacity as the Chief Executive Officer of the Company, and Richard Palmer, as the executive officer responsible for the preparation of the Company's financial statements, pursuant to the provisions of Article 154-*bis*, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest

   - the adequacy with respect to the Company structure,
   - and the effective application,

   of the administrative and accounting procedures applied in the preparation of the Company's consolidated financial statements at 31 December 2011.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2011 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.

3. The undersigned moreover attest that:

   3.1 the consolidated financial statements at 31 December 2011:

   a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002;

   b) correspond to the amounts shown in the Company's accounts, books and records; and

   c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries as of 31 December 2011 and for the year then ended.

   3.2 The report on operations includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

22 February 2012

/s/ Sergio Marchionne

Sergio Marchionne

CHIEF EXECUTIVE OFFICER

/s/ Richard Palmer

Richard Palmer

EXECUTIVE OFFICER RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL STATEMENT


The road is life.
Jack (John) Kerouac

Fiat S.p.A.
Statutory Financial Statements
at 31 December 2011

Income Statement (*)

(figures in €)	Note	2011	2010
Dividends and other income from investments	(1)	**388,165,874**	428,723,556
Impairment (losses)/reversals on investments	(2)	**157,456,000**	155,700,000
Gains/(losses) on disposals	(3)	**14,703,207**	5,748
Other operating income	(4)	**45,331,282**	61,762,491
Personnel costs	(5)	**(35,171,574)**	(43,384,892)
Other operating costs	(6)	**(80,473,290)**	(101,590,587)
Financial income/(expense)	(7)	**(434,646,466)**	(93,034,966)
PROFIT/(LOSS) BEFORE TAXES		**55,365,033**	**408,181,350**
Income taxes	(8)	**43,800,587**	33,778,159
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**99,165,620**	**441,959,509**
Profit/(loss) from discontinued operations		**-**	-
PROFIT/(LOSS)		**99,165,620**	**441,959,509**

(*) Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related-party transactions on Fiat S.p.A.'s Income Statement are presented in a specific income statement provided on the following pages and commented on in the note for the relevant line item and Note 30

Statement of Comprehensive Income

(€ thousand)	2011	2010
PROFIT/(LOSS) (A)	**99,166**	441,959
Gains/(losses) recognized directly in fair value reserve (investments in other companies)	**(41,677)**	(4,468)
Income tax relating to components of other comprehensive income	**-**	-
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B)	**(41,677)**	(4,468)
TOTAL COMPREHENSIVE INCOME (A)+(B)	**57,489**	**437,491**

Statement of Financial Position (*)

(figures in €)	Note	31 December 2011	31 December 2010
ASSETS			
Non-current assets			
Intangible assets	(9)	**1,744,234**	317,168
Property, plant and equipment	(10)	**31,179,614**	31,385,527
Investments	(11)	**12,122,918,872**	11,423,278,781
Other financial assets	(12)	**12,966,052**	143,946,821
Other non-current assets	(13)	**90,472**	147,228
Deferred tax assets	(8)	**-**	-
Total non-current assets		**12,168,899,244**	**11,599,075,525**
CURRENT ASSETS			
Inventory	(26)	**-**	-
Trade receivables	(14)	**4,862,631**	8,078,126
Current financial receivables	(15)	**374,805,524**	311,525,962
Other current receivables	(16)	**277,353,014**	350,553,632
Cash and cash equivalents	(17)	**743,896**	239,970
Total current assets		**657,765,065**	**670,397,690**
Assets to be demerged	(18)	-	5,190,346,053
TOTAL ASSETS		**12,826,664,309**	**17,459,819,268**
EQUITY AND LIABILITIES			
Equity	(19)		
Share capital		**4,465,600,020**	6,377,262,975
Share premium reserve		**1,082,244,680**	1,540,884,892
Legal reserve		**523,618,803**	716,458,326
Other reserves and retained profit		**3,171,498,375**	4,284,447,608
Own shares		**(288,883,388)**	(656,553,154)
Profit/(loss)		**99,165,620**	441,959,509
Total equity		**9,053,244,110**	**12,704,460,156**
NON-CURRENT LIABILITIES			
Provisions for employee benefits and other non-current provisions	(20)	**137,364,408**	20,072,106
Non-current debt	(21)	**2,162,892,003**	2,561,442,000
Other non-current liabilities	(22)	**18,213,851**	13,560,651
Deferred tax liabilities	(8)	**8,144,720**	7,000,000
Total non-current Liabilities		**2,326,614,982**	**2,602,074,757**
Current liabilities			
Provisions for employee benefits and other current provisions	(23)	**19,379,886**	9,273,701
Trade payables	(24)	**19,397,927**	41,011,205
Current debt	(25)	**1,075,432,074**	294,591,561
Other debt	(26)	**332,595,330**	368,407,888
Total current liabilities		**1,446,805,217**	**713,284,355**
Liabilities to be demerged	(18)	**-**	1,440,000,000
TOTAL EQUITY AND LIABILITIES		**12,826,664,309**	**17,459,819,268**

(*) Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related-party transactions on Fiat S.p.A.'s Statement of Financial Position are presented in a specific statement of financial position provided on the following pages and commented on in the note for the relevant line item and Note 30

Statement of Cash Flows (*)

(€ thousand)	2011	2010
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**240**	**474**
B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:		
Profit/(loss)	99,166	441,959
Amortization and depreciation	1,920	1,714
Non-cash cost of stock option plans and other non-cash items	19,693	17,241
Impairment losses/(reversals) on investments	(157,456)	(155,700)
Fair value adjustment to equity swaps on Fiat and Fiat Industrial shares	109,920	(107,070)
Losses/(gains) on disposals	(14,703)	(33)
Change in provisions for employee benefits and other provisions	2,311	(4,559)
Change in deferred taxes	1,145	7,000
Change in working capital	23,701	(137,315)
TOTAL	**85,697**	**63,237**
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:		
Investments relating to:		
Incorporation and capitalization of subsidiaries	(220,000)	(2,258,853)
Acquisitions	(122,399)	-
Reductions in investments relating to:		
Proceeds from disposals	76,947	36
Other (investments)/disposals, net	(3,271)	3,706
TOTAL	**(268,723)**	**(2,255,111)**
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:		
Change in current financial assets	(153,231)	197,418
Proceeds from non-current debt and other changes	-	2,194,660
Repayment of non-current debt	(400,000)	(400,000)
Change in current debt	883,270	436,681
Increase in share capital	5,142	-
Purchases of own shares	-	-
Sales of own shares	-	-
Dividends paid	(151,651)	(237,119)
TOTAL	**183,530**	**2,191,640**
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	**504**	**(234)**
F) CASH AND CASH EQUIVALENTS AT END OF YEAR	**744**	**240**

(*) Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related-party transactions on Fiat S.p.A.'s Statement of Cash Flows are presented in a specific statement of cash flows provided on the following pages

Statement of Changes in Equity

(€ thousand)	Share capital	Share premium reserve	Legal reserve	Reserve available for the purchase of own shares	Reserve for own shares	Retained profit/ (loss)	Gains/ (losses) recognized directly in equity	Stock option reserve	Other reserves (2)	Own shares (1)	Profit/ (loss) for the year	Total equity
Balances at 31 December 2009	6,377,263	1,540,885	699,460	1,142,740	656,553	2,198,994	2,440	95,272	89,829	(656,553)	339,964	12,486,847
Allocation of prior year profit:												
to the Legal reserve			16,998								(16,998)	-
dividend distributions											(237,119)	**(237,119)**
balance to retained profit						85,847					(85,847)	-
Carryforward and adjustment to reserve for the purchase of own shares				(599,293)		599,293						-
Valuation of stock option plans								17,241				**17,241**
Total comprehensive income for the period							(4,468)				441,959	**437,491**
Balances at 31 December 2010	**6,377,263**	**1,540,885**	**716,458**	**543,447**	**656,553**	**2,884,134**	**(2,028)**	**112,513**	**89,829**	**(656,553)**	**441,959**	**12,704,460**
Demerger to Fiat Industrial S.p.A effective 1 January 2011	(1,913,179)	(462,266)	(214,937)			(1,159,964)						**(3,750,346)**
Balances at 1 January 2011 post Demerger	**4,464,084**	**1,078,619**	**501,521**	**543,447**	**656,553**	**1,724,170**	**(2,028)**	**112,513**	**89,829**	**(656,553)**	**441,959**	**8,954,114**
Recognition of Fiat Industrial S.p.A. shares allotted to Fiat S.p.A. in relation to own shares held						(20,554)				367,670		**347,116**
Corresponding reduction of Reserve for own shares					(367,670)	367,670						-
Provisions related to obligation to service portion of stock option and stock grant plans through delivery of Fiat Industrial shares (Provisions for stock option and stock grant plans)						(100,217)		(64,035)				**(164,252)**
Allocation of prior year profit:												
to the Legal reserve			22,098								(22,098)	-
distribution of dividends to shareholders											(151,651)	**(151,651)**
balance to retained profit						268,210					(268,210)	-
Carryforward of reserve for the purchase of own shares				367,670		(367,670)						-
Effect of exercise of stock options under the November 2006 stock option plan	1,516	3,626				1,473		(1,473)				**5,142**
Valuation of stock option/stock grant plans								5,286				**5,286**
Total comprehensive income for the period							(41,677)				99,166	**57,489**
Balances at 31 December 2011	**4,465,600**	**1,082,245**	**523,619**	**911,117**	**288,883**	**1,873,082**	**(43,705)**	**52,291**	**89,829**	**(288,883)**	**99,166**	**9,053,244**

(1) At 31 December 2011, own shares consisted of 38,568,458 ordinary shares having a total par value of €134,990 thousand. Number of shares unchanged over 31 December 2010 and 31 December 2009. Par value reduced from €192,842 thousand to €134,990 thousand due to a decrease in par value per share from €5.00 to €3.50 following the Demerger

(2) Other reserves includes the reserve pursuant to Law 413/1991, the extraordinary reserve and the reserve for spin-off differences

Income Statement

pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	Note	2011	of which related parties (Note 30)	2010	of which related parties (Note 30)
Dividends and other income from investments	(1)	**388,166**	**387,733**	428,724	428,309
Impairment (losses)/reversals on investments	(2)	**157,456**	**157,456**	155,700	155,700
Gains/(losses) on disposals	(3)	**14,703**	**14,703**	6	6
Other operating income	(4)	**45,331**	**42,205**	61,762	52,202
Personnel costs	(5)	**(35,172)**	**(11,217)**	(43,385)	(21,549)
Other operating costs	(6)	**(80,473)**	**(48,924)**	(101,591)	(58,042)
Financial income/(expense)	(7)	**(434,646)**	**(426,171)**	(93,035)	(93,773)
PROFIT/(LOSS) BEFORE TAXES		**55,365**		**408,181**	
Income taxes	(8)	43,801		33,778	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**99,166**		**441,959**	
Profit/(loss) from discontinued operations		-		-	
PROFIT/(LOSS)		**99,166**		**441,959**	

Statement of Financial Position
pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	Note	31 December 2011	of which related parties (Note 30)	31 December 2010	of which related parties (Note 30)
ASSETS					
Non-current assets					
Intangible assets	(9)	**1,744**		317	
Property, plant and equipment	(10)	**31,180**		31,386	
Investments	(11)	**12,122,919**	**12,110,940**	11,423,279	11,406,271
Other financial assets	(12)	**12,966**	**12,892**	143,947	11,442
Other non-current assets	(13)	**90**		147	
Deferred tax assets	(8)	**-**		-	
Total non-current assets		**12,168,899**		**11,599,076**	
Current assets					
Inventory	(26)	**-**		-	
Trade receivables	(14)	**4,862**	**2,419**	8,078	342
Current financial receivables	(15)	**374,806**	**374,806**	311,526	311,526
Other current receivables	(16)	**277,353**	**168,127**	350,554	240,546
Cash and cash equivalents	(17)	**744**		240	
Total current assets		**657,765**		**670,398**	
Assets to be demerged	(18)	-	**-**	5,190,346	5,190,346
TOTAL ASSETS		**12,826,644**		**17,459,820**	
EQUITY AND LIABILITIES					
Equity	(19)				
Share capital		**4,465,600**		6,377,263	
Share premium reserve		**1,082,245**		1,540,885	
Legal reserve		**523,619**		716,458	
Other reserves and retained profit		**3,171,497**		4,284,448	
Own shares		**(288,883)**		(656,553)	
Profit/(loss)		**99,166**		441,959	
Total equity		**9,053,244**		**12,704,460**	
NON-CURRENT LIABILITIES					
Provisions for employee benefits and other non-current provisions	(20)	**137,364**	**123,341**	20,072	13,128
Non-current debt	(21)	**2,162,892**	**2,162,892**	2,561,442	2,561,442
Other non-current liabilities	(22)	**18,214**	**2,994**	13,561	
Deferred tax liabilities	(8)	**8,145**		7,000	
TOTAL NON-CURRENT LIABILITIES		**2,326,615**		**2,602,075**	
Current liabilities					
Provisions for employee benefits and other current provisions	(23)	19,380		9,274	
Trade payables	(24)	19,398	**5,249**	41,011	2,264
Current debt	(25)	1,075,432	**1,050,746**	294,592	147,507
Other debt	(26)	332,595	**318,808**	368,408	351,500
Total current liabilities		**1,446,805**		**713,285**	
Liabilities to be demerged	(18)	-	**-**	1,440,000	1,440,000
TOTAL EQUITY AND LIABILITIES		**12,826,664**		**17,459,820**	

Statement of Cash Flows

pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	2011	of which related parties	2010	of which related parties
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	240		474	
B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:				
Profit/(loss)	99,166		441,959	
Amortization and depreciation	1,920		1,714	
Non-cash cost of stock option plans and other non-cash items	19,693	12,014	17,241	17,241
Impairment losses/(reversals) on investments	(157,456)	(157,456)	(155,700)	(155,700)
Fair value adjustment to equity swaps on Fiat and Fiat Industrial shares	109,920	109,920	(107,070)	(107,070)
Losses/(gains) on disposals	(14,703)	(14,703)	(33)	
Change in provisions for employee benefits and other provisions	2,311	(5,859)	(4,559)	(9,980)
Change in deferred taxes	1,145		7,000	
Change in working capital	23,701	43,629	(137,315)	(22,610)
TOTAL	85,687		63,237	
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:				
Investments relating to:				
Incorporation and capitalization of subsidiaries	(220,000)	(220,000)	(2,258,853)	(2,258,853)
Acquisitions	(122,399)		-	
Reductions in investments relating to:				
Proceeds from disposals	76,947	76,947	36	36
Other (investments)/disposals, net	(3,271)	(130)	3,706	
TOTAL	(268,723)		(2,255,111)	
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:				
Change in current financial assets	(153,231)	(153,231)	197,418	197,418
Proceeds from non-current debt and other changes	-		2,194,660	2,194,660
Repayment of non-current debt	(400,000)	(400,000)	(400,000)	(400,000)
Change in current debt	883,270	883,270	436,681	472,386
Increase in share capital	5,142		-	
Purchases of own shares	-		-	
Sales of own shares	-		-	
Dividends paid	(151,651)	(40,300)	(237,119)	(66,935)
TOTAL	183,530		2,191,640	
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	504		(234)	
F) CASH AND CASH EQUIVALENTS AT END OF YEAR	744		240	

Notes to the Statutory Financial Statements

Principal activities

Fiat S.p.A. (the "Company") is incorporated in the Republic of Italy and is the parent company of Fiat Group, which holds interests, either directly or indirectly, in the parent companies of the sectors through which the Group operates.

The Company's head office is in Turin, Italy.

Fiat S.p.A.'s financial statements are prepared in euros, which is the Company's functional currency.

The Statements of Income and Financial Position are presented in euros, while the Statements of Comprehensive Income, Cash Flows and Changes in Equity and the Notes to the Financial Statements are in thousands of euros, except where otherwise stated.

As parent company, Fiat S.p.A. has also prepared consolidated financial statements for Fiat Group for the year ended 31 December 2011.

Demerger and presentation of assets and liabilities demerged

Pursuant to the Deed of Demerger executed on 16 December 2010, the Demerger – approved by the Shareholders of Fiat S.p.A. and Fiat Industrial S.p.A. on 16 and 17 September 2010, respectively – became effective on 1 January 2011. The transaction consisted in the transfer by Fiat S.p.A. to Fiat Industrial S.p.A. of its shareholdings in companies operating in the Agricultural and Construction Equipment (CNH), Trucks and Commercial Vehicles (Iveco) and related powertrain (FPT Industrial) sectors, in addition to other assets and liabilities detailed in the Demerger Plan.

Pursuant to IFRS 5 – *Assets held for sale and discontinued operations*, in the statement of financial position of the parent company for the year ended 31 December 2010, Assets to be Demerged and Liabilities to be Demerged were presented separately from other assets and liabilities due to the fact that they constituted a "disposal group". Details of the component elements of those line items are provided in Note 18 to the Financial Statements.

As the Demerger represented a "business combination involving entities or businesses under common control", it was outside the scope of application of IFRS 3 and IFRIC 17. Accordingly, in the Financial Statements at 31 December 2010 no adjustments were made to the carrying amounts of the demerged assets. For the purposes of the statutory financial statements, given Fiat S.p.A.'s role as a holding company, the classification of Discontinued Operations did not apply and therefore the value of that line item in the income statement was zero.

Significant accounting policies

Basis of preparation

The 2011 statutory financial statements represent 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, in addition to provisions implementing Article 9 of Legislative Decree 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").

In compliance with European Regulation 1606 of 19 July 2002, beginning in 2005 the Fiat Group 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, those accounting standards were also used to prepare the separate financial statements of the Parent Company, Fiat S.p.A., for the first time for the year ended 31 December 2006. The information required by IFRS 1 – *First-time Adoption of International Financial Reporting Standards* relating to the effects of the transition to IFRS was provided in an Appendix to the 2006 separate financial statements.

The financial statements are prepared under the historical cost convention (modified where applicable for the valuation of certain financial instruments), as well as on the going concern assumption. Despite the difficult economic and financial environment, particularly in the eurozone, Fiat Group's assessment is that no material uncertainty exists (as defined in paragraph 25 of IAS 1) as to its ability to continue as a going concern. That assessment takes into account measures already implemented to integrate the Group's automotive activities with those of Chrysler Group and adapt the organization to changes in demand levels, as well as ensuring the Group has the necessary industrial and financial flexibility.

Format of the financial statements

Given the activities carried out by Fiat S.p.A., presentation of the Statutory Income Statement is based on the nature of its revenues and expenses. The Consolidated Income Statement for Fiat Group is classified according to function, which is considered more representative of the format used for internal reporting and management purposes and is in line with international practice in the automotive sector. For the Statement of Financial Position, Fiat S.p.A. has elected the "current and non-current" classification for the presentation of assets and liabilities. For the Consolidated Statement of Financial Position, a mixed presentation has been elected (as permitted under IAS 1), with the current and non-current classification applied to assets only. The consolidated financial statements post-demerger continue to include both industrial companies and financial services companies. The financing portfolios of financial services companies are included under current assets, as those assets will be realized in the course of the normal operating cycle. In addition, the financial services companies only obtain a portion of their funding directly from the market. The remainder of their funding is obtained through Group treasury companies (included under industrial activities), which provide funding to both industrial companies and financial services companies within the Group, on the basis of their individual requirements. The distribution of financial services activities within the Group has no impact on the presentation of financial liabilities for Fiat S.p.A. However, for the Consolidated Statement of Financial Position, the distribution of those activities means that a classification of financial liabilities between current and non-current would not be meaningful.

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

With regard to the requirements of Consob Resolution 15519 of 27 July 2006 relating to the format of the financial statements, supplementary Statements of Income, Financial Position and Cash Flows with a breakdown of related-party transactions have been provided separately so that the overall reading of the principal statements is not compromised.

Intangible assets

Goodwill

Goodwill arising from the acquisition of a company or a business unit is recognized at cost at the acquisition date. Goodwill is not amortized, but is tested for impairment annually or more frequently if specific events indicate that an impairment loss has occurred. After initial recognition, goodwill is measured at cost less any impairment losses.

Other intangible assets

Purchased or internally-generated intangible assets are recognized 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 are measured at purchase or manufacturing cost and, for those with a finite useful life, amortized over their estimated useful life.

Property, plant and equipment

Cost
Property, plant and equipment are stated at acquisition or production cost, net of accumulated depreciation and impairment losses, and are not revalued.

Subsequent expenditures are only capitalized where they increase the future economic benefits of the asset to which they relate. All other expenditures are expensed as incurred.

The method and rates used for depreciating assets are provided below.

Leases where the lessor retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Costs related to operating leases are recognized on a straight-line basis over the duration of the lease.

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

	Annual depreciation rate
Buildings	3%
Plants	10%
Furniture	12%
Fixtures	20%
Vehicles	25%

Land is not depreciated.

Impairment
At least annually, the Company evaluates recoverability of the value of intangible assets, tangible assets and investments in subsidiaries and associates, in order to determine whether those assets have suffered a loss in value. If there are indications of impairment, the carrying amount of the asset is reduced to its recoverable amount.

For investments in subsidiaries and associates that have distributed a dividend, the following are also considered indicators of impairment:

- if the carrying amount of the investee in the separate financial statements exceeds the book value of equity (including any associated goodwill) as recognized in the consolidated financial statements
- if dividends exceed the comprehensive income of the investee for the period to which the dividend relates

The recoverable amount of an asset is the higher of fair value less disposal costs and its value in use.

When testing for impairment of investments in subsidiaries and associates whose market value (fair value less disposal costs) cannot be reliably measured, the recoverable amount is based on value in use, which – in line with the requirements of paragraph 33 of IAS 28 – is determined by estimating the present value of estimated future cash flows and a theoretical terminal value.

Where impairment of an asset subsequently reverses, the carrying amount of that asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in the income statement.

Financial instruments

Presentation
Financial instruments held by the Company are classified in the financial statements as follows:

- 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 debt, other non-current liabilities
- Current liabilities: trade payables, current debt (including asset-backed financing), other debt

Cash and cash equivalents includes bank deposits, units in liquidity funds and other money market securities that are readily convertible into cash and for which the risk of changes in value is insignificant.

Non-current debt includes liabilities related to financial guarantees. Financial guarantees are contracts where the Company undertakes to make specific payments to a counterparty for losses incurred as a result of the failure of a borrower to meet its payment obligations for a given debt instrument. The present value of any related fees receivable is recognized under other non-current financial assets.

Measurement
Investments in subsidiaries and associates are recognized at cost and adjusted for any impairment losses.

Any positive difference, arising on acquisition, between the purchase cost and fair value of net assets acquired in an investee company is included in the carrying amount of the investment.

Investments in subsidiaries and associates are tested annually for impairment, or more frequently if evidence of impairment exists. Where an impairment loss exists, it is recognized immediately through 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 intention to cover those losses, the investment is written down to zero and a liability is recognized for the Company's share of any additional losses. If an impairment loss is subsequently reversed, the increase in carrying amount (up to a maximum of purchase cost) is recognized through the income statement.

Investments in other companies, which consists of non-current financial assets that are not held for trading (i.e., available-for-sale financial assets), are initially measured at fair value. Any subsequent gains or losses resulting from changes in fair value determined by the market price are recognized directly in equity until the investment is sold or an impairment loss is recognized. If an investment is sold, cumulative gains or losses previously recognized in equity are recycled through profit and loss. If an impairment loss is recognized on the investment, any accumulated losses recognized in equity are recycled through profit and loss. Investments in companies for which a market price is not available are measured at cost and adjusted for any impairment losses.

The Fiat Industrial ordinary shares allotted to Fiat S.p.A. as a result of the Demerger and allocated to servicing the stock option and stock grant plans are linked to the liability recognized for share-based compensation (i.e., provisions for stock options and stock grants) and, as such, are measured at fair value through profit or loss consistent with the valuation of the associated liability.

Other financial assets, which the Company intends to hold to maturity, are initially recognized on the settlement date at purchase cost (considered representative of their fair value) which, with the exception of held-for-trading financial assets, is inclusive of transaction costs. Subsequent measurement is at amortized cost using the effective interest method.

Other non-current assets, trade receivables, current financial receivables and **other current receivables**, excluding those based on a derivative financial instrument, as well as all other unquoted financial assets whose fair value cannot be reliably determined, are measured at amortized cost using the effective interest method, if they have a fixed term, or at cost, if they have no a fixed term. 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.

Regular assessments are made to determine whether there is objective evidence that financial assets, separately or within a group of assets, have been impaired. Where such evidence exists, an impairment loss is recognized in the income statement for the period.

Non-current debt, other non-current liabilities, trade payables, current debt and **other debt** are initially recognized at fair value (normally represented by the cost of the transaction from which the liability arises), in addition to any transaction costs.

With the exception of derivative instruments and liabilities arising from financial guarantees, financial liabilities are subsequently measured at amortized cost using the effective interest method. Measurement of financial liabilities hedged by derivative instruments follows the principles of hedge accounting for fair value hedges. Gains and losses arising from subsequent measurement at fair value, caused by fluctuations in interest rates, are recognized through the income statement and are offset by the effective portion of the gain or loss arising from subsequent measurement at fair value of the hedging instrument.

Liabilities arising from financial guarantees 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 recognized less any amounts already released to profit and loss.

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 at fair value in accordance with IAS 39.

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 recognized 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 recognized 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 recognized in the income statement
- **Cash flow hedge** – Where a derivative financial instrument is designated as a hedge against variability in future cash flows of an existing asset or liability or a transaction considered highly probable that could impact the income statement, the effective portion of the gain or loss on the hedging instrument is recognized directly in equity. Any cumulative gain or loss is reversed from equity and recognized in the income statement in the same period in which the hedged transaction is recognized. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the income statement immediately. When a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet occurred, any gain or loss previously recognized in equity is recognized through profit and loss at the time the hedged transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss recognized in equity is immediately transferred to the income statement. If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the income statement

Inventory

Inventory consists of contract work in progress related, in particular, to long-term construction contracts between Fiat S.p.A. and Treno Alta Velocità – T.A.V. S.p.A. (merged into Rete Ferroviaria Italiana S.p.A. from 31 December 2010) under which Fiat S.p.A. as general contractor coordinates, organizes and manages the work.

Work in progress refers to activities carried out directly and is recognized through measurement of the total contract income on a percentage completion basis, with the incremental portion of the work performed to date being recognized in the period. 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 recognized 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 value of advances received exceeds inventory, any excess is recognized as advances under other debt.

Sales of receivables

Receivables sold in factoring transactions are derecognized if and only if the risks and rewards relating to ownership have been substantially transferred to the buyer. Receivables sold with recourse and without recourse that do not satisfy this condition remain in the statement of financial position, even if they have been legally sold; in such cases, a liability for the same amount is recognized for advances received.

Assets held for sale

This item includes 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 benefit plans

The Company provides pension plans and other post-employment benefit plans to its employees. Pension plans in which the Company is obliged to participate under Italian law are defined contribution plans, while other post-employment benefit plans, in which the Company's participation is generally subject to collective bargaining agreements, are defined benefit plans. Costs associated with payments to defined contribution plans are recognized in the income statement when incurred. Defined benefit plans are based on an employee's working life and on the salary or wage received by the employee over a predetermined period of service.

Until 31 December 2006, the leaving entitlement payable to employees of Group companies in Italy (*Trattamento di Fine Rapporto* or "TFR") qualified as a defined benefit plan. Legislation relating to TFR was amended by Law 296 of 27 December 2006 and subsequent decrees and regulations issued in the first half of 2007. As a result of those changes, and specifically with regard to companies with 50 employees or more, TFR is only considered a defined benefit plan for benefits accrued prior to 1 January 2007 (and not yet paid out as at the balance sheet date), while benefits accruing after that date are classified as defined contributions.

The Company's obligation to fund defined benefit plans and the associated annual cost recognized in the income statement are 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 the plan assets at the end of the previous year is amortized over the average remaining service lives of employees (the "corridor approach"). The portion of actuarial gains and losses that does not exceed this threshold is deferred.

Upon first-time adoption of IFRS, the Company elected to recognize all cumulative actuarial gains and losses existing at 1 January 2004, despite having elected the corridor approach for recognition of subsequent actuarial gains and losses.

For defined benefit plans, any costs associated with the increase in present value of the liability nearer to the payment date are recognized under financial expense.

Liabilities associated with defined benefit plans are recognized in the statement of financial position at their present value adjusted for unrecognized actuarial gains and losses, arising from application of the corridor approach, and unrecognized past service costs.

Other long-term employee benefits

The accounting treatment for other long-term benefits is the same as for post-employment benefit plans except that actuarial gains and losses and past service costs are fully recognized in the income statement in the year in which they arise and the corridor approach is not applied.

Equity-based compensation

Share-based compensation plans settled by the delivery of Fiat S.p.A. shares are measured at fair value at the grant date. That fair value is expensed over the vesting period of the benefit with a corresponding increase in equity. Periodically, the Company reviews its estimate of the benefits expected to vest through the plan and recognizes any difference in estimate in profit or loss, with a corresponding increase or decrease in equity.

Share-based compensation plans settled through delivery of Fiat Industrial shares are recognized as a liability and measured at fair value at the end of each reporting period until settled. Any subsequent changes in fair value are recognized in profit or loss.

The compensation component from stock option plans based on Fiat S.p.A. shares relating to employees of other Group companies is recognized as a capital contribution to the subsidiaries which employ beneficiaries of the stock option plans, in accordance with IFRIC 11 and, as a result, is recorded as an increase in the carrying amount of the investment, with a balancing entry recognized directly in equity.

Provisions

The Company recognizes provisions when it has a legal or constructive obligation to third parties, when it is probable that an outflow of resources will be required to satisfy that 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 they occur.

Own shares

Own shares are recognized as a deduction from equity. The original cost of own shares, proceeds of any subsequent sale and other changes are presented as movements in equity.

Dividends received

Dividends from investees are recognized in the income statement when the right to receive the dividend is established.

Revenue recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction will flow to the Company and the amount can be reliably measured. Revenue is presented net of any adjusting items.

Revenue from services and from construction contracts are recognized using the percentage completion method described under inventory.

Financial income and expense
Financial income and expense are recognized in the income statement in the period in which they are earned or incurred.

Finance costs related to investments in qualifying assets that require a substantial period of time to prepare for their intended future use or sale are capitalized and amortized over the useful life of the asset.

Income taxes
The tax charge for the period is determined on the basis of existing law. Taxes on income are recognized in profit and loss, except where they relate to items charged or credited directly to equity, in which case the tax effect is also recognized directly in equity.

For deferred tax assets and liabilities, determination is based on the temporary differences existing between the carrying amount of an asset or liability in the statement of financial position and its corresponding tax basis. Deferred tax assets resulting from unused tax losses and temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Current and deferred income taxes and liabilities are offset when there is a legal right to do so. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary difference is reversed.

Fiat S.p.A. and almost all its Italian subsidiaries elected to take part in the domestic tax consolidation program pursuant to Articles 117/129 of Presidential Decree 917/1986 for a three-year period beginning in 2004. The election was renewed in 2007 and again in 2010, both times for a minimum three-year period.

Under the program, Fiat S.p.A. is the consolidating company and calculates a single taxable base for the group of companies taking part, enabling benefits from offsetting taxable income and tax losses in a combined tax return. Each company participating in the consolidation transfers its taxable income or tax loss to the consolidating company. Fiat S.p.A. recognizes a receivable for companies contributing taxable income, corresponding to the amount of IRES (corporate income tax) payable on their behalf. For companies contributing a tax loss, Fiat S.p.A. recognizes a payable for the amount of the loss actually set off at group level.

Dividends payable
Dividends payable are recognized as changes in equity in the period in which they are approved by Shareholders.

Use of estimates
Preparation of the financial statements and notes in conformity with IFRS requires that management make judgments, estimates and assumptions which impact on the values reported for assets and liabilities, as well as disclosures relating to contingent assets and liabilities at the balance sheet date. The estimates and assumptions used are based on past experience and other factors considered relevant. However, actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and the impacts of any resulting changes are recognized directly in profit or loss in the period in which the estimates are revised, if the revision impacts only that period, or also in future periods, if the revision impacts both the current and future periods.

Due to continuing economic difficulties, particularly in the eurozone, assumptions regarding future performance are subject to significant uncertainty. It cannot be excluded, therefore, that actual results in the future could differ from estimates, potentially requiring adjustments (which at present can neither be estimated nor predicted), even significant, to values based on those estimates. The line item most impacted by estimates is “Investments in subsidiaries and associates” (non-current assets), where estimates are used in determining impairment losses and reversals. No particular or significant issues arose, however, in relation to estimates used for recognition of employee benefits, taxes or provisions.

Given its relative weighting, estimates used in determining the carrying amount of Fiat Group Automobiles S.p.A. (FGA) had the most significant impact on “Investments in subsidiaries and associates”. For the purposes of the 2011 financial statements, measurement was based on FGA’s estimated “value in use”, which took into account expected performance for 2012 consistent with information provided in “Subsequent Events and Outlook” (Report on Operations). For the period 2013-2015, original plan targets were adjusted downward to take into account, for the sake of prudence, the current economic uncertainty, particularly for the eurozone and the European auto market. With reference to the controlling interest held by FGA in Chrysler, estimates were based on the 2010-2014 Plan presented in November 2009, in relation to which targets to date have been met or exceeded and targets for future years confirmed.

The normalized cash flow used for calculation of the terminal value was based on a weighted average of the expected contributions from each geographic market, which take into account the cyclicality and maturity of the auto business in each market. With regard to Chrysler, given its current negative equity position and restrictions on dividend distributions related to existing financial covenants, a normalized cash flow contribution (based on the Plan presented on 4 November 2009) was included in the terminal value only. The estimate of terminal value assumes a long-term growth rate of zero.

As the cash flows are assumed equivalent to expected net profit, the discount rates applied are based on the estimated cost of equity. Different and increasing rates were applied over the specific cash flow projection period (2012-2015) to reflect the level of risk associated with achieving targets and with the geographic distribution of earnings. The weighted average discount rate for the projection period ranged from 15.5% to 18.5%. For the terminal value, a discount rate of 15.3% was used, which factored in the contribution from Chrysler, in addition to a premium (3%) to reflect the risk associated with achieving targets. A change of half a percent in the discount rate has an impact of approximately €300 million on the value of the investment.

A similar process was conducted for the investment in Fiat Powertrain Technologies S.p.A. and it was assumed that, as a captive business, the risk profile was closely correlated to that for FGA’s activities in Europe.

The estimates and assumptions made – which also took into account the current level of uncertainty concerning conditions in the eurozone in the foreseeable future – as well as an analysis based on historic and prospective P/E multiples for comparable quoted companies which was used as a control, provide reasonable support for maintaining the carrying amounts recognized for FGA and Fiat Powertrain unchanged at 31 December 2011.

Accounting principles, amendments and interpretations adopted from 1 January 2011

The Company applied the following principles, amendments and interpretations from 1 January 2011.

On 4 November 2009, the IASB issued a revised version of IAS 24 - *Related Party Disclosures* that simplifies the disclosure requirements for transactions with government-related entities and clarifies the definition of a related party. Adoption of the revised standard had no effect on measurement of items in the financial statements and only a limited effect on disclosure for related-party transactions.

Accounting standards, amendments and interpretations effective from 1 January 2011 but not applicable to the Company

The following amendments, improvements and interpretations, effective from 1 January 2011, relate to issues that were not applicable at the date of these financial statements, but which may have an impact on the accounting treatment of future transactions or arrangements:

- Amendment to IAS 32 – *Financial instruments: Presentation: Classification of Rights Issues*
- Amendment to IFRIC 14 – *Prepayments of a Minimum Funding Requirement*
- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*
- Improvements to IAS/IFRS (2010)

Accounting standards, amendments and interpretations not yet applicable and not early adopted by the Company

At the date of these financial statements, the European Union had not yet endorsed the following standards and amendments, with the exception of the Amendment to IFRS 7 – *Financial Instruments*: *Disclosures (7 October 2010)*, details of which are provided at the end of this section:

- On 12 November 2009, the IASB issued IFRS 9 – *Financial Instruments*, which was later amended. The new standard, applicable retrospectively from 1 January 2015, represents completion of the first phase of a project to replace IAS 39 and introduces new requirements for classification and measurement of financial assets and liabilities and derecognition of financial assets. For financial assets, the standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value – replacing the many different rules in IAS 39 – which is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. For financial liabilities, on the other hand, the principal amendment relates to the recognition of changes in fair value of financial liabilities measured at fair value through profit or loss, when such changes are due to changes in the credit risk of the liability. Under the new standard, these changes must be recognized in other comprehensive income rather than through profit or loss.
- On 20 December 2010, the IASB issued a minor amendment to IAS 12 – *Income taxes*, requiring an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. As a result of this amendment, SIC 21 – *Income Taxes – Recovery of Revalued Non-Depreciable Assets* will no longer apply. The amendment must be adopted retrospectively from 1 January 2012.
- On 12 May 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements* that will replace SIC-12 – *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements* (to be renamed Separate Financial Statements) which addresses accounting treatment for investments in separate financial statements. There are no substantial changes from the previous version. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance for situations where control may be difficult to determine. IFRS 10 and IAS 27 are effective retrospectively from 1 January 2013.
- On 12 May 2011, the IASB issued IFRS 11 – *Joint Arrangements* which supersedes IAS 31 – *Interests in Joint Ventures* and SIC-13 – *Jointly-controlled Entities – Non-monetary Contributions by Venturers*. The new standard sets out criteria for identifying joint arrangements, by focusing on the rights and obligations of the arrangement rather than its legal form, and defines rules for treatment of joint operations in the separate financial statements. The standard is effective retrospectively from 1 January 2013.
- On 12 May 2011, the IASB issued IFRS 13 – *Fair Value Measurement*, which clarifies rules for determination of fair value for the purposes of financial reporting and applies to all IFRS that require or allow fair value measurement or disclosures based on fair value. The standard is applicable prospectively from 1 January 2013.
- On 16 June 2011, the IASB issued an amendment to IAS 1 – Presentation of Financial Statements requiring entities to group together items within other comprehensive income that might subsequently be reclassified to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section. The amendment is applicable for annual periods beginning on or after 1 July 2012.
- On 16 June 2011, the IASB issued an amended version of IAS 19 – *Employee Benefits* which eliminates the option to defer recognition of gains and losses, known as the "corridor approach", and requires any plan deficit or surplus to be presented in the statement of financial position, the components of cost relating to service and net interest to be recognized in profit or loss, and actuarial gains and losses arising from the remeasurement of liabilities to be recognized in other comprehensive income. The amendment also introduces additional disclosure requirements. The amendment is applicable retrospectively from 1 January 2013.

- On 16 December 2011, the IASB issued amendments to IAS 32 – *Financial Instruments*: *Presentation*, which clarifies application of certain criteria contained in IAS 32 for offsetting financial assets and liabilities. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014.
- On 16 December 2011, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures*. The amendments require disclosure of information on the effect or potential effect on an entity's financial position of netting arrangements for financial assets and liabilities. The amendments are effective for annual periods beginning on or after 1 January 2013. Disclosure must be provided retrospectively.

Lastly, on 7 October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures*, applicable for reporting periods commencing on or after 1 July 2011. The amendments are intended to improve the understanding of transfers of financial assets (derecognition) for users of financial statements, including the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfers are undertaken around the end of a reporting period. Adoption of this standard will have no effect on the measurement of items in the financial statements.

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 Parent. In addition to the information provided in Note 28, readers should also refer to the note on Risk Management in the Notes to the Consolidated Financial Statements.

Composition and principal changes

1. Dividends and other income from investments

Following is a breakdown of dividends and other income from investments:

(€ thousand)	2011	2010
Dividends from subsidiaries:		
- Ferrari S.p.A.	180,006	-
- Fiat Gestione Partecipazioni S.p.A.	180,000	-
- Fiat Finance S.p.A.	27,727	180,000
- Magneti Marelli S.p.A.	-	99,990
- Fiat Powertrain Technologies S.p.A.	-	80,000
- Fiat Netherlands Holding N.V.	-	50,000
- Business Solutions S.p.A.	-	18,319
Total dividends from subsidiaries	387,733	428,309
Dividends from other companies	433	415
Total dividends and other income from investments	**388,166**	**428,724**

For 2011, dividends from other companies related to dividends received from Fin. Priv. S.r.l. (€348 thousand) and Assicurazioni Generali S.p.A. (€85 thousand). For 2010, they included dividends from the same two companies.

2. Impairment (losses)/reversals on investments

The following table provides a breakdown of impairment losses and reversals on investments:

(€ thousand)	2011	2010
Impairment losses:		
- Comau S.p.A.	(147,100)	(7,100)
- Teksid Aluminum S.r.l.	(47,500)	(11,100)
- Fiat Powertrain Technologies S.p.A.	-	(80,000)
- Fiat Industrial S.p.A.	-	(6,100)
Total impairment losses	(194,600)	**(104,300)**
Reversal of impairment losses:		
- Fiat Gestione Partecipazioni S.p.A. (formerly Iveco S.p.A.)	352,056	260,000
Total value of reversals	352,056	**260,000**
Total impairment (losses)/reversals on investments	**157,456**	**155,700**

Impairment losses recognized on the shareholdings in Comau S.p.A. and Teksid Aluminum S.r.l. were substantially due to losses recognized by those companies during the year resulting from writedowns on goodwill and certain fixed assets. The adjusted carrying amounts are deemed representative of the estimated recoverable value.

The €352 million impairment reversal for Fiat Gestione Partecipazioni S.p.A. was based on the book value of equity of this investee and its subsidiaries in the consolidated financial statements following the reorganization described in Note 11. As part of the transactions preliminary to the Demerger, on 1 December 2010 Iveco S.p.A. sold its truck and commercial vehicle activities and the “Industrial & Marine” powertrain business to two subsidiary companies – new Iveco S.p.A. and FPT Industrial S.p.A., both of which were transferred to Fiat Industrial S.p.A. under the Demerger – and was subsequently renamed Fiat Gestione Partecipazioni S.p.A.

3. Gains/(losses) on disposals

For 2011, gains on disposals totaled €14,703 thousand, including €12,753 thousand on the sale of the wholly-owned subsidiary Fiat Switzerland S.A. to CNH International S.A. (a Fiat Industrial Group company) and €1,950 thousand on the sale of a 39.47% equity interest in Fiat Finance North America Inc. to Fiat Finance and Trade Ltd. S.A.

For 2010, there was a €6 thousand gain on the sale of the 0.17% interest held in Elasis–Società Consortile per Azioni to Fiat Group Automobiles S.p.A. and Fiat Partecipazioni S.p.A.

4. Other operating income

Following is a breakdown of other operating income:

(€ thousand)	2011	2010
Revenues from services rendered to Group companies and other related parties	37,917	45,137
Changes in construction contract work in progress	1,621	5,456
Other revenues and income from Group companies and other related parties	4,288	7,065
Other revenues and income from third parties	1,505	4,104
Total other operating income	**45,331**	**61,762**

Revenues from services rendered to Group companies and other related parties relate almost entirely to services rendered by Fiat S.p.A. and management personnel to the principal companies in the Group (see Note 30).

Changes in construction contract work in progress relate to the current portion of fees payable to Fiat S.p.A. for activities carried out directly by the Company (management, coordination and organization) in relation to contracts with Treno Alta Velocità - T.A.V. S.p.A. (now Rete Ferroviaria Italiana S.p.A.) that were still in progress at the end of the year (the Florence-Bologna and Novara-Milan lines – see Note 26).

Other revenues and income from Group companies and other related parties mostly related to the recovery of costs, 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 relate to miscellaneous income, recovery of costs and other prior year income.

The overall decrease in other operating income over the previous year was primarily due to lower revenues from services rendered to Group companies, following the reduction in the size of the Group after the Demerger, and to the winding down of contract work for Rete Ferroviaria Italiana S.p.A.

5. Personnel costs

A breakdown of personnel costs is provided in the following table:

(€ thousand)	2011	2010
Wages and salaries	15,547	20,821
Defined contribution plans and social security contributions	5,968	7,968
Leaving entitlement and other defined benefit plans	149	389
Other personnel costs	13,508	14,207
Total personnel costs	**35,172**	**43,385**

The average number of employees for the year decreased from 144 in 2010 to 104 in 2011, mainly attributable to transfers to Fiat Industrial S.p.A or to other Fiat Group subsidiaries. As described in Note 4, certain of the Company's managers carried out their activities at the Group's principal subsidiaries and the related costs were recharged to those companies. On 1 December 2011, headcount increased by 120 following the acquisition from Fiat-Revisione Interna S.c.p.A. and Fiat Finance S.p.A. of units that provide internal audit and financial advisory services to Fiat S.p.A. and Group companies.

The costs associated with defined contribution plans consisted of amounts paid by the Company to the Italian state social security organization (INPS) and other social security and assistance organizations for post-employment defined contribution plans (pension and healthcare) on behalf of employees in all categories. Following the introduction of Law 296/06, leaving entitlements in Italy (*trattamento di fine rapporto*) accrued from 1 January 2007 and paid in to supplementary pension funds or the fund established by INPS are recognized under “Defined contribution plans and social security contributions”, while adjustments to the provision for leaving entitlement accrued before 1 January 2007 are recognized under “Leaving entitlement and other defined benefit plans” (see also Note 20).

Social security contributions represent amounts paid by the Company to social security agencies in relation to short-term benefits for situations such as illness, injury and compulsory maternity leave.

Other personnel costs related mainly to accruals for variable compensation, leaving incentives and insurance.

For 2011, compensation to executives with strategic responsibilities was €11,217 thousand (€6,018 thousand of which was charged back to the Group companies where they carried out their activities). The total cost for the year includes provisions for leaving entitlements accrued during the year, as well as company contributions to state and company defined contribution schemes and other social security contributions totaling €6,754 thousand.

6. Other operating costs

Following is a breakdown of other operating costs:

(€ thousand)	2011	2010
Costs for services rendered by Group companies and other related parties	32,707	36,412
Costs for services rendered by third parties	23,922	34,696
Compensation component from stock option and stock grant plans	12,014	17,241
Leases and rentals	3,051	3,254
Purchase of goods	702	688
Depreciation of property, plant and equipment	1,788	1,674
Amortization of intangible assets	132	40
Misc. operating costs	6,157	7,586
Total other operating costs	**80,473**	**101,591**

Costs for services rendered by Group companies primarily consisted of support and consulting services in the administrative and financial areas, as well as IT systems, public relations, payroll, security and internal audit services (see Note 30).

Costs for services rendered by third parties principally included legal, administrative, financial and IT services.

For 2011, compensation for the directors and statutory auditors of Fiat S.p.A. totaled €5,807 thousand and €230 thousand, respectively. For directors, that compensation includes fees approved by shareholders, as well as compensation set by the Board of Directors for directors with specific responsibilities.

The compensation component from stock option and stock grant plans represents the notional cost of options granted to the Chief Executive Officer. Following the Demerger on 1 January 2011, the notional cost of the portion of the 2009 stock grant plan covered by Fiat S.p.A. shares (€5,286 thousand) was recognized directly in the relevant equity reserve (see Note 19). The notional cost of the portion covered by Fiat Industrial S.p.A. shares (€6,728 thousand) was recognized through an increase in provisions for stock option and stock grant plans (see Note 20).

Miscellaneous operating costs consist of membership fees and contributions to trade associations, indirect taxes and duties (property tax, non-deductible sales tax, etc.), prior year expenses and other minor charges.

Overall, other operating costs were down over the prior year, reflecting non-recurring costs incurred in 2010 in relation to the Demerger and the lower cost of services purchased from Group companies and external providers in 2011, attributable in large part to the reduction in the scope of operations.

7. Financial income/(expense)

Following is a breakdown of financial income/(expense):

(€ thousand)	2011	2010
Financial income	38,081	31,210
Financial expense	(364,654)	(234,830)
Net gains/(losses) on derivative financial instruments	(108,073)	110,585
Total financial income/(expense)	**(434,646)**	**(93,035)**

Financial income consisted of the following:

(€ thousand)	2011	2010
Financial income from Group companies and other related parties		
- Interest income on current account with Fiat Finance S.p.A.	32,123	22,938
- Fee income for sureties and personal guarantees	4,699	5,255
- Other financial income	41	52
Total financial income from Group companies and other related parties	**36,863**	**28,245**
Financial income from third parties:		
- Interest income on bank and other deposits	6	6
- Interest income on tax credits	1,060	2,963
Total financial income from third parties	**1,066**	**2,969**
Currency translation gains/(losses)	152	(4)
Total financial income	**38,081**	**31,210**

Financial expense consisted of the following:

(€ thousand)	2011	2010
Financial expense to Group companies and other related parties		
- Interest expense on current account with Fiat Finance S.p.A.	-	-
- Interest expense on loans from Fiat Finance S.p.A.	347,819	224,955
- Commissions and other charges payable to Fiat Netherlands Holding N.V.	-	5,808
- Commissions and other charges payable to Fiat Finance S.p.A.	6,521	79
- Commissions and other charges payable to Fidis S.p.A.	471	1,642
- Interest and financial expense payable to other Group companies and other related parties	150	119
Total financial expense to Group companies and other related parties	**354,961**	**232,603**
Financial expense payable to third parties:		
- Interest expense and charges for the sale of receivables	815	847
- Financial expense on employee benefits	302	517
- Other third party interest and financial expense	896	863
Total financial expense to third parties	**2,013**	**2,227**
Net adjustment for fair value measurement of Fiat Industrial shares (see Note 11)	7,680	-
Total financial expense	**364,654**	**234,830**

Net losses on derivative financial instruments of €108,073 thousand (net gain of €110,585 thousand for 2010) was essentially attributable to a loss arising from fair value measurement of the two equity swaps entered into as hedges on the options granted to the Chief Executive Officer in 2004 and 2006 (see Note 19). The contracts in place at 31 December 2010 were renegotiated during the year and adjusted for the change in the underlying (consisting of 16,920,000 Fiat and Fiat Industrial shares at year-end 2011) resulting from the Demerger. At 31 December 2011, the notional value of those equity swaps, based on the contractual exercise prices, was €153,803 thousand. Although the swaps were entered into as hedges, they do not qualify for hedge accounting under IFRS and, accordingly, are classified as held for trading.

8. Income taxes

A breakdown of taxes recognized in the income statement is provided below:

(€ thousand)	2011	2010
Current taxes:		
- IRES	(36,663)	(39,619)
- IRAP	-	-
- Other current taxes	253	-
Total current taxes	**(36,410)**	**(39,619)**
Deferred taxes for the period:		
- IRAP	1,145	7,000
Total deferred taxes for the period	**1,145**	**7,000**
Taxes relating to prior periods	**(8,536)**	**(1,159)**
Total income taxes	**(43,801)**	**(33,778)**

Current IRES tax for 2011 relates to compensation receivable by Fiat S.p.A. (€36,663 thousand) for tax loss carryforwards contributed to the domestic tax consolidation scheme.

Other current taxes for 2011 relate to withholdings for taxes incurred outside Italy.

Deferred IRAP tax totaled €1,145 thousand, resulting from the increase in the rate applied on temporary differences existing at 1 January 2011.

Taxes relating to prior periods (€8,536 thousand) represents income related to the prior year's domestic tax consolidation.

A reconciliation between theoretical income taxes determined on the basis of tax rates applicable in Italy and income taxes reported in the financial statements is as follows:

(€ thousand)	2011	2010
Theoretical income taxes	15,225	112,250
Tax effect of permanent differences	(133,952)	(148,589)
Taxes relating to prior periods	(8,536)	(1,159)
Other current taxes	253	-
Deferred taxes not recognized on tax loss for the year and other deferred taxes	82,064	-
Tax loss carryforwards utilized	-	(3,280)
Current and deferred income tax recognized in the financial statements, excluding IRAP	**(44,946)**	**(40,778)**
IRAP (current and deferred)	1,145	7,000
Income taxes reported in the income statement (current and deferred income taxes)	**(43,801)**	**(33,778)**

Theoretical income taxes are calculated by applying the IRES tax rate (27.5% for 2011 and 2010) to the result before taxes. To facilitate a better understanding of the reconciliation between theoretical and reported income taxes, IRAP has been excluded, as it is calculated on a different tax base and would therefore generate distortions between one year and another.

The permanent differences referred to above include, among other things, the tax effect of non-taxable income amounting to €198,735 thousand in 2011 (€183,506 thousand in 2010) and of non-deductible costs amounting to €64,783 thousand in 2011 (€34,917 thousand in 2010). In particular, for 2011 the tax effect of non-taxable income was principally attributable to dividends (€101,408 thousand vs. €112,004 thousand in 2010) and impairment reversals on investments (€96,815 thousand). Non-deductible costs principally included impairment losses on investments whose tax effect was €53,515 thousand (€28,682 thousand in 2010).

A breakdown of deferred tax liabilities, net of deferred tax assets, is provided in the following table:

(€ thousand)	31 December 2010	Recognized in income statement	Charged to equity	31 December 2011
Deferred tax assets arising from:				
- Taxed provisions and other minor differences	7,785	22,310	-	**30,095**
Total deferred tax assets	**7,785**	**22,310**	**-**	**30,095**
Deferred tax liabilities arising from:				
- Measurement of construction contracts by the percentage completion method	(47,010)	(1,347)	-	**(48,357)**
- Others	(385)	(399)	-	**(784)**
Total deferred tax liabilities	**(47,395)**	**(1,746)**	**-**	**(49,141)**
Theoretical tax benefit arising from tax loss carryforwards	59,842	79,056	-	**138,898**
Adjustments for assets whose recoverability is not probable	(27,232)	(100,765)	-	**(127,997)**
Total deferred tax liabilities, net of deferred tax assets	**(7,000)**	**(1,145)**	**-**	**(8,145)**

Determination of deferred tax assets is based on an analysis of the existence of the conditions for their future realization, using updated strategic plans and related tax plans. As a consequence, the total theoretical future tax benefit arising from deductible temporary differences (€30,095 thousand at 31 December 2011 and €7,785 thousand at 31 December 2010) and tax loss carryforwards (€138,898 thousand at 31 December 2011 and €59,842 thousand at 31 December 2010) was reduced by €127,997 thousand at 31 December 2011 (€27,232 thousand at 31 December 2010).

Total temporary differences (deductible and taxable) and tax losses at 31 December 2011 and amounts for which deferred tax assets have not been recognized, broken down by year of expiry, are as follows:

		Year of expiry					
(€ thousand)	Total at 31 December 2011	2012	2013	2014	2015	Beyond 2015	Non-expiring/ undeterminable
Temporary differences and tax losses relating to IRES:							
- Deductible temporary differences	**109,437**	26,688	687	50,041	687	31,334	-
- Taxable temporary differences	**(149,076)**	(146,224)	-	-	-	(2,852)	-
- Tax losses	**505,083**	-	-	-	-	-	505,083
- Temporary differences and tax losses for which deferred tax assets have not been recognized	**(465,444)**	-	(687)	(50,041)	(687)	(28,482)	(385,547)
Temporary differences and tax losses subject to national taxation	**-**	**(119,536)**					**119,536**
Temporary differences relating to IRAP:							-
- Deductible temporary differences	**-**	-	-	-	-	-	-
- Taxable temporary differences	**(146,225)**	(146,225)	-	-	-	-	-
Temporary differences and tax losses subject to local taxation	**(146,225)**	**(146,225)**	**-**	**-**	**-**	**-**	**-**

9. Intangible assets

All intangible assets have been purchased and, apart from goodwill, there are no intangible assets with an indefinite useful life.

At 31 December 2011, intangible assets totaled €1,744 thousand and underwent the following changes during the year:

(€ thousand)	31 December 2010	Additions	Amortization	(Decreases) and Other changes	31 December 2011
Goodwill					
- Gross carrying amount	-	1,330	-	-	1,330
- Accumulated amortization	-	-	-	-	-
- Net carrying amount	-	1,330	-	-	**1,330**
Licenses and software					
- Gross carrying amount	-	273	-	-	273
- Accumulated amortization	-	-	(91)	-	(91)
- Net carrying amount	-	273	(91)	-	**182**
Other intangible assets					
- Gross carrying amount	512	-	-	(44)	468
- Accumulated amortization	(195)	-	(41)	-	(236)
- Net carrying amount	**317**	-	(41)	(44)	**232**
Total intangible assets					
- Gross carrying amount	**512**	**1,603**	**-**	**(44)**	**2,071**
- Accumulated amortization	**(195)**	**-**	**(132)**	**-**	**(327)**
- Accumulated impairment losses	**-**	**-**	**-**	**-**	**-**
- Net carrying amount	**317**	**1,603**	**(132)**	**(44)**	**1,744**

Goodwill relates to consideration paid in excess of fair value to acquire, effective 1 December 2011, the business units referred to previously (see Note 5) that provide internal audit and financial advisory services to Fiat S.p.A. and Group companies.

Licenses and software relates to intangible assets acquired with the above business units and also includes costs incurred for software developed internally or purchased from third parties, which is amortized over its estimated useful life (3 years) from the time completed and fully operational.

Other intangible assets essentially consist of leasehold improvements, which are amortized over the term of the lease agreement (12 years).

Amortization on intangible assets is recognized in the income statement under other operating costs (Note 6).

In 2010, changes in intangible assets related solely to other intangible assets and were as follows:

(€ thousand)	31 December 2009	Additions	Amortization	(Decreases) and Other changes	31 December 2010
- Gross carrying amount	**573**	**44**	**-**	**(105)**	**512**
- Accumulated amortization	**(260)**	**-**	**(40)**	**105**	**(195)**
- Net carrying amount	**313**	**44**	**(40)**	**-**	**317**

10. Property, plant and equipment

At 31 December 2011, property, plant and equipment totaled €31,180 thousand and underwent the following changes during the year:

(€ thousand)	31 December 2010	Additions	Depreciation	(Decreases) and Other changes	31 December 2011
Land and buildings					
- Gross carrying amount	46,082	758	-	686	**47,526**
- Accumulated depreciation	(18,229)	-	(1,381)	-	**(19,610)**
- Net carrying amount	**27,853**	758	(1,381)	686	**27,916**
Plant and machinery					
- Gross carrying amount	10,475	569	-	-	**11,044**
- Accumulated depreciation	(10,105)	-	(73)	-	**(10,178)**
- Net carrying amount	**370**	569	(73)	-	**866**
Other tangible assets					
- Gross carrying amount	5,165	255	-	(43)	**5,377**
- Accumulated depreciation	(2,688)	-	(334)	43	**(2,979)**
- Net carrying amount	**2,477**	255	(334)	-	**2,398**
Assets under development and advances	686	-	-	(686)	**-**
Total property, plant and equipment					
- Gross carrying amount	**62,408**	**1,582**	**-**	**(43)**	**63,947**
- Accumulated depreciation	**(31,022)**	**-**	**(1,788)**	**43**	**(32,767)**
- Net carrying amount	**31,386**	**1,582**	**(1,788)**	**-**	**31,180**

Land and buildings include land for €610 thousand (unchanged with respect to the previous year), while buildings mainly comprise the Company's headquarters at 250 Via Nizza, Turin.

Plant and equipment primarily related to standard plant and equipment for buildings.

Other tangible assets comprised cars, office furniture and fixtures.

At 31 December 2011, there were no assets under development or contractual commitments to purchase items of property, plant and equipment of a significant amount. At 31 December 2010, assets under development and advances related to expenses recognized for renovation of the Centro Storico Fiat (20 Via Chiabrera, Turin).

No buildings were subject to liens, pledged as collateral or restricted in use.

Depreciation of property, plant and equipment is recognized in the income statement under other operating costs (Note 6).

During 2010 changes in Property, plant and equipment were as follows:

(€ thousand)	31 December 2009	Additions	Depreciation	(Decreases) and Other changes	31 December 2010
Land and buildings					
- Gross carrying amount	46,082	-	-	-	46,082
- Accumulated depreciation	(16,877)	-	(1,352)	-	(18,229)
- Net carrying amount	29,205	-	(1,352)	-	27,853
Plant and machinery					
- Gross carrying amount	10,135	340	-	-	10,475
- Accumulated depreciation	(10,021)	-	(84)	-	(10,105)
- Net carrying amount	114	340	(84)	-	370
Other tangible assets					
- Gross carrying amount	4,775	589	-	(199)	5,165
- Accumulated depreciation	(2,649)	-	(238)	199	(2,688)
- Net carrying amount	2,126	589	(238)	-	2,477
Assets under development and advances	-	686	-	-	686
Total property, plant and equipment					
- Gross carrying amount	**60,992**	**1,615**	**-**	**(199)**	**62,408**
- Accumulated depreciation	**(29,547)**	**-**	**(1,674)**	**199**	**(31,022)**
- Net carrying amount	**31,445**	**1,615**	**(1,674)**	**-**	**31,386**

11. Investments

At 31 December 2011, investments totaled €12,122,919 thousand and underwent the following changes during the year:

(€ thousand)	31 December 2010	Additions	Decreases	Reclassification and other changes	Impairment (losses)/reversals and Fair value adjustments	31 December 2011
Investments in subsidiaries	11,274,486	352,562	(58,346)	(179)	157,456	**11,725,979**
Investments in associates	131,785	-	-	-	-	**131,785**
Investments in other companies	17,008	347,116	(3,898)	179	(95,250)	**265,155**
Total investments	**11,423,279**	**699,678**	**(62,244)**	**-**	**62,206**	**12,122,919**

Investments in subsidiaries and changes during the year were as follows:

(€ thousand)	% interest	31 December 2010	Additions	Decreases	Reclassification and other changes	Impairment (losses)/ reversals	31 December 2011
Fiat Group Automobiles S.p.A.	100.00	**5,524,081**					**5,524,081**
- Gross carrying amount		8,431,081					8,431,081
- Accumulated impairment losses		(2,907,000)					(2,907,000)
Ferrari S.p.A.	90.00	**1,055,204**	132,431				**1,187,635**
- Gross carrying amount		1,055,204	132,431				1,187,635
- Accumulated impairment losses		-					-
Maserati S.p.A.	100.00	**103,798**	70,000				**173,798**
- Gross carrying amount		103,798	70,000				173,798
- Accumulated impairment losses		-					-
Fiat Gestione Partecipazioni S.p.A.	100.00	**1,833,632**			615,994	352,056	**2,801,682**
- Gross carrying amount		2,133,632			668,050		2,801,682
- Accumulated impairment losses		(300,000)			(52,056)	352,056	-
Fiat Powertrain Technologies S.p.A.	100.00	**568,912**					**568,912**
- Gross carrying amount		648,912					648,912
- Accumulated impairment losses		(80,000)					(80,000)
Magneti Marelli S.p.A.	99.99	**611,854**					**611,854**
- Gross carrying amount		611,854					611,854
- Accumulated impairment losses		-					-
Teksid S.p.A.	84.79	**76,084**					**76,084**
- Gross carrying amount		129,070					129,070
- Accumulated impairment losses		(52,986)					(52,986)
Teksid Aluminum S.r.l.	100.00	**38,692**	30,000			(47,500)	**21,192**
- Gross carrying amount		80,792	30,000				110,792
- Accumulated impairment losses		(42,100)				(47,500)	(89,600)
Comau S.p.A.	100.00	**124,950**	120,000			(147,100)	**97,850**
- Gross carrying amount		622,781	120,000				742,781
- Accumulated impairment losses		(497,831)				(147,100)	(644,931)
Fiat Partecipazioni S.p.A.	96.71	**934,452**			(547,392)		**387,060**
- Gross carrying amount		950,452			(547,392)		403,060
- Accumulated impairment losses		(16,000)			-		(16,000)
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	**57,024**		(57,024)			**-**
- Gross carrying amount		58,585		(58,585)			-
- Accumulated impairment losses		(1,561)		1,561			-
Business Solutions S.p.A.	100.00	**36,405**			(36,405)		**-**
- Gross carrying amount		88,461			(88,461)		-
- Accumulated impairment losses		(52,056)			52,056		-
Other subsidiaries		**87,135**	131	(1,322)	(32,376)		**53,568**
- Gross carrying amount		100,744	131	(1,322)	(38,476)		61,077
- Accumulated impairment losses		(13,609)		-	6,100		(7,509)
Total investments in subsidiaries		**11,274,486**	**352,562**	**(58,346)**	**(179)**	**157,456**	**11,725,979**
- Gross carrying amount		15,237,629	352,562	(59,907)	(6,279)		15,524,005
- Accumulated impairment losses		(3,963,143)		1,561	6,100	157,456	(3,798,026)

Significant changes to investments in subsidiaries occurring during the year were as follows:

- following the purchase of the 5% equity interest held in Ferrari S.p.A. by Mubadala Development Company PJSC – with delivery of the shares to Fiat S.p.A. and payment by Fiat S.p.A. of the consideration stipulated in the call option agreement exercised in 2010 (see Note 12) – a €132.4 million increase in the carrying amount of the investment in Ferrari S.p.A. was recognized, which is equivalent to the consideration paid for the shares (€122.4 million) and the cost of the call option premium (€10.0 million)
- capital contributions were made to certain subsidiaries to strengthen their capital base in view of operating results and planned investments. The subsidiaries concerned were Comau S.p.A. (€120.0 million), Maserati S.p.A. (€70.0 million) and Teksid Aluminum S.r.l. (€30.0 million). With regard to Maserati S.p.A., Fiat S.p.A. has committed to further capital contributions during 2012 of up to a maximum of €180.0 million to cover development costs for new models
- as part of the rationalization and simplification of the Group's legal structure, Fiat Gestione Partecipazioni S.p.A. was designated as the holding company for the Group's service entities, and the following transactions were carried out:
  - demerger of activities from Fiat Partecipazioni S.p.A. and transfer to Fiat Gestione Partecipazioni S.p.A.
  - merger of Business Solutions S.p.A. into Fiat Gestione Partecipazioni S.p.A.
  - contribution by Fiat S.p.A. of its interest in Rimaco S.A. (100%) to Fiat Gestione Partecipazioni S.p.A., with resulting capital increase

  As these transactions involved companies under the direct control of Fiat S.p.A., recognition was based on existing values. Accordingly, the increase in the investment in Fiat Gestione Partecipazioni S.p.A., totaling €616.0 million, corresponds to the sum of the carrying amounts of the shareholdings transferred (€32.2 million for Rimaco S.A. and €36.4 million for Business Solutions S.p.A., the latter net of impairment losses which were also transferred), as well as the net value of the assets and liabilities transferred by Fiat Partecipazioni S.p.A. (€547.4 million) determined on a pro rata basis with reference to the book value of equity reported in the subsidiary's financial statements at 31 December 2011.

Decreases relate to disposal of the investments in Fiat Finance North America Inc. and Fiat Switzerland S.A. discussed previously (see Note 3).

Impairment (losses)/reversals includes impairment losses and reversals arising from application of the cost method, as described in Note 2 above.

With regard to the shareholding in Fiat Group Automobiles S.p.A., the estimates and assumptions used in preparing the financial statements (see "Use of Estimates") provided reasonable support for maintaining the 31 December 2010 carrying amount unchanged. The current book value of the shareholding (€5,524 million at 31 December 2011) reflects impairment losses of €2,907 million, recognized prior to 2005 and again in 2009, that could potentially be reversed in future periods.

Similarly, the carrying amount of Fiat Powertrain Technologies S.p.A. was maintained unchanged, in consideration of the fact that its business consists almost exclusively of supply to FGA.

For the remaining significant shareholdings – in particular, Magneti Marelli S.p.A. and Ferrari S.p.A. (recognized at historic cost) – no indications of impairment were identified. This also takes into consideration the carrying amounts of equity recognized in the consolidated statement of financial position, for which the recoverability of assets has already been adequately assessed. With regard to Magneti Marelli, the reduction in the book value of equity was almost entirely attributable to non-recurring expense associated with writedowns of goodwill and fixed assets essentially related to repositioning of activities in the plastics segment. The earnings outlook, which is also supported by diversification of the product and customer portfolio, as well as the geographic mix, provides ample support for maintaining the existing carrying amount for the investment.

A breakdown of investments in associates and changes during the year is as follows:

(€ thousand)	% interest	31 December 2010	Additions	Decreases	Impairment (losses)/reversals	31 December 2011
RCS MediaGroup S.p.A.	10.09	131,785	-	-	-	**131,785**
Total investments in associates		**131,785**	**-**	**-**	**-**	**131,785**

The carrying amount of the interest in RCS MediaGroup S.p.A. (a listed company) was €79.8 million higher than its corresponding stock market value at the balance sheet date (compared to a €52.7 million difference at year-end 2010), with the company continuing to trade at a discount to book value. In consideration of the relative stake held, for which the current stock market price (influenced by uncertainty in the eurozone and weak economic conditions in Italy) is not representative – and in anticipation of the final results for 2011, as well as confirmation of the near-term outlook – it was deemed reasonable to make no adjustments to the carrying amount of the investment.

Investments in other companies and changes during the year were as follows:

(€ thousand)	% interest	31 December 2010	Reclassifications and increases	Decreases	Fair value adjustments	31 December 2011
Fiat Industrial S.p.A.	3.00	-	347,295	(3,898)	(90,221)	**253,176**
Fin.Priv. S.r.l.	14.28	14,340	-	-	(4,545)	**9,795**
Assicurazioni Generali S.p.A.	0.01	2,668	-	-	(484)	**2,184**
Total investments in other companies		**17,008**	**347,295**	**(3,898)**	**(95,250)**	**265,155**

Pursuant to the Demerger, on 1 January 2011 Fiat S.p.A. was allotted 38,568,458 Fiat Industrial S.p.A. ordinary shares, without consideration, in relation to own shares held. Subsequent to that allotment, the portion of the value of own shares recognized in equity (see Note 19) attributable to the Fiat Industrial S.p.A. shares received, totaling €367.7 million, was reclassified under assets. The initial amount recognized was based on the relative weighting of the market value of Fiat and Fiat Industrial shares on the date Fiat Industrial S.p.A. shares commenced trading. In accordance with IAS 39 and related interpretations, the investment was immediately remeasured at fair value (totaling €347.1 million), with a balancing entry in retained profit (see Note 19). Subsequent measurement of investments is at fair value.

In addition, following amendments to the stock option and stock grant plans existing at 31 December 2010 (see Note 19), 23,021,250 of the Fiat Industrial ordinary shares allotted to Fiat S.p.A. were allocated to servicing those plans and, therefore, are linked to the liability for share-based compensation (i.e., provisions for stock option and stock grant plans) recognized in the statement of financial position in relation to those amendments (see Note 20). As a consequence, fair value adjustments for the Fiat Industrial S.p.A. shares allocated to servicing those plans are recognized through profit and loss consistent with changes in value of the associated liability. The remaining Fiat Industrial shares (15,627,208 shares at 1 January 2011) were recognized at fair value with a corresponding adjustment to equity.

At 31 December 2011, the Company held a total of 38,215,333 Fiat Industrial ordinary shares valued at €253.2 million. Of those shares, 22,556,875 (valued at €149.5 million) were allocated to servicing the stock option and stock grant plans and recognized at fair value through profit or loss, while the remaining 15,658,458 shares (valued at €103.7 million) were classified as available-for-sale and recognized at fair value directly in equity. Fair value measurement resulted in a €90.2 million decrease in the investment during the year, of which €53.6 million was recognized through profit and loss (partially offset by a €45.9 million reduction in the related liability – see Note 7) and €36.6 million directly in equity (see Note 19). Finally, the €3.9 million decrease shown above related to Fiat Industrial shares sold during 2011 following the exercise of 433,125 options under the November 2006 stock option plan for managers.

On 22 February 2012, the number of Fiat Industrial S.p.A. shares held to service the stock option and stock grant plans was 4,000,000 lower, as a result of allocation to the Chief Executive Officer of shares vested under the 2009 stock grant plan (see Note 19). Consequently, at that date the investment in Fiat Industrial S.p.A. consisted of 34,215,333 ordinary shares.

The investments in Fin.Priv. S.r.l. and Assicurazioni Generali S.p.A., which are classified as non-current financial assets and not held for trading, have been recognized at fair value. For Assicurazioni Generali S.p.A., a listed company, this corresponds to the market price of the shares held at the balance sheet date. For Fin.Priv. S.r.l., a holding company whose assets are principally listed securities, fair value was based on the market price of the investments in its portfolio. This resulted in a €5.0 million decrease in the investments in Fin.Priv. S.r.l. and Assicurazioni Generali S.p.A. for 2011, with a corresponding adjustment to equity (see Note 19).

There were no investments in other companies in relation to whose obligations Fiat S.p.A. had unlimited liability (Article 2361.2 of the Civil Code).

A full list of investments with the additional disclosures required by Consob Communication DEM/6064293 of 28 July 2006 is attached.

At 31 December 2011 and 2010, no investments held by the Company had been pledged as security for financial or contingent liabilities.

During 2010, changes in investments were as follows:

(€ thousand)	31 December 2009	Additions	Decreases	Impairment (losses)/reversals and Fair Value adjustments	Reclassification to Assets to be demerged	31 December 2010
Investments in subsidiaries	13,837,309	2,258,853	(30)	155,700	(4,977,346)	11,274,486
Investments in associates	131,785	-	-	-	-	131,785
Investments in other companies	21,476	-	-	(4,468)	-	17,008
Total investments	**13,990,570**	**2,258,853**	**(30)**	**151,232**	**(4,977,346)**	**11,423,279**

12. Other financial assets

A breakdown of other financial assets is provided in the following table:

(€ thousand)	31 December 2011	31 December 2010	Change
Financial asset relating to exercise of the call option on Ferrari S.p.A shares	-	132,431	(132,431)
Fees receivable for guarantees given	12,892	11,442	1,450
Debt securities	74	74	-
Total other financial assets	**12,966**	**143,947**	**130,981**

At 31 December 2010, the item "Financial asset relating to the exercise of the call option on Ferrari S.p.A. shares", totaling €132,431 thousand, represented the exercise price (€122,399 thousand) for the call option on the 5% interest in Ferrari S.p.A. held by Mubadala Development Company PJSC, plus the €10,032 thousand call option premium paid in 2006. Fiat S.p.A. exercised the option prior to expiry in July 2010 and, pending completion of the acquisition, recognized the value of the original premium paid plus the option exercise price, with a corresponding financial liability recognized in relation to the consideration amount (see Note 25). In March 2011, following completion of the purchase of Ferrari S.p.A. shares, with delivery by Mubadala and payment of the agreed consideration by Fiat S.p.A., the amount was reclassified resulting in a corresponding increase in the carrying amount of the investment in Ferrari S.p.A. (see Note 11).

Fees receivable for guarantees given represent the present value of fees to be received in future years for guarantees issued by the Company (mainly relating to loans of Group companies).

Debt securities consist of listed Italian government securities pledged to fund scholarship grants.

A breakdown of other financial assets by maturity is as follows:

(€ thousand)	31 December 2011	31 December 2010
Other financial assets		
due within one year	3,920	136,024
due after one year but within five years	8,900	7,746
due beyond five years	146	177
Total	**12,966**	**143,947**

13. Other non-current assets

At 31 December 2011, other non-current assets totaled €90 thousand, a net increase of €57 thousand over 31 December 2010, and consisted of amounts receivable from tax authorities and employees beyond 12 months.

14. Trade receivables

At 31 December 2011, trade receivables totaled €4,863 thousand, a net decrease of €3,215 thousand over 31 December 2010, and included the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Third parties			
- Receivables	2,600	7,892	(5,292)
- Allowance for doubtful accounts	(156)	(156)	-
Total third parties	2,444	7,736	(5,292)
Trade receivables due from Group companies and other related parties	2,419	342	2,077
Total trade receivables	**4,863**	**8,078**	**(3,215)**

Trade receivables from third parties mainly relate to amounts due from Rete Ferroviaria Italiana S.p.A. for the progress of works on high speed rail sections during the latter part of the year. 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 24).

Trade receivables due from Group companies and other related parties includes adjustments made following reassessment of amounts receivable for services provided and other items receivable.

The allowance for doubtful accounts has been calculated on the basis of an assessment of the risk on a number of minor receivables from others.

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 amounts overdue.

15. Current financial receivables

At 31 December 2011, current financial receivables totaled €374,806 thousand, a net increase of €63,280 thousand over 31 December 2010 and consisted of amounts receivable from Group companies, as detailed below:

(€ thousand)	31 December 2011	31 December 2010	Change
Current account with Fiat Finance S.p.A.	336,479	196,529	139,950
Assets arising from derivative financial instruments	38,327	114,997	(76,670)
Total current financial receivables	**374,806**	**311,526**	**63,280**

The current account with Fiat Finance S.p.A. reflects the balance on the account held with that company as part of the Group's centralized treasury management.

At 31 December 2011, assets arising from derivative financial instruments represents the fair value of the two equity swaps on Fiat and Fiat Industrial shares entered into by Fiat Finance S.p.A., under instruction from Fiat S.p.A., to hedge against an increase 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. The fair value of those equity swaps was based on market quotations at the balance sheet date. At 31 December 2010, the item totaled €114,997 thousand representing the positive fair value of the pre-existing equity swaps.

The carrying amount of financial receivables is deemed to approximate their fair value.

16. Other current receivables

At 31 December 2011, other current receivables totaled €277,353 thousand, a net decrease of €73,201 thousand over 31 December 2010, and consisted of the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Receivables from Group companies and other related parties for consolidated IRES tax	166,677	240,192	(73,515)
Other receivables from Group companies and other related parties	1,250	217	1,033
VAT receivables	51,891	61,112	(9,221)
IRES tax receivables	55,328	46,389	8,939
IRAP tax receivables	647	647	-
Other	1,560	1,997	(437)
Total other current receivables	**277,353**	**350,554**	**(73,201)**

Receivables from Group companies and other related parties for consolidated IRES tax relates to tax calculated on the taxable income contributed by Italian subsidiaries participating in the domestic tax consolidation program as well as receivables, relating to priors years, from former subsidiaries, transferred to Fiat Industrial Group under the Demerger.

Other receivables from Group companies and other related parties consist of miscellaneous amounts receivable.

VAT receivables essentially relates to the balance of VAT credits for Italian subsidiaries participating in the VAT tax consolidation, in addition to VAT refund claims from prior periods.

IRES tax receivables includes amounts receivable that Italian subsidiaries participating in the domestic tax consolidation transferred to Fiat S.p.A. in 2011 and previous years. At 31 December 2011, refund claims which had been factored amounted to €26,162 thousand (€25,702 thousand at 31 December 2010) and were recognized on balance sheet, with the corresponding liability recorded under advances on factored receivables (see Note 25), pursuant to IAS 39.

At 31 December 2011, no interest was recognized in relation to VAT receivables subject to refund (as was also the case at 31 December 2010), while interest on IRES tax receivables (100% factored) amounted to €3,162 thousand (€2,702 thousand at 31 December 2010).

The carrying amount of other current receivables is deemed to approximate their fair value.

Other current receivables are almost entirely due during the subsequent financial year.

17. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Cash at banks and post offices	744	240	504
Total cash and cash equivalents	**744**	**240**	**504**

The above figures related to demand deposits in euros. The carrying amount of cash and cash equivalents is deemed to be in line with their fair value.

18. Assets and Liabilities to be demerged

At 31 December 2010, Assets and liabilities to be demerged included shareholdings and other assets and liabilities transferred to Fiat Industrial S.p.A. pursuant to the Demerger, with effect from 1 January 2011, as follows:

(€ thousand)	% owned	31 December 2010
Shareholdings		
- Fiat Netherlands Holding N.V.	100.00%	4,577,346
- Iveco S.p.A. (formerly Nuove Iniziative Finanziarie Cinque S.p.A.)	100.00%	200,000
- FPT Industrial S.p.A. (formerly Nuova Immobiliare Nove S.p.A.)	100.00%	100,000
- Fiat Industrial Finance S.p.A.	100.00%	100,000
Total shareholdings		**4,977,346**
Financial receivables from Fiat Finance S.p.A.		**213,000**
Assets to be demerged		**5,190,346**
Debt payable to Fiat Finance S.p.A.		**1,440,000**
Liabilities to be demerged		**1,440,000**
Net assets to be demerged		**3,750,346**

Financial receivables from Fiat Finance S.p.A. represents a portion of the balance held on account with Fiat Finance S.p.A. in relation to the Group's centralized treasury management activities, while debt payable to Fiat Finance S.p.A. relates to the two variable rate euro denominated loans from Fiat Finance S.p.A., for €1,050 million (maturing 25/05/2012) and €390 million (maturing 31/01/2011).

The above value of net assets to be demerged is equivalent to the effect of the Demerger on equity described in Note 19.

As values for the Demerger are based on the reported carrying amounts, no gains or losses were recognized and, accordingly, the above items were also transferred to Fiat Industrial S.p.A. at book value.

19. Equity

At 31 December 2011, equity totaled €9,053,244 thousand, a decrease of €3,651,216 thousand over 31 December 2010. On 1 January 2011, equity was reduced by €3,750,346 thousand (a decrease in share capital of €1,913,179 thousand and reserves of €1,837,167 thousand) as a result of the Demerger. That amount was partially offset by the recognition of the Fiat Industrial S.p.A. shares (totaling €347,116 thousand) allotted to Fiat S.p.A. in relation to own shares held, net of the liability (€164,252 thousand) arising from the obligation to service a portion of the stock option and stock grant plans with Fiat Industrial S.p.A. shares. The principal remaining changes related to dividend payments of €151,651 thousand (€0.09 per ordinary share, €0.31 per preference share and €0.31 per savings share) and profit for the year of €99,166 thousand.

Share capital

Share capital totaled €4,465,600 thousand (fully paid) at 31 December 2011 (€6,377,263 thousand at 31 December 2010) and consisted of the following:

(no. of shares)	31 December 2011	31 December 2010
Shares issued and fully paid		
Ordinary shares	1,092,680,610	1,092,247,485
Preference shares	103,292,310	103,292,310
Savings shares	79,912,800	79,912,800
Total shares issued	**1,275,885,720**	**1,275,452,595**

The net decrease in share capital over 31 December 2010 of €1,911,663 thousand was due to:

- a €1,913,179 thousand reduction attributable to the Demerger, consisting of a reduction in par value, for all three share classes, from €5.00 to €3.50 per share
- a €1,516 thousand increase attributable to the issue of 433,125 ordinary shares following the exercise of 433,125 options under the November 2006 stock option plan for managers

Following is a reconciliation between the number of shares outstanding at 31 December 2009 and at 31 December 2011:

(shares in thousands)	31 December 2009	Capital increase	(Purchases)/ sales of own shares	31 December 2010	Capital increase	(Purchases)/ sales of own shares	31 December 2011
Ordinary shares issued	1,092,248	-	-	1,092,248	433	-	1,092,681
Less: Own shares	(38,568)	-	-	(38,568)	-	-	(38,568)
Ordinary shares outstanding	1,053,680	-	-	1,053,680	433	-	1,054,113
Preference shares issued	103,292	-	-	103,292	-	-	103,292
Less: Own shares	-	-	-	-	-	-	-
Preference shares outstanding	103,292	-	-	103,292	-	-	103,292
Savings shares issued	79,913	-	-	79,913	-	-	79,913
Less: Own shares	-	-	-	-	-	-	-
Savings shares outstanding	79,913	-	-	79,913	-	-	79,913
Total shares issued by Fiat S.p.A.	**1,275,453**	**-**	**-**	**1,275,453**	**433**	**-**	**1,275,886**
Less: Own shares	**(38,568)**	**-**	**-**	**(38,568)**	**-**	**-**	**(38,568)**
Total Fiat S.p.A. shares outstanding	**1,236,885**	**-**	**-**	**1,236,885**	**433**	**-**	**1,237,318**

Following is a description of the composition of Fiat S.p.A.'s share capital at 1 January 2011 (i.e., effective date of the Demerger).

From 1 January 2011, all issued shares have a par value of €3.50 each, with each category having rights as follows.

Each share confers the right to share pro rata in any profit allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of preference and savings shares described below.

Each ordinary share confers the right to vote, without restrictions. Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings. No voting rights are attached to savings shares.

Following a reduction in par value for all three share classes (from €5.00 to €3.50 per share) resulting from the Demerger, there was a corresponding pro rata adjustment in the distribution entitlement. Effective from the date following approval of the allocation of 2010 profit, the allocation of net profit for Fiat S.p.A. is as follows:

- to the legal reserve, 5% of net profit until the amount of the reserve is equal to one-fifth of share capital
- to savings shares, a dividend of up to €0.217 per share
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or to retained profit reserve as may be approved by Shareholders
- to preference shares, a dividend of up to €0.217 per share
- to ordinary shares, a dividend of up to €0.1085 per share
- to savings shares and ordinary shares, an additional dividend, in equal amounts, up to €0.1085 per share and,
- to each ordinary, preference and savings share, in equal amounts, any remaining profit which Shareholders may resolve to distribute

When the dividend paid to savings shares in any year amounts to less than €0.217, the difference shall be added to the preferred dividend to which they are entitled in the following two years.

In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall be entitled to a dividend that is €0.1225, rather than €0.1085, higher per share than the dividend paid on ordinary and preference shares.

In the event that the ordinary shares are delisted, holders of savings shares shall be entitled to a dividend that is €0.140 higher than the dividend paid on ordinary and preference shares.

In the event of a winding up, the Company's assets shall be distributed in the following order of priority: repayment of savings shares up to their par value, repayment of preference shares up to their par value, repayment of ordinary shares up to their par value. Any balance remaining, is distributable in equal pro rata amounts to shares of all three classes.

On 27 October 2011, the Board of Directors of Fiat S.p.A. voted to submit a proposal to Shareholders (in the extraordinary session of the General Meeting called for 4 April 2012) for the conversion of the Company's preference and savings shares into Fiat S.p.A. ordinary shares at a ratio of 0.850 ordinary shares per preference share and 0.875 ordinary shares per savings share. Preference shares and savings shares would retain all rights with respect to allocation of 2011 profit. The ordinary shares resulting from the conversions would be eligible for dividends from 2012. The proposals will also be submitted to holders of preference and savings for approval at the respective special meetings on April 2nd (first call) or April 6th (second call). If each of the proposed conversions is approved by Shareholders in the extraordinary session of the General Meeting and the respective Special Meetings, any holders of preference and savings shares not voting in favor (i.e., absent, abstaining or dissenting) will have the right to redeem their shares for a period of fifteen days from the date the resolutions are filed with the Companies Register. The redemption amount payable will be €3.317 per preference share and €3.458 per savings share. As established by law, those values correspond to the average closing price recorded by Borsa Italiana for the 6 months prior to publication of the notice calling the meetings. Conversion of each class of shares, or even of one share class independently from the other, will only take place if the amount payable by the Company as a result of shareholders exercising their right of withdrawal does not exceed a maximum of €56 million for preference shares and a maximum of €44 million for savings shares. In any event, the total amount payable by the Company as a result of shareholders exercising their right of withdrawal may not exceed €100 million.

Should conversion of one or both classes of shares be approved, the par value of the Company's ordinary shares will increase. The new par value will be determined by dividing total share capital by the number of shares in issue post conversion, rounded up to the nearest cent. The resulting increase will be covered through utilization of the share premium reserve up to a maximum amount of €10.9 million. If conversion is approved for both classes of special shares, par value per ordinary share will increase from €3.50 to €3.58. If preference shares only are converted, par value per ordinary and savings share will increase from €3.50 to €3.55. If savings shares only are converted, par value per ordinary and preference share will increase from €3.50 to €3.53.

Italian regulations regarding share capital and reserves for a joint stock corporation establish the following:

- The minimum permitted share capital is €120,000
- Any change in the amount of share capital must be approved by shareholders in general meeting who may authorize the Board of Directors, for a maximum period of five years, to increase share capital up to a predetermined amount. Shareholders are also required to adopt suitable measures when share capital decreases by more than one third as the result of verified losses and reduce share capital if, by the end of the following financial year, such losses have not been reduced to less than one third. If as a consequence of a loss of more than one-third of capital it falls below the legal minimum, shareholders must approve the decrease and a simultaneous increase in share capital to an amount not less than the legal minimum or change the company's legal form
- As already noted, the right of each class of shares to share in a company's profits is established in the by-laws
- A share premium reserve is established if a company issues shares at a price above their par value. This reserve is not distributable until the legal reserve has reached one-fifth of share capital
- A company may not purchase own shares for an amount exceeding distributable profits and available reserves reported in its latest approved financial statements. Purchases must be approved by shareholders and in no case may the par value of the shares acquired exceed one-fifth of share capital

With reference to share capital, on 3 November 2006 the Board of Directors – in exercise of its powers under Article 2443 of the Civil Code to institute a capital increase reserved for employees of the Company and/or its subsidiaries within the legal limit of 1% of share capital – approved a capital increase of up to a maximum of €50 million through the issue of a maximum 10 million ordinary shares with a par value of €5.00 each (corresponding to 0.78% of total share capital and 0.92% of ordinary share capital) at a price of €13.37 per share, to service the employee stock option plan described in the following section. That increase is subject to the conditions of the plan being met. Following the Demerger, and corresponding reduction in par value from €5.00 to €3.50 per share, the maximum share capital increase for this purpose is €35 million.

For 2011, the Board of Directors intends to propose a dividend of €39.7 million for special shares only, as follows:

- €0.217 per preference share
- €0.217 per savings share

Given Fiat's intention to maintain a high level of liquidity and restrictions on Chrysler's ability to pay dividends to its members, the Board of Directors has decided not to propose a dividend on ordinary shares.

Fiat's stated objectives for capital management are to create value for Shareholders as a whole, to ensure business continuity and to support the growth of the Group. Accordingly, Fiat intends to maintain an adequate level of capital that enables it to achieve a satisfactory economic return for Shareholders, as well as ensuring access to affordable sources of external financing (including through the achievement of an adequate rating).

Fiat constantly monitors its debt-equity balance, particularly in relation to the level of net debt and the level of cash generated from the Group's industrial activities.

To achieve these objectives, Fiat aims at a continuous improvement in the profitability of its business activities. In addition, it could sell assets to reduce the level of debt, or the Board of Directors could propose a capital increase or reduction to Shareholders or, where permitted by law, a distribution of reserves. The Company may also repurchase its own shares, within the limits approved by Shareholders, compatible with the objectives of financial equilibrium and an improvement in credit rating.

The term capital is used to refer both to the value contributed by Shareholders (share capital and share premium less own shares held, for a total value of €5,258,962 thousand at 31 December 2011 and €7,261,595 thousand at 31 December 2010), and the value generated by Fiat S.p.A. in terms of results achieved (retained profit and other reserves, before allocation of profit for the year, equal in total to €3,837,987 thousand at 31 December 2011 and €5,444,893 thousand at 31 December 2010, excluding gains and losses recognized directly in equity).

Share premium reserve

At 31 December 2011, this reserve totaled €1,082,245 thousand, representing a net decrease of €458,640 thousand over 31 December 2010, attributable to:

- a reduction of €462,266 thousand relating to the Demerger
- an increase of €3,626 thousand, reflecting the premium for the new 433,125 ordinary shares issued following the exercise of 433,125 options under the November 2006 stock option plan for managers

Legal reserve

At 31 December 2011, this reserve totaled €523,619 thousand, representing a net decrease of €192,839 thousand over 31 December 2010, attributable to:

- a reduction of €214,937 thousand relating to the Demerger
- an increase of €22,098 thousand following allocation of profit for the previous year, as approved by Shareholders at the General Meeting of 30 March 2011

Reserve available for the purchase of own shares

This reserve was created through a transfer from the retained profit reserve, following Shareholder approval for share repurchases.

On 31 December 2011, the reserve available for the purchase of own shares totaled €911,117 thousand, increasing €367,670 thousand over 31 December 2010 through transfer of an equivalent amount from retained profit following adoption of a resolution by Shareholders on 30 March 2011 which, as described below, revoked the existing share repurchase authorization, to the extent not already exercised, and renewed authorization for the purchase of own shares up to a maximum of €1.2 billion, including existing reserves for own shares of €289 million.

Share purchases were made under a program (the "Program"), initially approved by Shareholders on 5 April 2007 and subsequently renewed on 31 March 2008 and 27 March 2009, which authorized the purchase of a maximum number of shares, for all three classes, not to exceed 10% of share capital or a total value of €1.8 billion, inclusive of existing reserves for own shares (totaling €657 million). To ensure the necessary operating flexibility over an adequate time period, and in consideration of the fact that the existing authorization expired on 27 September 2010, at the General Meeting on 26 March 2010 Shareholders renewed the authorization for the purchase and disposal of own shares, including through subsidiary companies, for a period of 18 months at the same time revoking the authorization given on 27 March 2009 to the extent not exercised. The renewed authorization was for the purchase of a maximum number of shares, for all three classes combined, not to exceed 10% of share capital or a total value of €1.8 billion, inclusive of the €657 million in Fiat shares already held.

On 16 September 2010 – in view of the proposed reduction in par value from €5.00 to €3.50 per share resulting from the Demerger – Shareholders approved a reduction in the authorization for the purchase of own shares to a maximum value of €1.2 billion. The conditions approved by Shareholders on 26 March 2010 remained unchanged, including the limit of 10% of share capital for all three classes, and with authorization effective until 26 September 2011. Although the Program remained on hold, in consideration of the forthcoming expiry and to ensure the necessary operating flexibility for an adequate period, on 30 March 2011 Shareholders voted to approve renewal of the authorization for a period of 18 months and for a maximum number of shares (for all three classes) not to exceed the percentage established by law up to a total value of €1.2 billion, including the reserve for own shares of €289 million (after adjustments related to the demerger).

Finally, on 22 February 2012, the Board of Directors voted to submit a proposal to Shareholders to renew, for a period of 18 months, the authorization to purchase a maximum number of shares in all three classes not to exceed the legally-established percentage of share capital or an aggregate amount of €1.2 billion, inclusive of the existing reserve for own shares of €259 million. The authorization is intended to ensure coverage of incentive plans based on Fiat S.p.A. shares, in addition, more generally, to providing the Company a strategic investment opportunity for other purposes permitted by law.

Reserve for own shares

At 31 December 2011, the reserve for own shares totaled €288,883 thousand, a decrease of €367,670 thousand resulting from the transfer to retained profit associated with the decrease in book value of own shares held following the Demerger and reclassification of the Fiat Industrial S.p.A. ordinary shares allotted to Fiat S.p.A under Investments.

The reserve is subject to certain restrictions imposed by Article 2357-ter of the Civil Code. Changes in the reserve represent increases for own shares purchased (through transfers from the reserve available for the purchase of own shares) and decreases for own shares sold.

On 22 February 2012, following the grant of shares to the Chief Executive Officer which vested under the 2009 plan (see following paragraphs), the reserve totaled €259 million.

Retained profit

At 31 December 2011, retained profit totaled €1,873,082 thousand, a decrease of €1,011,052 thousand over 31 December 2010, as a result of the:

- reduction of €1,159,964 thousand relating to the Demerger
- decrease of €20,554 thousand due to the initial measurement at fair value of the Fiat Industrial S.p.A. ordinary shares allotted to Fiat S.p.A., in relation to own shares held, and recognized under Investments (see Note 11)
- transfer from the reserve for own shares of €367,670 thousand, as described above, following reduction in the value of own shares resulting from the Demerger and the related allotment of Fiat Industrial S.p.A. ordinary shares to Fiat S.p.A., which were recognized under Investments
- reduction of €100,217 thousand relating to initial measurement at fair value of the liability arising from the obligation to cover a portion of stock option and stock grant plans through delivery of Fiat Industrial S.p.A. shares (see Note 20, provisions for stock option and stock grant plans)
- allocation of €268,210 thousand from the prior year's profit to retained profit, as approved by Shareholders on 30 March 2011, following allocations to the Legal reserve and distributions to Shareholders
- transfer of €367,670 thousand to the reserve available for the purchase of own shares, following the renewed authorization for the purchase of own shares, approved by Shareholders on 30 March 2011, already referred to above
- transfer of €1,473 thousand from the stock option reserve, representing the fair value of options on Fiat S.p.A. shares that either were exercised or expired during the year in relation to the November 2006 stock option plan for managers

Gains/(losses) recognized directly in equity

This reserve includes gains and losses recognized directly in equity and in particular those arising from fair value adjustments on investments in other companies, as described previously (see Note 11).

At 31 December 2011, the balance of this reserve was a negative €43,705 thousand, reflecting the additional loss of €41,677 thousand for the year attributable to fair value measurement of investments in Fiat Industrial S.p.A. (for shares not allocated to servicing the stock option and stock grant plans), Fin.Priv. S.r.l. and Assicurazioni Generali S.p.A.

Stock option reserve

At 31 December 2011, the stock option reserve totaled €52,291 thousand, a net decrease of €60,222 thousand over 31 December 2010 attributable to:

- a €64,035 thousand reduction resulting from recognition of the liability arising from the obligation to cover a portion of the stock option and stock grant plans through delivery of Fiat Industrial S.p.A. shares (see Note 20, provisions for stock option and stock grant plans)
- a €1,473 thousand reduction resulting from a transfer to the retained profit reserve, representing the fair value of options on newly-issued Fiat S.p.A. shares that either were exercised or expired during the year in relation to the November 2006 stock option plan for managers
- a €5,286 thousand increase recognized through the income statement in 2011 in relation to the portion of the stock option and stock grant plans for the Chief Executive Officer serviced by Fiat S.p.A. shares (see Note 6)

Other reserves
At 31 December 2011, other reserves amounted to €89,829 thousand and were unchanged from 31 December 2010. The amount includes:

- Reserves pursuant to Law 413/1991: a total of €22,591 thousand corresponding to the compulsory revaluation of property (net of substitute tax) pursuant to Law 413 of 30 December 1991 and allocated to a specific reserve, as required by law
- Extraordinary reserve: a total of €28,044 thousand corresponding to the value approved by Shareholders on 11 May 2004
- Reserve for Spin-off difference: a total of €39,194 thousand and includes the positive difference arising from the spin-off executed by Fiat Partecipazioni S.p.A. on 29 December 2008

Own shares
At 31 December 2011, the book value of own shares held was €288,883 thousand (€656,553 thousand at 31 December 2010) and related to 38,568,458 ordinary shares (average book value of €7.490 per share) representing 3.02% of share capital, and having a total par value of €134,990 thousand.

The decrease in the carrying amount of own shares over 31 December 2010 was attributable to the Demerger and the simultaneous allotment to Fiat S.p.A. of 38,568,458 Fiat Industrial S.p.A. ordinary shares, initially recognized in the statement of financial position under investments in the amount of €367,670 thousand, as described in Note 11.

No own shares were bought or sold either in 2011 or 2010. Details of authorizations given by Shareholders for the purchase of own shares are provided above.

On 22 February 2012, the number of own shares was reduced by 4,000,000 following assignment of shares vested under the 2009 Stock Grant Plan to the Chief Executive Officer. As a result, the number of own shares held at that date was 34,568,458 (book value of €259 million).

Share-based compensation
At 31 December 2011 and at 31 December 2010, the following share-based compensation plans relating to managers of Group companies or the Chief Executive Officer of Fiat S.p.A. were in place.

Stock option plans linked to Fiat S.p.A. and Fiat Industrial S.p.A. ordinary shares
On 26 July 2004, the Board of Directors granted Sergio Marchionne, as a part of his variable compensation as Chief Executive Officer, options to purchase 10,670,000 Fiat S.p.A. ordinary shares at a price of €6.583 per share, exercisable from 1 June 2008 to 1 January 2011. In each of the three years following the grant date, the Chief Executive Officer acquired the right to purchase, beginning 1 June 2008, a maximum of 2,370,000 shares annually. As of 1 June 2008, he also acquired the right to exercise, effective from that date, the remaining options on 3,560,000 shares as predetermined performance objectives for the reference period had been met. On 27 March 2009, Shareholders considered it to be a priority interest for the Group to adopt changes to the plan which would restore its retention capability and approved a new vesting period which depended solely on the requirement for the Chief Executive Officer to remain in office, deferring the vesting of those options until 31 December 2010 and extending the exercise period until 1 January 2016, with all the other conditions remaining unaltered. Finally, in consideration of the proposed Demerger and in accordance with the rules of the respective plans, on 21 July 2010 the Board approved amendments relating to realignment of the underlying shares in strict relation to the allotment ratio applied for the Demerger, allowing the beneficiary to receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each original option, with the option exercise price remaining unchanged.

At 31 December 2011 the features of the stock option plan are as follows:

Plan	Beneficiary	Date of amendment	Expiry date	Exercise price (€)	No. of options granted	Vesting date	Vesting portion
Stock Options July 2004 (amended)	Chief Executive Officer	27 March 2009	1 January 2016	6.583	10,670,000	31 December 2010	100%

On 3 November 2006, the Board of Directors of Fiat S.p.A. approved (subject to the subsequent approval of Shareholders in general meeting, which was given on 5 April 2007) an eight year stock option plan, which granted certain managers of the Group and the Chief Executive Officer of Fiat S.p.A. the right to purchase a specific number of Fiat S.p.A. ordinary shares at a fixed price of €13.37 each. In particular, the 10,000,000 options granted to employees and the 5,000,000 options granted to the Chief Executive Officer had a vesting period of four years, with a quarter of the number vesting each year, were subject to achieving certain pre-determined profitability targets (Non-Market Conditions or "NMC") in the reference period and were exercisable from the date on which the 2010 Financial statements were approved. The remaining 5,000,000 options granted to the Chief Executive Officer of Fiat S.p.A. also vested in equal amounts over a period of four years and are exercisable from November 2010. Exercise is also subject to specific conditions relating to duration of the employment relationship or continuation in office. Finally, in consideration of the proposed Demerger and in accordance with the rules of the respective plans, on 21 July 2010 the Board approved amendments relating to realignment of the underlying shares in strict relation to the allotment ratio applied for the Demerger, allowing beneficiaries to receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each original option, with the option exercise price remaining unchanged.

The contractual terms of the plan are as follows:

Plan	Beneficiary	Expiry date	Exercise price (€)	No. of options granted	Vesting date	Vesting portion
Stock Option November 2006	Chief Executive Officer	3 November 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	3 November 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	3 November 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 consolidated financial statements; subject to continuation of the professional relationship

With specific reference to options granted under the 2006 Stock Option Plan, for which vesting was subject to the achievement of pre-established profitability targets, only the first tranche (i.e. 25%) of those rights have vested as the profitability targets originally established for the 3-year period 2008-2010 were not met.

A summary of outstanding stock options at 31 December 2011 is as follows:

	Managers' compensation			Compensation as member of the Board		
Exercise price (€)	Options outstanding at 31 December 2011	Options outstanding at 31 December 2010	Average remaining contractual life (years)	Options outstanding at 31 December 2011	Options outstanding at 31 December 2010	Average remaining contractual life (years)
6.583	-	-	-	10,670,000	10,670,000	4.0
13.370	1,636,875	2,101,250	2.8	6,250,000	6,250,000	2.8
Total	**1,636,875**	**2,101,250**		**16,920,000**	**16,920,000**	

Changes during the year were as follows:

	Managers' compensation		Compensation as member of the Board	
	Number of options	Average exercise price (€)	Number of options	Average exercise price (€)
Outstanding at the beginning of the year	2,101,250	13.37	16,920,000	9.09
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(433,125)	13.37	-	-
Expired	(31,250)	13.37	-	-
Outstanding at 31 December 2011	**1,636,875**	**13.37**	**16,920,000**	**9.09**
Exercisable at 31 December 2011	**1,636,875**	**13.37**	**16,920,000**	**9.09**
Exercisable at 31 December 2010	-	-	5,000,000	13.37

As they were already fully vested at 31 December 2010, the above stock option plans did not lead to any nominal cost for 2011. In 2010, the Group recognized a total nominal cost of €4.9 million in the income statement for plans outstanding.

Granting of ordinary shares of Fiat S.p.A. and Fiat Industrial S.p.A. without payment
On 23 February 2009, the Board of Directors of Fiat S.p.A. passed an incentive plan which was subsequently approved by Shareholders in their annual general meeting on 27 March 2009, based on the granting of rights which, subject to the achievement of predetermined performance targets (*Non-Market Conditions or "NMC"*) for 2009 and 2010 and the continuation of the professional relationship with the Group, provided for 2 million Fiat S.p.A. ordinary shares to be granted to the CEO of Fiat S.p.A. without payment. Under this plan the rights vested in a single tranche on the approval of the Group's 2010 consolidated financial statements by the Board of Directors and the number of shares granted is determined as 25% of the rights granted in the event of reaching the 2009 targets and 100% of the rights granted in the event of reaching the 2010 targets. The Group's predetermined profitability targets relating to 2009 were reached.

On 26 March 2010, Shareholders in general meeting introduced a pure retention component of 2 million additional rights into the Plan on the proposal of the Board of Directors; the vesting of these rights is subject to the sole condition that the CEO's professional relationship with the Group continues until the approval of the 2011 Consolidated financial statements. Moreover, the term of the original plan was also extended until the approval of the 2011 Consolidated financial statements and the targets for 2010 and 2011 were redefined.

Subsequently, taking into consideration the proposed Demerger and applying the rules of the respective plans, at its meeting on 21 July 2010 the Board of Directors approved the alignment of the type of shares underlying the plan in strict relation to the allotment ratio applicable for the Demerger. The beneficiaries of the stock grant rights will therefore receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each right held, with the free granting of shares remaining unchanged and subject to the original conditions of the continuation of a professional relationship and/or achievement of specific performance objectives for 2010 and 2011, consistent with the 2010-2014 Business Plan. And in particular the portion of the objectives relating to the post-Demerger Fiat Group as originally established as part of the total objectives for the pre-Demerger Fiat Group. Finally, on 18 February 2011, after consultation with the Compensation Committee, the Board of Directors verified the vesting of 375,000 rights following the achievement of the assigned operating targets and, in the light of the extraordinary transactions occurring during the year, in addition voted to make vesting of the remaining rights, which was dependent on the achievement of 2011 performance objectives, conditional only on the continuation of a professional relationship with the Group until the end of 2011.

At 31 December 2011, the contractual terms of the plan were therefore as follows:

Plan	Beneficiary	Number of shares	Vesting date	Vesting portion
Stock Grant 2009 (amended)	Chief Executive Officer	4,000,000 Fiat S.p.A.	1st Quarter 2010 (*)	500,000 (**)
		4,000,000 Fiat Industrial S.p.A.	1st Quarter 2011 (*)	375,000*NMC (**)
			1st January 2012	1,125,000*NMC (**)
			1st January 2012	2,000,000 (**)

(*) On approval of the prior year's consolidated financial statements
(**) Subject to continuation of the position held until 1 January 2012

A total nominal cost of €12 million was recognized in the income statement for this plan in 2011 (€12.4 million in 2010).

Following the vesting of the rights granted under the plan, on 1 January 2012, the beneficiary was assigned 4,000,000 Fiat S.p.A. ordinary shares and 4,000,000 Fiat Industrial S.p.A. ordinary shares.

Finally, on 22 February 2012, on the basis of a proposal from the Compensation Committee, the Board of Directors of Fiat S.p.A. voted to adopt a Long Term Incentive Plan, in the form of stock grants, that will be submitted for Shareholder approval at the General Meeting. Plan beneficiaries will be approximately 300 executives in key positions that have a significant impact on business results, excluding employees of Chrysler Group LLC who are covered by separate plans. The plan will be submitted for Shareholder approval at the General Meeting called for 4 April 2012.

The first part of the Plan (the "Company Performance LTI") provides for the allocation of a maximum 14 million rights subject to achievement of pre-established performance objectives, for the period 1 January 2012 to 31 December 2014, and continuation of an employment relationship with the Group. The second part of the Plan (the "Retention LTI") provides for allocation of a maximum 17 million rights to be assigned in three cycles: the first award would occur in 2012 (with vesting over the 2012-2015 period), the second in 2013 (with vesting over the 2013-2016 period) and the third in 2014 (with vesting over the 2014-2017 period). Awards under the Retention LTI will be based on individual performance and vesting will be subject to continuation of a professional relationship with the Group. The CEO is a beneficiary of the Retention LTI and will receive 7 million rights under that Plan.

The Plan will be serviced with own shares.

Finally, the following shows availability of share capital and reserves:

Availability for use of main equity items

(€ thousand)	31 December 2011	Possible use	Amount available
Share capital	4,465,600	-	-
Reserves:			
- Share premium reserve	1,082,245	A, B, C (*)	1,082,245
- Legal reserve	523,619	B	-
- Reserve available for the purchase of own shares	911,117	A, B, C	911,117
- Reserve for own shares	288,883	-	-
- Retained profit	1,873,082	A, B, C	1,873,082
- Reserve under law 413/1991	22,591	A, B, C	22,591
- Extraordinary reserve	28,044	A, B, C	28,044
- Reserve for Spin-off difference	39,194	A, B, C	39,194

Key:
A: capital increase
B: coverage of losses
C: dividend
(*) Fully available to increase capital and cover losses. Any other use requires increase of the legal reserve to 20% of share capital (including through transfer from the share premium reserve). At 31 December 2011, the required increase would have been €369,501 thousand

20. Provisions for employee benefits and other non-current provisions

At 31 December 2011, this item totaled €137,364 thousand, an increase of €117,292 thousand over 31 December 2010, and consisted of the following:

(€ thousand)	31 December 2010	Accruals	Utilizations	Other changes	31 December 2011
Provisions for employee benefits and similar	19,051	1,279	(7,339)	1,840	**14,831**
Provisions for stock option and stock grant plans	-	6,728	(3,483)	118,359	**121,604**
Other non-current provisions	1,021	-	(92)	-	**929**
Total provisions for employee benefits and other non-current provisions	**20,072**	**8,007**	**(10,914)**	**120,199**	**137,364**

Provisions for employee benefits and similar provisions

The Company provides post-employment benefits to employees, either directly or through contributions to independently administered funds.

Those benefits are generally based on individual compensation and length of service. Existing obligations relate to both active employees and retirees and include both defined contribution and defined benefit plans.

In relation to defined contribution plans, the Company pays contributions to publicly or privately-administered pension institutions on the basis of legal and contractual obligations, as well as on a voluntary basis. Once those contributions have been made, the Company has no further obligation. Liabilities for contributions due but unpaid at the balance sheet date are included under other debt (see Note 26). The cost for the period is based on services rendered by the employee for the period and recognized under personnel costs (see Note 5).

For defined benefit plans, the liability 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 also grants certain other deferred benefits to employees, which are generally paid when the employee has completed a pre-determined length of service. Measurement of the related obligation reflects the probability of payment and the period over which the benefit will be paid. Provisions for those obligations are calculated on an actuarial basis using the Projected Unit Credit Method. The corridor approach is not applied for actuarial gains and losses related to such obligations.

Changes in provisions for employee benefits during the year were as follows:

(€ thousand)	31 December 2010	Accruals	Utilizations	Other changes	31 December 2011
Post-employment benefits:					
- Leaving entitlement (TFR)	5,578	103	(1,274)	420	**4,827**
- Other	12,513	1,121	(5,896)	1,344	**9,082**
Total post-employment benefits	18,091	1,224	(7,170)	1,764	**13,909**
Other long-term employee benefits	960	55	(169)	76	**922**
Total provisions for employee benefits and similar provisions	**19,051**	**1,279**	**(7,339)**	**1,840**	**14,831**

Calculations for post-employment benefits and other long-term employee benefits are based on the following actuarial assumptions:

	31 December 2011	31 December 2010
Discount rate	3.90%	3.83%
Rate of future salary increases	3.20%	2.06%
Inflation rate	2.00%	2.00%
Maximum retirement age	Years: 60(F)/65(M)	Years: 60(F)/65(M)
Mortality rate	SI08	SI02
Average rate of annual departures	10.45%	9.34%

Provisions for employee benefits and similar relate to the following:

Leaving entitlement (TFR)

The provision for leaving entitlements (TFR) represents benefits payable to employees under Italian law (amended by Law 296/06) accrued prior to 1 January 2007, which are paid to employees when they leave the Company. Under certain conditions, employees may receive a partial advance on those benefits while they are still in the Company's employ. This is an unfunded defined benefit plan, as the benefits have already been almost entirely earned, 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 labor agreements. Such schemes are unfunded.

Other long-term employee benefits

This item mainly includes benefits which are due to employees who have completed a determined length of service.

At 31 December 2011 and 2010, provisions for post-employment benefits consisted of the following:

	Leaving entitlement (TFR)		Other		Total	
(€ thousand)	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Present value of unfunded defined benefit plan obligations	4,436	4,993	9,733	11,736	14,169	16,729
Unrecognized actuarial gains/(losses)	391	585	(651)	777	(260)	1,362
Net liability	**4,827**	**5,578**	**9,082**	**12,513**	**13,909**	**18,091**

Amounts recognized in the income statement for post-employment benefits were as follows:

	Leaving entitlement (TFR)		Other		Total	
(€ thousand)	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Service cost:						
- Current service cost	-	-	1,030	919	1,030	919
- Net actuarial (gains)/losses recognized during the year	(9)	(9)	(98)	-	(107)	(9)
Total service cost	(9)	(9)	932	919	923	910
Interest costs	112	191	190	326	302	517
Total cost/(return) for post-employment benefits	**103**	**182**	**1,122**	**1,245**	**1,225**	**1,427**

The items current service cost and net actuarial (gains) losses recognized 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.

Associated interest costs are recognized in the income statement under financial income/(expense) (see Note 7).

Changes in the present value of post-employment benefit obligations are as follows:

(€ thousand)	Leaving entitlement (TFR) 31 December 2011	Leaving entitlement (TFR) 31 December 2010	Other 31 December 2011	Other 31 December 2010	Total 31 December 2011	Total 31 December 2010
Present value of obligation at the beginning of the year	4,993	6,280	11,736	17,486	16,729	23,766
Current service cost	-	-	1,030	919	1,030	919
Interest costs	112	191	190	326	302	517
Actuarial (gains)/losses arising during the year	1,331	957	2,563	(1,890)	3,894	(933)
Benefits paid	(2,608)	(2,456)	(5,947)	(5,132)	(8,555)	(7,588)
Other changes	608	21	161	27	769	48
Present value of obligation at year end	**4,436**	**4,993**	**9,733**	**11,736**	**14,169**	**16,729**

The present value of defined benefit obligations in 2011 and the three previous years is as follows:

(€ thousand)	31 December 2011	31 December 2010	31 December 2009	31 December 2008
Present value of obligation at year end:				
- Leaving entitlement (TFR)	4,436	4,993	6,280	6,334
- Others	9,733	11,736	17,486	18,679
Total	**14,169**	**16,729**	**23,766**	**25,013**

Gains and losses arising from differences between actuarial assumptions made at the beginning of the period and the actual experience during the period are as follows:

(€ thousand)	2011	2010
Experience adjustments actuarial (gains)/losses:		
- Leaving entitlement (TFR)	1,343	806
- Others	2,580	(612)
Total effect on present value of obligation	**3,923**	**194**

Provisions for stock option and stock grant plans
At 31 December 2011, this item totaled €121,604 thousand and represented the liability arising from the obligation, following the Demerger, to deliver Fiat Industrial S.p.A. shares to cover a portion of the stock option and stock grant plans.

Changes in provisions for stock option and stock grant plans for the year were as follows:

(€ thousand)	Opening balance	Accruals	Utilizations	Fair value adjustments	31 December 2011
Provisions for stock option and stock grant plans	**164,252**	**6,728**	**(3,483)**	**(45,893)**	**121,604**

As indicated previously, in accordance with IFRS 2 and IAS 39 the portion of the plans covered by Fiat Industrial S.p.A. shares was initially reclassified from the stock option reserve and measured based on the pro rata book value of that reserve, determined on the basis of the relative market price of Fiat and Fiat Industrial shares on the date Fiat Industrial S.p.A. shares commenced trading. The liability was immediately remeasured at fair value (€164,252 thousand) and a corresponding entry made to retained profit (see Note 19). For the stock grant plan, the fair value of the liability is equivalent to the market value of Fiat Industrial shares. For the stock option plans, the calculation assumed that the exercise price of the options was equal to the par value of Fiat Industrial shares. Following initial recognition, the notional cost of the stock grants vested (€6,728 thousand) and the decrease in fair value of the liability (-€45,893 thousand) were recognized through the income statement. Finally, utilizations during the year (€3,483 thousand) were essentially due to the sale of Fiat Industrial shares following the exercise of 433,125 options under the November 2006 stock option plan for managers.

Other non-current provisions
At 31 December 2011, this item totaled €929 thousand (€1,021 thousand at 31 December 2010) and mainly relates to future amounts to be paid to employees who left the Company in previous years under a long-term benefit program which bridges the period prior to retirement.

During 2010, changes in provisions for employee benefits and other non-current provisions were as follows:

(€ thousand)	31 December 2009	Accruals	Utilizations	Other changes	31 December 2010
Provisions for employee benefits and similar	24,196	1,623	(5,217)	(1,551)	**19,051**
Other non-current provisions	1,245	-	(224)	-	**1,021**
Total provisions for employee benefits and other non-current provisions	**25,441**	**1,623**	**(5,441)**	**(1,551)**	**20,072**

21. Non-current debt

At 31 December 2011, non-current debt totaled €2,162,892 thousand, a decrease of €398,550 thousand over 31 December 2010, and included the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Debt payable to Group companies	2,150,000	2,550,000	(400,000)
Financial guarantees	12,892	11,442	1,450
Total non-current debt	**2,162,892**	**2,561,442**	**(398,550)**

Debt payable to Group companies related to euro-denominated loans received from Fiat Finance S.p.A. in prior periods with original maturity over 12 months. Given the regular provision of medium/long-term financing by Fiat Finance S.p.A., which is typically renewed, amounts due within 12 months are also included under non-current debt. Interest is payable on those loans at rates between 6.77% and 7.18%. Changes during the year included repayment of a 6.85% fixed-rate loan for €400 million, disbursed on 24 May 2006 and maturing on 25 May 2011.

The breakdown of loans by maturity is as follows:

(€ thousand)	31 December 2011
Maturing in 2012	1,150,000
Maturing in 2013	1,000,000
Total debt payable to Group companies	**2,150,000**

The fair value of these loans at 31 December 2011 was €2,163 million and was calculated using market rates of interest appropriately adjusted to reflect the credit spreads applicable to Fiat at the balance sheet date.

The item financial guarantees represents the fair value of the liabilities assumed in relation to guarantees issued. Following an assessment of potential risks requiring recognition of contingent liabilities and given that those liabilities essentially related to guarantees provided on loans to Group companies, the present value of fees receivable (see other financial assets in Note 12) is considered the best estimate of the fair value of those guarantees.

The breakdown by maturity date is as follows:

(€ thousand)	31 December 2011	31 December 2010
Financial guarantees		
due within one year	3,920	3,593
due after one year but within five years	8,888	7,746
due beyond five years	84	103
Total	**12,892**	**11,442**

22. Other non-current liabilities

At 31 December 2011, other non-current liabilities totaled €18,214 thousand, representing a net increase of €4,653 thousand over 31 December 2010.

The item consisted of the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Non-current post-employment benefits to be paid:			
to a former Chief Executive Officer	4,069	4,385	(316)
to former employees	14,145	9,176	4,969
Total other non-current liabilities	**18,214**	**13,561**	**4,653**

The item non-current post-employment benefits to be paid represents the present value of benefits (see Note 20) to be paid to a former Chief Executive Officer and management personnel that have left the Company.

A breakdown of other non-current liabilities by due date is as follows:

(€ thousand)	31 December 2011	31 December 2010
Other non-current liabilities		
due within one year	1,050	819
due after one year but within five years	5,834	4,550
due beyond five years	11,330	8,192
Total	**18,214**	**13,561**

23. Provisions for employee benefits and other current provisions

At 31 December 2011, this item totaled €19,380 thousand, a net increase of €10,106 thousand over 31 December 2010, and consisted of the following:

(€ thousand)	31 December 2010	Accruals	Utilizations and Other changes	31 December 2011
Provisions for employee bonuses and similar provisions	9,274	10,998	(892)	19,380
Total provisions for employee benefits and other current provisions	**9,274**	**10,998**	**(892)**	**19,380**

This item essentially reflects the best estimate for the variable compensation component.

Changes in provisions for employee benefits and other current provisions during 2010 were as follows:

(€ thousand)	31 December 2009	Accruals	Utilizations and Other changes	31 December 2010
Total provisions for employee benefits and other current provisions	**8,464**	**8,919**	**(8,109)**	**9,274**

24. Trade payables

At 31 December 2011, trade payables totaled €19,398 thousand, a net decrease of €21,613 thousand over 31 December 2010, and consisted of the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Trade payables to third parties	14,149	38,747	(24,598)
Trade payables to Group companies and other related parties for goods and services	5,249	2,264	2,985
Total trade payables	**19,398**	**41,011**	**(21,613)**

Trade payables to third parties primarily relate to amounts payable and approved for services and amounts 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 reporting date is deemed to approximate their fair value.

25. Current debt

At 31 December 2011, current debt totaled €1,075,432 thousand, representing a net increase of €780,840 thousand over 31 December 2010, and related to:

(€ thousand)	31 December 2011	31 December 2010	Change
Intercompany debt:			
- Loans from Fiat Finance S.p.A.	1,000,000	100,000	900,000
- Liabilities arising from derivative financial instruments	19,969	-	19,969
- Accrued interest expense	30,777	47,507	(16,730)
Total intercompany debt	1,050,746	147,507	903,239
Debt payable to third parties:			
- Debt relating to exercise of call option on Ferrari S.p.A. shares	-	122,399	(122,399)
- Advances on factored receivables	24,686	24,686	-
Total debt payable to third parties	24,686	147,085	(122,399)
Total current debt	**1,075,432**	**294,592**	**780,840**

Loans from Fiat Finance relates to financing in euros from Fiat Finance S.p.A. at fixed market rates and due the following year.

At 31 December 2011, liabilities arising from derivative financial instruments represents the fair value of the two equity swaps on Fiat and Fiat Industrial S.p.A. shares entered into with major banks by Fiat Finance S.p.A., under instruction from Fiat S.p.A., to hedge against an increase in the share price above the exercise price of the stock options granted to the Company's Chief Executive Officer in 2006, as described in Note 7. The fair value of those equity swaps was based on market quotations at the balance sheet date. At 31 December 2010, the fair value of the equity swaps was positive and, therefore, they were recognized as an asset (see Note 15).

At 31 December 2010, "Debt relating to the exercise of call option on Ferrari S.p.A. shares", totaling €122,399 thousand, related to the payable recognized following exercise (in July 2010) of the call option on the 5% of Ferrari S.p.A.'s shares held by Mubadala Development Company PJSC (see Note 12). That amount represented the exercise price paid by Fiat S.p.A. in March 2011 upon delivery of the shares.

Advances on factored receivables relates to advances on IRES receivable (see Note 16).

Current debt is denominated in euros. The carrying amount of that debt is deemed to be in line with its fair value.

26. Other debt

At 31 December 2011, other debt amounted to €332,595 thousand, a net decrease of €35,813 thousand over 31 December 2010, and included the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Advances	**940**	**2,009**	**(1,069)**
Other debt:			
- Debt payable to Group companies and other related parties			
- Consolidated VAT	**158,260**	131,408	26,852
- Consolidated IRES	**158,271**	211,576	(53,305)
- Other debt payable to Group companies and other related parties	**1,975**	104	1,871
- Total debt payable to Group companies and other related parties	**318,506**	**343,088**	**(24,582)**
- Social security payables	**1,811**	1,837	(26)
- Current amounts payable to employees, directors and statutory auditors	**4,262**	13,038	(8,776)
- Dividends payable	**376**	330	46
- Other	**377**	937	(560)
Total other debt	**325,332**	**359,230**	**(33,898)**
Taxes payable:			
- VAT payable	**3,675**	2,388	1,287
- Taxes withheld on payments to employees and independent contractors	**2,144**	4,245	(2,101)
- Other	**441**	432	9
Total taxes payable	**6,260**	**7,065**	**(805)**
Accrued expenses and deferred income	**63**	**104**	**(41)**
Total other debt	**332,595**	**368,408**	**(35,813)**

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. (merged into Rete Ferroviaria Italiana S.p.A. as of 31 December 2010) for contract work in progress and is made up as follows:

(€ thousand)	31 December 2011	31 December 2010	Change
Contract work in progress	**244,331**	242,709	1,622
Less: Net advances for work completed	**245,130**	244,479	651
Gross amount due to the customer	**799**	1,770	(971)
Net contractual advances	**141**	239	(98)
Total advances	**940**	**2,009**	**(1,069)**

The item relates to contracts for the high speed railway project between Fiat S.p.A. and 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 31 December 2011, the contractual amounts (including for additional work, monetary adjustments and other contractual amounts) totaled €5,210 million for the Bologna-Florence line and €2,284 million for the Milan-Novara sub-line. The contractual amount for the Turin-Novara sub-line (project completed and accounting closed at the end of 2009) was €4,669 million.

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, organizational and management activities. Contract work in progress therefore reflects the fees earned by Fiat S.p.A. in the form of a percentage (approximately 3.5%) of the contractual amounts, for the activities directly carried out. The work is paid through progress payments made by the customer 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 analyzed by line as follows:

(€ thousand)	31 December 2011	31 December 2010	Change
Contract work in progress	**244,331**	**242,709**	**1,622**
- Florence-Bologna line	161,777	161,110	667
- Novara-Milan line	82,554	81,599	955
Less: Net advances for work completed	**245,130**	**244,479**	**651**
- Florence-Bologna line	162,294	161,829	465
- Novara-Milan line	82,836	82,650	186
Gross amount due to the customer	**799**	**1,770**	**(971)**
- Florence-Bologna line	517	719	(202)
- Novara-Milan line	282	1,051	(769)

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 recognized totaled €98,106 thousand at 31 December 2011 (€97,258 thousand at 31 December 2010). Changes in contract work in progress have been recognized in the income statement under the item other operating income (see Note 4). When the lines are contractually completed, the final contractual revenues for the activities directly carried out are recognized 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 are closed.

In 2009, the Secondary Final Test Certificate relating to the completion of residual work on the Turin-Novara line was signed, representing the final contractual document for the work on the Turin-Novara line, and the project was closed from an accounting perspective (the Principal Final Test Certificate had already been signed in 2006, year in which the line was opened to the public).

Net advances for work completed were as follows:

	Advances received from customers		Advances paid to suppliers		Net advances for work completed	
(€ thousand)	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Florence-Bologna line	5,203,837	5,177,313	5,041,543	5,015,484	162,294	161,829
Novara-Milan line	2,276,845	2,268,473	2,194,009	2,185,823	82,836	82,650
Progress payments for work completed	**7,480,682**	**7,445,786**	**7,235,552**	**7,201,307**	**245,130**	**244,479**

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. Amounts were as follows:

	Contractual advances received from customers		Contractual advances paid to suppliers		Net contractual advances	
(€ thousand)	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Florence-Bologna line	71	993	69	955	2	38
Novara-Milan line	5,812	7,914	5,673	7,713	139	201
Contractual advances	**5,883**	**8,907**	**5,742**	**8,668**	**141**	**239**

At 31 December 2011, bank guarantees and sureties totaling €666 million were given by Fiat S.p.A. to T.A.V. S.p.A. against contractual advances received, performance of the work and withholding amounts on progress payments. Under agreements entered into with the consortia mentioned and the institutions issuing the guarantees, €643 million of the total represents the direct liability of the consortia towards the issuing banks and insurance companies, with no joint responsibility on the part Fiat S.p.A.

More specifically, €262 million in guarantees provided by Fiat S.p.A. to T.A.V. S.p.A. relate to the Bologna-Florence line, €393 million to the Novara-Milan sub-line and €11 million to the Turin-Novara sub-line (remaining guarantees issued on the final work subject to testing in 2009).

Indemnities assumed directly by the CAV.E.T. consortium amounted to €254 million, while those for the CAV.TO.MI. consortium totaled €378 million for the Novara-Milan sub-line and €11 million for the Turin-Novara sub-line.

Release of these guarantees is usually linked to the formal testing (Final Test Certificates) required contractually for acceptance of the work by the customer and expiry of the subsequent two-year period for the technical and functional warranties issued, unless other specific conditions have been agreed.

Finally, for those lines where work was still in progress at year end (Bologna-Florence and Novara-Milan) the lines were formally handed over to T.A.V. S.p.A. in 2009 and the high-speed line was opened to the public, following the favorable technical opinion received from the Testing Commissions. However, since at 31 December 2011 (as also at 31 December 2010), activities to complete the ancillary work and cleanup, in addition to the contractual obligation for final approval of the work (Final Principal and/or Secondary Test Certificates) and to release the bank guarantees were still in progress, from an accounting perspective the project remained open at that date.

Taxes payable and other debt

The principal items were as follows:

At 31 December 2011, debt payable to Group companies and other related parties for consolidated VAT, totaling €158,260 thousand (€131,408 thousand at 31 December 2010), related to VAT credits of Italian subsidiaries transferred to Fiat S.p.A. as part of the VAT consolidation, in addition to prior year amounts due to former subsidiaries transferred to Fiat Industrial Group under the Demerger.

At 31 December 2011, debt payable to Group companies and other related parties in connection with the IRES tax consolidation amounting to €158,271 thousand (€211,576 thousand at 31 December 2010) relates solely to Group companies and represents the remuneration due for the tax losses contributed by the Italian subsidiaries to the domestic tax consolidation for 2011, the IRES tax credits of the Italian subsidiaries transferred to Fiat S.p.A. as part of the tax consolidation procedure for 2011 and debt relating to the domestic tax consolidation for 2010.

Taxes payable and other debt are all due within one year and their carrying amount is deemed to approximate their fair value.

27. Guarantees granted, commitments and contingent liabilities

Guarantees issued

The breakdown of guarantees issued is as follows:

(€ thousand)	31 December 2011	31 December 2010	Change
Guarantees issued			
Sureties			
- on behalf of Group companies	230,100	251,666	(21,566)
- on behalf of third parties	886	1,134	(248)
Total sureties	**230,986**	**252,800**	**(21,814)**
Other guarantees			
- on behalf of Group companies	11,684,864	14,878,826	(3,193,962)
- on behalf of third parties	-	-	-
Total other guarantees	**11,684,864**	**14,878,826**	**(3,193,962)**
Total guarantees issued	**11,915,850**	**15,131,626**	**(3,215,776)**

At 31 December 2011, guarantees issued totaled €11,915.9 million, a decrease of €3,215.8 million over 31 December 2010, attributable principally to the effects of the Demerger and the repayment of credit lines resulting from the decrease in borrowing requirements relating to the reduction in the scope of operations. Guarantees outstanding at 31 December 2010 (totaling approximately €1,320.0 million) that had been issued on behalf companies transferred to Fiat Industrial Group as a result of the Demerger were either extinguished in 2011, following repayment of the underlying financing or transfer to Fiat Industrial S.p.A., resulting in Fiat S.p.A. being released from its obligation.

Guarantees outstanding at 31 December 2011 were as follows:

Sureties

At 31 December 2011, sureties totaled €231.0 million, a decrease of €21.8 million over 31 December 2010.

This amount mostly relates to sureties provided on behalf of Group companies on Billets de Trésorerie issued (Fiat Finance and Trade Ltd S.A. €39.3 thousand), medium- to long-term loans granted by banks (€6.0 million) and lease payments on property (€184.8 million). Sureties granted to third parties relate to the remaining interest-bearing certificates issued by Sava and not yet redeemed.

Other guarantees

At 31 December 2011, other guarantees totaled €11,684.9 million, a decrease of €3,194.0 million over 31 December 2010.

All guarantees were issued on behalf of Group companies and consisted of the following:

- €1,169.2 million for loans (Fiat Finance S.p.A. €650.0 million, Fiat Automoveis S.A. - FIASA €284.2 million, Fiat Automobiles Serbia Doo €175.0 million, Fiat Finance and Trade Ltd S.A. €60.0 million)
- €9,025.0 million for bonds issued (Fiat Finance and Trade Ltd S.A. €7,994.0 million, Fiat Finance North America Inc. €1,031.0 million)
- € 533.3 million for credit lines (Fiat Finance S.p.A. €431.0 million, Fiat Finance North America Inc. 77.3 million, Fiat Finance and Trade Ltd S.A. €25.0 million)
- € 953.7 million for VAT receivables related to the VAT consolidation, pursuant to the Ministerial Decree of 13 December 1979 (as subsequently amended), and €3.7 million for other guarantees

In addition:

- Fiat S.p.A. issued guarantees in connection with agreements signed with a syndicate of Italian and international banks (lead-managed by Citibank International) for a three-year €1,950 million facility for Fiat Finance S.p.A. and other Group companies. At 31 December 2011, this facility remained undrawn
- in 2005, in relation to the advance received by Fiat Partecipazioni S.p.A. on the 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 honor (following either an arbitration award or an out-of-court settlement) undertakings provided in relation to the sale and purchase agreement signed in 2003. Similarly, in connection with sale of a controlling interest in its rail business, Fiat S.p.A. provided guarantees to the purchaser, Alstom N.V., for any failure of the seller (now Fiat Partecipazioni S.p.A.) to meet its contractual obligations

Commitments

In implementation of the resolution of the Board of Directors dated 18 February 2011 – and as part of the framework of the Partnership and Cooperation Agreement signed on 28 March 2011 by Politecnico di Torino, Fiat S.p.A., University of Windsor (Canada) and Chrysler for an International Masters in Automotive Engineering – Fiat S.p.A. and Politecnico di Torino renewed their cooperation agreement relating to courses in Automotive Engineering. The agreement covers a period of four academic years, from 1 October 2010 to 30 September 2014, under which Fiat S.p.A. will contribute €1.85 million per academic year (for a total of €7.4 million) up to 20% of which may be through contributions-in-kind (purchase of goods and services from third parties, provision of services or availability of assets, etc.).

Teksid

Fiat S.p.A. is subject to a put option held by Renault (with reference to the original 33.5% investment in Teksid, now 15.2%).

In particular, Renault has the right to sell its interest in Teksid to Fiat in the event of:

- a breach in application of the protocol agreement and admission to receivership or other administrative proceeding
- Renault's investment in Teksid falling below 15% or Teksid deciding to make a significant strategic investment outside the foundry sector
- control of Fiat being acquired by another automaker

The exercise price of the option is established as follows:

- for the original 6.5% of the share capital of Teksid, the initial investment price increased by a given interest rate
- for the remaining amount of share capital 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 liabilities potentially arising from a breach of representations and warranties under these contracts and, in certain instances, environmental or tax matters, generally for a limited period of time. At 31 December 2011, potential obligations relating to these indemnities were approximately €360 million (approximately €800 million at 31 December 2010), net of provisions set aside by individual companies. Certain other indemnities have been provided that do not limit potential payment and, as such, it is not possible to estimate the maximum potential future payments that could result from claims made under these indemnities.

Certain claims for damages are still pending against Fiat S.p.A. 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.

28. Information on financial risks

Fiat S.p.A. measures and manages financial risks in accordance with Group policy.

The major categories of risk to which the Company is exposed are set out below.

Credit risk

At 31 December 2011, Fiat S.p.A.'s maximum nominal credit exposure consisted of the carrying amounts of financial assets and the par value of guarantees issues (as discussed in Note 27).

Amounts receivable at the balance sheet date are essentially due from Group companies and related parties, from the tax authorities and from Rete Ferroviaria Italiana S.p.A. (formerly T.A.V. S.p.A.). The risk on receivables from the latter company is limited to the margin earned by Fiat S.p.A. (of approximately 3.5%), since a condition for the settlement of payables to consortium companies is the receipt of the amounts due from Rete Ferroviaria Italiana S.p.A.

Guarantees issued were mainly on behalf of Group companies.

At 31 December 2011, there were no material amounts past due.

Liquidity risk

Liquidity risk arises if the Company is unable to obtain, at economically viable terms, the funding needed to carry out its activities.

Fiat S.p.A. participates in the Group's centralized treasury management and, as a result, the liquidity risk to which it is exposed is strictly correlated to that which the Fiat Group is exposed to as a whole.

The two principal factors determining the Group's liquidity position are, on one side, the cash generated by or used in operating and investing activities and, on the other, the maturity and renewal profile of debt and invested liquidity and prevailing market conditions.

The Group has adopted a series of policies and procedures to optimize management of financial resources and to reduce liquidity risk by:

- centralizing management of collections and payments, where it may be economically beneficial in relation the legal and tax environment and currency conditions in countries where it is present
- maintaining an adequate level of available liquidity
- diversifying sources of funding and maintaining a continuous and active presence in the capital markets
- obtaining adequate credit lines, and
- monitoring future liquidity based on corporate planning

Management believes that the funding currently available, in addition to cash generated by operating and financing activities, will enable the Group to meet the requirements of its investing activities and working capital needs and to meet its scheduled debt repayment obligations.

Currency risk

At 31 December 2011, Fiat S.p.A. had no significant receivable, payable or derivative positions that were exposed to currency risk.

Interest rate risk

Fiat S.p.A. satisfies its financing requirements through the Group's centralized treasury management system.

In particular:

- non-current debt partly consists of fixed rate loans from Fiat Finance S.p.A. (see Note 21). The change in fair value of these loans resulting from a hypothetical, immediate and adverse change of 10% in market interest rates would have been approximately €6 million (€8 million at 31 December 2010)

- current financial receivables principally consist of current account deposits with Fiat Finance S.p.A. (see Note 15), while current debt consists mainly of loans received from Fiat Finance S.p.A. and liabilities related to advances on the sale of receivables to banks (see Note 25). In addition, non-current debt to Fiat Finance S.p.A. (see Note 21) include variable rate loans. The cost of these positions is affected by changes in short-term interest rates. For short-term or variable rate transactions, a hypothetical, immediate and adverse change of 10% in short-term interest rates would have led to pre-tax net financial expense being approximately €2 million higher on an annualized basis (approximately €1 million at 31 December 2010)

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 and, following the demerger, Fiat Industrial 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.

Assuming an immediate and adverse change in the market value of Fiat and Fiat Industrial shares of 10%, the potential loss in fair value of derivative financial instruments held by the Company at 31 December 2011 would total approximately €17 million (€32 million at 31 December 2010). The decrease over the prior year is attributable to the change in the share price at the balance sheet date (used as the basis for the sensitivity analysis) and the lower notional value.

29. Fair value hierarchy

IFRS 7 requires financial instruments recognized at fair value in the statement of financial position to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value. This hierarchical classification applies the following levels:

- Level 1 – quoted prices in active markets for the asset or liability being measured
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) on the market
- Level 3 – inputs that are not based on observable market data

The following table provides the classification of financial instruments measured at fair value at 31 December 2011 according to this fair value hierarchy.

(€ thousand)	Note	Level 1	Level 2	Level 3	Total
Assets at fair value:					
Investments in other companies (available for sale) recognized at fair value directly in equity or through profit and loss	(11)	255,360	9,795	-	**265,155**
Derivative financial assets (current)	(15)	-	38,327	-	**38,327**
Total assets		**255,360**	**48,122**	**-**	**303,482**
Liabilities at fair value					
Derivative financial liabilities (current)	(25)	-	19,969	-	**19,969**
Total liabilities		**-**	**19,969**	**-**	**19,969**

In 2011, there were no transfers from Level 1 to Level 2 of the fair value hierarchy or vice versa.

30. Intercompany and related-party transactions

Intercompany and related-party transactions for Fiat S.p.A. consist for the most part of transactions carried out with the Company's subsidiaries, 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 2011 and 2010 financial statements, which may also be found in the supplementary financial statements and in the explanatory Notes, is summarized in the following tables:

Counterparty	Other operating income		Personnel costs		Other operating costs		Financial income/(expense)	
(€ thousand)	2011	2010	2011	2010	2011	2010	2011	2010
Abarth & C. S.p.A.	405	429	-	-	1	1	-	-
Banco CNH Capital S.A.	-	-	-	-	-	-	-	400
CNH Global N.V.	-	-	-	-	-	-	-	125
CNH Italia S.p.A.	-	1,051	-	-	-	54	-	7
Comau S.p.A.	1,227	1,432	-	-	-	-	-	-
C.R.F. S.c.p.A.	70	504	-	-	133	-	-	-
Elasis S.c.p.A.	70	498	-	-	-	-	(5)	(5)
Ferrari S.p.A.	3,783	2,149	-	-	6	4	(1)	11
Fiat Argentina S.A.	-	-	-	-	121	121	-	-
Fiat do Brasil S.A.	-	-	-	-	86	-	-	-
Fiat Group Automobiles S.p.A.	20,499	21,251	-	-	347	240	85	98
Fiat Group Automobiles Belgium S.A.	1	-	-	-	110	139	-	-
Fiat Automoveis S.A. - FIASA	-	-	-	-	-	-	229	385
Fiat Finance S.p.A.	945	829	-	-	1,823	2,195	(429,750)	(188,225)
Fiat Finance and Trade Ltd S.A.	15	-	-	-	-	-	2,851	3,161
Fiat Finance North America Inc.	-	-	-	-	-	-	329	333
Fiat France	-	-	-	-	5	11	-	-
Fiat Services S.p.A.	423	951	-	-	1,472	1,420	(5)	(5)
Fiat Group Marketing & Corporate Comm. S.p.A.	746	536	-	-	4,688	4,989	(5)	(5)
Fiat Group Purchasing S.r.l.	1,711	2,618	-	-	13	9	-	(5)
Fiat Partecipazioni S.p.A.	796	155	-	-	2,835	2,523	-	1
Fiat Polska S.p. z.o.o.	256	254	-	-	-	5	-	-
Fiat Powertrain Technologies S.p.A.	2,155	4,617	-	-	-	8	(5)	(5)
Fiat-Revisione Interna S.c.r.l.	145	110	-	-	2,658	4,189	(5)	(5)
Fiat Servizi per l'Industria S.c.p.A.	32	31	-	-	1,298	1,441	(5)	(5)
FGA Capital S.p.A.	-	-	-	-	50	53	3	4
Fidis S.p.A.	435	427	-	-	-	-	(476)	(1,647)
Fiat Netherlands Holding N.V.	-	-	-	-	-	-	-	91,358
Fiat Gestione Partecipazioni S.p.A. (ex Iveco S.p.A.)	-	7,267	-	-	-	150	-	54
Leasys S.p.A.	6	-	-	-	1,378	1,770	-	-
Fiat I.T.E.M. S.p.A.	424	-	-	-	2,216	2,810	(5)	(5)
Maserati S.p.A.	683	699	-	-	-	-	-	14
Magneti Marelli S.p.A.	4,546	4,616	-	-	-	-	(5)	-
Orione S.c.p.A.	1	-	-	-	3,121	3,506	(5)	(5)
Risk Management S.p.A.	203	637	-	-	37	-	(4)	(3)
Fiat Group International S.A.	-	-	-	-	-	138	-	-
Sirio S.c.p.A.	79	58	-	-	1,704	1,218	(3)	-
Teksid S.p.A.	1,030	974	-	-	-	-	-	1
Other Group companies	66	30	-	-	258	205	250	195
Total Group companies	**40,752**	52,123	-	-	**24,360**	27,199	**(426,532)**	(93,773)
Other related parties	1,453	79	11,217	21,549	24,564	30,843	361	-
Total Group companies and other related parties	**42,205**	**52,202**	**11,217**	**21,549**	**48,924**	**58,042**	**(426,171)**	**(93,773)**
Total	45,331	61,762	35,172	43,385	80,473	101,591	(434,646)	(93,035)
% of total line item	**93%**	**85%**	**32%**	**50%**	**61%**	**57%**	**98%**	**100%**

The impact of intercompany and related-party transactions on the income statement, as detailed in the previous table, was also accompanied by the effect of the gains on disposals described in Note 3, particularly the €1,950 thousand gain on the sale of the investment in Fiat Finance North America Inc. to Fiat Finance and Trade Ltd S.A. and the €12,753 thousand gain on the sale of the investment in Fiat Switzerland S.A. to CNH International S.A. (a Fiat Industrial Group Company).

31 December 2011

Counterparty (€ thousand)	Other financial assets	Trade receivables	Current financial receivables	Other current receivables	Non-current employee provisions	Non-current debt	Other non-current liabilities	Trade payables	Current debt	Other debt
Fiat Group Automobiles S.p.A.	-	582	-	-	-	-	-	229	-	19
Fiat Finance S.p.A.	-	-	374,806	86	-	2,150,000	-	30	1,050,746	115
Fiat Group Marketing & C.C. S.p.A.	-	-	-	-	-	-	-	950	-	-
Fiat-Revisione Interna S.c.p.A.	-	-	-	-	-	-	-	-	-	1,889
Fiat Servizi per l'Industria S.c.p.A.	-	-	-	-	-	-	-	555	-	-
Fiat I.T.E.M. S.p.A.	-	-	-	-	-	-	-	222	-	-
Fiat Partecipazioni S.p.A.	-	-	-	-	-	-	-	1,158	-	-
Leasys S.p.A.	-	-	-	65	-	-	-	134	-	-
Sirio S.c.p.A.	-	-	-	-	-	-	-	842	-	-
Other Group companies	-	156	-	49	-	-	-	526	-	16
IRES tax consolidation	-	-	-	166,448	-	-	-	-	-	158,271
VAT consolidation	-	-	-	-	-	-	-	-	-	153,027
Financial guarantees	12,892	-	-	-	-	12,892	-	-	-	-
Total Group companies	**12,892**	**738**	**374,806**	**166,648**	**-**	**2,162,892**	**-**	**4,646**	**1,050,746**	**313,337**
Other related parties	-	1,681	-	1,479	123,341	-	2,994	603	-	5,471
Total Group companies and other related parties	**12,892**	**2,419**	**374,806**	**168,127**	**123,341**	**2,162,892**	**2,994**	**5,249**	**1,050,746**	318,808
Total	12,966	4,863	374,806	277,354	137,364	2,162,892	18,214	19,398	1,075,432	332,596
% of total line item	**99%**	**50%**	**100%**	**61%**	**90%**	**100%**	**16%**	**27%**	**98%**	**96%**

31 December 2010

Counterparty (€ thousand)	Other financial assets	Trade receivables	Current financial receivables	Other current receivables	Non-current employee provisions	Non-current debt	Other non-current liabilities	Trade payables	Current debt	Other debt
CNH Italia S.p.A.	-	-	-	7	-	-	-	-	-	104
Fiat Group Automobiles S.p.A.	-	56	-	-	-	-	-	151	-	-
Fiat Finance S.p.A.	-	-	311,526	88	-	2,550,000	-	-	147,507	39
Fiat Group Marketing & Corp.C. S.p.A.	-	-	-	-	-	-	-	783	-	-
Fiat-Revisione Interna S.c.r.l.	-	-	-	180	-	-	-	-	-	-
Fiat Servizi per l'Industria S.c.p.A.	-	-	-	-	-	-	-	145	-	-
Fiat Partecipazioni S.p.A.	-	-	-	-	-	-	-	121	-	-
Leasys S.p.A.	-	-	-	49	-	-	-	164	-	-
Sirio S.c.p.A.	-	-	-	-	-	-	-	537	-	-
Other Group companies	-	207	-	30	-	-	-	197	-	65
IRES tax consolidation	-	-	-	240,192	-	-	-	-	-	211,576
VAT consolidation	-	-	-	-	-	-	-	-	-	131,408
Financial guarantees	11,442	-	-	-	-	11,442	-	-	-	-
Total Group companies	**11,442**	**263**	**311,526**	**240,546**	**-**	**2,561,442**	**-**	**2,098**	**147,507**	**343,192**
Other related parties	-	79	-	-	13,128	-	-	166	-	8,308
Total Group companies and other related parties	**11,442**	**342**	**311,526**	**240,546**	**13,128**	**2,561,442**	**-**	**2,264**	**147,507**	**351,500**
Total	143,947	8,078	311,526	350,554	20,072	2,561,442	13,561	41,011	294,592	368,408
% of total line item	**8%**	**4%**	**100%**	**69%**	**65%**	**100%**	**0%**	**6%**	**50%**	**95%**

Items arising from the domestic tax consolidation (see Notes 16 and 26) and the consolidated VAT settlement (see Note 26) are not reported in the above tables, as they do not represent actual commercial transactions between Group companies but relate only to the financial treatment provided under the Italian tax code for relationships between Italian Group companies and the tax authorities. Similarly, balances relating to financial guarantees (offsetting assets and liabilities) are not broken down by counterparty, as they only represent the present value of estimated fees to be earned in future years and are considered not material (see Notes 12 and 21).

Details of the most significant transactions between Fiat S.p.A. and Group companies summarized in the above tables are as follows:

- services provided by Fiat S.p.A. and management personnel at various Group companies (to Fiat Group Automobiles S.p.A., Magneti Marelli S.p.A., Ferrari S.p.A., Maserati S.p.A., Fiat Powertrain Technologies S.p.A., Fiat Group Purchasing S.r.l., Teksid S.p.A., Comau S.p.A. and other minor companies)
- lease of property or office space (to Fiat Finance S.p.A., Fiat Group Marketing & Corporate Communication S.p.A., Fiat Partecipazioni S.p.A., Fiat I.T.E.M. S.p.A. and other minor companies) and the recovery of directors' fees and expenses
- provision of sureties and other guarantees (see Note 27) on issues of bonds and Billets de Trésorerie (Fiat Finance and Trade Ltd S.A. and Fiat Finance North America Inc.), bank loans and credit facilities (Fiat Finance and Trade Ltd S.A., Fiat Finance S.p.A., Fiat Automoveis S.A.- FIASA, Fiat Finance North America Inc. and other minor subsidiaries), property rental payments (Fiat Group Automobiles S.p.A. and its subsidiaries) and to tax authorities for Group company VAT credits
- management of current accounts, obtaining short- and long-term loans, management of derivative financial instruments and financial advisory services (Fiat Finance S.p.A.)

- purchases of administrative, tax, corporate assistance and consultancy services and related IT systems (Fiat Services S.p.A. and Fiat I.T.E.M. S.p.A.), public relations services (Fiat Group Marketing & Corporate Communication S.p.A.), personnel and other management services (Fiat Servizi per l'Industria S.c.p.A.), security services (Orione S.c.p.A. and Sirio S.c.p.A.), supervisory and internal audit services (Fiat-Revisione Interna S.c.p.A.), vehicle leases (Leasys S.p.A.), maintenance services and office space (Fiat Partecipazioni S.p.A.)

During 2011, intercompany transactions also related to management of the portfolio of investments in subsidiaries, whose effects on the Company's earnings and financial position were as described above, in particular:

- collection of dividends from investees (see Note 1)
- the sale, referred to above, of the investment in Fiat Finance North America Inc. to the subsidiary Fiat Finance and Trade Ltd S.A., as part of the reorganization of holdings in Group treasury companies
- subscription to capital increases of €120.0 million for Comau S.p.A., €70.0 million for Maserati S.p.A., and €30.0 million for Teksid Aluminum S.r.l. to strengthen their capital structure in consideration of their financial results (see Note 11)
- the purchase of the investments held in Fiat-Revisione Interna S.c.p.A. from other Group companies as part of the reorganization of consortium companies
- purchase from the subsidiaries Fiat-Revisione Interna S.c.p.A. and Fiat Finance S.p.A., with effect from 1 December 2011, of the business units providing internal audit and financial advisory services to Fiat S.p.A. and Group companies

Related-party transactions (as defined under IAS 24) not involving subsidiaries are reported above under "Other related parties". Those transactions essentially related to:

- lease of office space (to Fiat Industrial S.p.A., Fiat Industrial Finance S.p.A., Exor S.p.A. and Fondazione Giovanni Agnelli), provision of personnel management and other services (to Fiat Industrial S.p.A.) and recovery of costs
- maintenance of guarantees issued for credit facilities granted by banks on behalf of companies transferred to Fiat Industrial Group as a result of the Demerger (principally Banco CNH Capital S.A.) until the guarantee was taken on by Fiat Industrial S.p.A. with the release of Fiat S.p.A. from the guarantee obligation
- sale of the investment, as noted above, held in Fiat Switzerland S.A. to CNH International S.A. (Fiat Industrial Group) as part of the reorganization of the activities carried out by local service companies for Fiat Group and Fiat Industrial Group
- purchase of services provided by management personnel (Fiat Industrial S.p.A.)
- professional and advisory services and services as secretary of the Board of Directors and sub-committees provided to Fiat S.p.A. by Mr. Franzo Grande Stevens (€1,025 thousand)
- fees for the directors and statutory auditors of Fiat S.p.A., as well as the compensation component arising from stock option and stock grant plans for the Chief Executive Officer based on Fiat S.p.A. shares
- compensation due to Fiat S.p.A. executives with strategic responsibilities

31. Net financial position

Pursuant to the Consob Communication of 28 July 2006 and in compliance with the CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses issued on 10 February 2005, the net financial position of Fiat S.p.A. at 31 December 2011 is as follows:

(€ thousand)	31 December 2011	31 December 2010	Change
Cash and cash equivalents	744	240	504
Current financial receivables:	374,806	311,526	63,280
- from Group companies	374,806	311,526	63,280
- from third parties	-	-	-
Non-current debt:	(2,162,892)	(2,561,442)	398,550
- due to Group companies	(2,162,892)	(2,561,442)	398,550
- due to third parties	-	-	-
Current debt:	(1,075,432)	(294,592)	(780,840)
- due to Group companies	(1,050,746)	(147,507)	(903,239)
- due to third parties	(24,686)	(147,085)	122,399
Net financial position	**(2,862,774)**	**(2,544,268)**	**(318,506)**
- due to Group companies	(2,838,832)	(2,397,423)	(441,409)
- due to third parties	(23,942)	(146,845)	122,903
Net financial position subject to demerger	**-**	**(1,227,000)**	**1,227,000**
- due to Group companies	-	(1,227,000)	1,227,000
- due to third parties	-	-	-
Net financial position – Total	**(2,862,774)**	**(3,771,268)**	**908,494**
- due to Group companies	(2,838,832)	(3,624,423)	785,591
- due to third parties	(23,942)	(146,845)	122,903

32. Significant non-recurring transactions and unusual or abnormal transactions

During 2011, Fiat S.p.A. did not take part in any significant non-recurring transaction or unusual or abnormal transaction as defined in the Consob Communication of 28 July 2006.

33. Subsequent Events

- In January 2012, Fiat announced that the "Ecological Event" (3rd performance event established in the Amended and Restated LLC Operating Agreement) had been achieved, leading to a further 5% increase of its interest in Chrysler. Fiat currently has a 58.5% ownership interest in Chrysler. The VEBA Trust owns the remaining 41.5% of the equity in Chrysler.
- On January 18th, Fiat and Suzuki Motor Corporation reached an agreement for the supply of a 75 hp 1.3 MultiJet BS-IV Small Diesel Engine – to be produced under license by Fiat India Automobiles Limited, a joint venture between Fiat and Tata Motors – to Suzuki's affiliate company Maruti Suzuki India Limited (MSIL). Fiat India Automobiles Limited will supply MSIL up to 100,000 engines per year for a period of three years, commencing January 2012. The engine will equip Suzuki branded vehicles produced in India by MSIL for the domestic market.
- On February 1st at its Lingotto headquarters, Fiat met with trade unions that signed the company specific collective labor agreement, to present the Group's 2011 financial results. During the meeting, Fiat's CEO confirmed that investments for the Mirafiori plant in Turin would go ahead. Plans call for production of at least two new models for the export market, with production to reach 280,000 vehicles per year accompanied by a progressive return to full utilization of all plant employees. Investment is to commence in the second quarter of 2012 and retooling of the plant will be completed during 2013. Production of the first model (Fiat brand) is scheduled to begin in December 2013 and the second model (Jeep brand) is slated for production beginning in the second quarter of 2014. The CEO also confirmed that Mirafiori would continue production of the Alfa Romeo MiTo, for which a refresh is planned, as well as the Lancia Musa, on the basis of market demand. On the same occasion, it was announced that another 662 new employees would begin work at the Pomigliano Newco, bringing total employment at the plant to 1,845.
- On February 6th, Standard & Poor's announced that it had placed Fiat S.p.A.'s long-term debt rating (BB) under review for possible downgrade. The short-term rating was affirmed at B.
- On February 16th, Fiat S.p.A announced pricing of CHF 425,000,000 guaranteed 5.00% notes due September 2015, with an issue price of 100% of the principal amount. Closing is currently expected for 7 March 2012, in line with Swiss market practice. The notes will be issued by Fiat Finance and Trade Ltd. S.A. (a wholly-owned subsidiary of Fiat S.p.A.) under the GMTN Program guaranteed by Fiat S.p.A.
- On February 22nd, the Board of Directors of Fiat S.p.A., in confirmation of the resolution of 27 October 2011, called an Extraordinary General Meeting for approval of the conversion of preference and savings shares into Fiat S.p.A. ordinary shares. Holders of preference and savings shares will also be asked to approve the conversion at the respective Special Meetings. The Board also voted to submit a proposal to Shareholders for adoption of a Long Term Incentive Plan, in the form of grants of Fiat S.p.A. ordinary shares, linked to achievement of performance objectives and continuation of a professional relationship with the Group. Finally, the Board voted to submit a proposal to Shareholders for renewal of the authorization to purchase and dispose of own shares. For additional information, refer to Note 19.

List of equity investments with additional information required by Consob (Communication DEM/6064293 of 28 July 2006)

Subsidiaries

Company and registered office	Share Capital (*) (€)	Result for the latest financial year (*) (€)	Equity (*) (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
Fiat Group Automobiles S.p.A. – Turin						
At 31.12.10	745,031,979	369,666,285	2,275,872,823	100.00	745,031,979	5,524,081,024
At 31.12.11	**745,031,979**	**(791,190,074)**	**1,484,682,749**	**100.00**	**745,031,979**	**5,524,081,024**
Ferrari S.p.A – Modena						
At 31.12.10	20,260,000	157,928,154	688,350,809	85.00	6,888,400	1,055,203,823
acquisition				5.00	405,200	132,430,764
31.12.11	**20,260,000**	**176,591,960**	**664,936,050**	**90.00**	**7,293,600**	**1,187,634,587**
Maserati S.p.A. – Modena						
At 31.12.10	40,000,000	(7,742,674)	60,094,039	100.00	40,000,000	103,798,379
capital contribution						70,000,000
At 31.12.11	**40,000,000**	**(28,041,337)**	**102,052,702**	**100.00**	**40,000,000**	**173,798,379**
Fiat Gestione Partecipazioni S.p.A. – Turin						
At 31.12.10	369,500,000	1,365,468,716	1,822,817,580	100.00	369,500,000	1,833,631,676
transfer of activities from Fiat Partecipazioni S.p.A. to Fiat Gestione Partecipazioni S.p.A.					212,374,508	547,392,447
merger of Business Solutions S.p.A. into Fiat Gestione Partecipazioni S.p.A.						36,405,062
contribution of investment in Rimaco S.A.					32,197,079	32,197,079
impairment reversal						352,056,000
At 31.12.11	**614,071,587**	**33,175,919**	**2,363,561,882**	**100.00**	**614,071,587**	**2,801,682,264**
Fiat Powertrain Technologies S.p.A. – Turin						
At 31.12.10	525,000,000	(48,781,405)	789,820,309	100.00	750,000,000	568,912,584
At 31.12.11	**525,000,000**	**(144,436,576)**	**645,383,733**	**100.00**	**750,000,000**	**568,912,584**
Magneti Marelli S.p.A. – Corbetta						
At 31.12.10	254,325,965	32,732,151	387,782,736	99.99	254,301,607	611,854,217
Ordinary shares						
At 31.12.10				100.00	250,500,601	602,696,271
At 31.12.11				**100.00**	**250,500,601**	**602,696,271**
Preference shares						
At 31.12.10				99.36	3,801,006	9,157,946
At 31.12.11				**99.36**	**3,801,006**	**9,157,946**
At 31.12.11	**254,325,965**	**(9,087,570)**	**378,695,166**	**99.99**	**254,301,607**	**611,854,217**
Teksid S.p.A. – Turin						
At 31.12.10	71,403,261	1,885,946	147,207,779	84.79	60,543,388	76,083,758
At 31.12.11	**71,403,261**	**14,929,985**	**162,137,765**	**84.79**	**60,543,388**	**76,083,758**
Teksid Aluminum S.r.l. – Carmagnola						
At 31.12.10	5,000,000	(11,050,549)	10,207,825	100.00		38,692,021
capital contribution						30,000,000
impairment						(47,500,000)
At 31.12.11	**5,000,000**	**(39,572,964)**	**634,861**	**100.00**		**21,192,021**
Comau S.p.A. – Grugliasco						
At 31.12.10	48,013,959	(22,963,957)	97,405,643	100.00	48,013,959	124,950,496
capital contribution						120,000,000
impairment						(147,100,000)
At 31.12.11	**48,013,959**	**(144,690,594)**	**72,715,049**	**100.00**	**48,013,959**	**97,850,496**

(*) Figures taken from the separate financial statements of the subsidiaries
% owned by Fiat S.p.A.
Any indirect interest in the ordinary share capital of subsidiaries is also indicated

List of equity investments (continued)

Subsidiaries

Company and registered office	Share Capital (*) (€)	Result for the latest financial year (*) (€)	Equity (*) (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
Fiat Partecipazioni S.p.A. – Turin						
At 31.12.10	361,054,062	(27,721,564)	919,387,476	98.64	356,158,302	934,451,675
transfer of activities from Fiat Partecipazioni S.p.A. to Fiat Gestione Partecipazioni S.p.A.					(212,374,508)	(547,392,447)
At 31.12.11	**148,679,554**	**175,801,290**	**453,637,856**	**96.71**	**143,783,794**	**387,059,228**
				+3.29	**ind.**	
Fiat Finance S.p.A. – Turin						
At 31.12.10	224,440,000	17,292,422	271,046,902	100.00	224,440,000	222,262,897
At 31.12.11	**224,440,000**	**25,289,882**	**268,609,696**	**100.00**	**224,440,000**	**222,262,897**
Itedi – Italiana Edizioni S.p.A. – Turin						
At 31.12.10	5,980,000	(15,571,825)	10,601,365	100.00	5,980,000	25,899,105
At 31.12.11	**5,980,000**	**(5,141,785)**	**5,459,580**	**100.00**	**5,980,000**	**25,899,105**
Fiat U.S.A. Inc. – New York (USA)						
At 31.12.10	12,595,420	(25,650)	25,680,263	100.00	1,000	27,257,726
USD	16,830,000	(34,273)	34,313,967			
At 31.12.11	**13,007,188**	**(108,544)**	**26,411,254**	**100.00**	**1,000**	**27,257,726**
USD	**16,830,000**	**(140,445)**	**34,173,522**			
Isvor Fiat Società consortile di sviluppo e addestramento Industriale per Azioni – Turin						
At 31.12.10	300,000	(342,692)	1,441,947	3.00	9,000	-
At 31.12.11	**300,000**	**323,679**	**1,765,626**	**3.00**	**9,000**	**-**
				+97.00	**ind.**	
Fiat-Revisione Interna S.c.p.A. – Turin						
At 31.12.10	300,000	19,512	653,048	51.00	153,000	186,980
acquisition				20.00	60,000	130,600
At 31.12.11	**300,000**	**1,240,867**	**1,893,915**	**71.00**	**213,000**	**317,580**
				+13.00	**ind.**	
Fiat Servizi per l'Industria S.c.p.A. – Turin						
At 31.12.10	1,652,669	346,234	3,950,785	5.00	82,633	70,720
At 31.12.11	**1,652,669**	**160,478**	**4,111,263**	**5.00**	**82,633**	**70,720**
				+86.00	**ind.**	
Orione S.c.p.A.-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni – Turin						
At 31.12.10	120,000	148,809	705,634	18.00	21,603	21,108
At 31.12.11	**120,000**	**106,814**	**812,449**	**18.00**	**21,603**	**21,108**
				+79.58	**ind.**	
SIRIO - Sicurezza Industriale Società consortile per Azioni – Turin						
At 31.12.10	120,000	1,902,695	4,007,870	0.75	901	764
At 31.12.11	**120,000**	**381,911**	**4,389,781**	**0.75**	**901**	**764**
				+85.92	**ind.**	
Total subsidiaries						**11,725,978,457**

(*) Figures taken from the separate financial statements of the subsidiaries
% owned by Fiat S.p.A.
Any indirect interest in the ordinary share capital of subsidiaries is also indicated

List of equity investments with additional information required by Consob (Communication DEM/6064293 of 28 July 2006)

Associate companies

Company and registered office	Share Capital (*) (€)	Result for the latest financial year (*) (€)	Equity (*) (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
RCS MediaGroup S.p.A. – Milan						
At 31.12.10	762,019,050	(36,118,684)	1,231,214,144	10.09	76,907,627	131,785,440
At 31.12.11	**762,019,050**	**(43,176,408)**	**1,188,711,933**	**10.09**	**76,907,627**	**131,785,440**
Total associate companies						**131,785,440**

(*) Figures taken from the 2009 and 2010 Separate Financial Statements

Other companies

Company and registered office	% owned by Fiat S.p.A.	Number of shares	Book value (€)
Fiat Industrial S.p.A. – Turin			
At 31.12.10	100.0	80,000	179,333
allotment of Fiat Industrial S.p.A. shares under the Demerger in relation to own shares		38,568,458	347,116,122
sales of Fiat Industrial S.p.A. shares following exercise of options under November 2006 stock option plan for managers		(433,125)	(3,898,125)
fair value adjustment			(90,220,749)
At 31.12.11	**3.00**	**38,215,333**	**253,176,581**
Assicurazioni Generali S.p.A. – Trieste			
31.12.10	0.01	187,710	2,667,359
fair value adjustment			(484,292)
At 31.12.11	**0.01**	**187,710**	**2,183,067**
Fin.Priv. S.r.l. – Milan			
At 31.12.10	14.29		14,339,409
fair value adjustment			(4.544.362)
At 31.12.11	**14.29**		**9,795,047**
Consorzio Lingotto – Turin			
At 31.12.10	5.40		279
At 31.12.11	**5.40**		**279**
Total other companies			**265,154,974**

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

Appendix - Information required under Article 149-*duodecies* of the "Regolamento Emittenti" issued by Consob

The following table, prepared in accordance with Article 149-*duodecies* of the "Regolamento Emittenti" issued by Consob, reports fees charged for 2011 for audit and other services provided by the independent auditors and entities in their network.

(€ thousand)	Service Provider	2011 Fees
Audit	Deloitte & Touche S.p.A.	186
Attestation	Deloitte & Touche S.p.A. (1)	351
Other services	Deloitte & Touche S.p.A. (2)	270
	Deloitte Network (3)	20
Total		**827**

(1) Mainly for the review of pro forma data contained in the Information Document (pursuant to Article 71 of the Regolamento Emittenti) published on 6 June 2011 and tax returns ("Modello Unico", IRAP, Domestic Tax Consolidation and Form 770)
(2) Non-recurring activities performed in relation to the consolidated financial statements of Fiat Group, in connection with the acquisition and first-time consolidation of Chrysler Group LLC and subsidiaries
(3) Tax-related services

Attestation of the Statutory Financial Statements under Article 154-*bis* of Legislative Decree 58/98

1. The undersigned, Sergio Marchionne, in his capacity as the Chief Executive Officer of the Company, and Richard Palmer, as the executive officer responsible for the preparation of the Company's financial statements pursuant to the provisions of Article 154-bis (3) and (4) of Legislative Decree 58 of 1998, hereby attest:

- the adequacy with respect to the Company structure,
- and the effective application,

of the administrative and accounting procedures applied in the preparation of the Company's statutory financial statements at 31 December 2011.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2011 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.

3. The undersigned moreover attest that:

3.1 the statutory financial statements at 31 December 2011:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002;

b) correspond to the amounts shown in the Company's accounts, books and records; and

c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of 31 December 2011 and for the year then ended.

3.2 The report on operations includes a reliable operating and financial review of the Company as well as a description of the main risks and uncertainties to which it is exposed.

22 February 2012

/s/ Sergio Marchionne

Sergio Marchionne

CHIEF EXECUTIVE OFFICER

/s/ Richard Palmer

Richard Palmer

EXECUTIVE OFFICER RESPONSIBLE
FOR THE PREPARATION OF
THE COMPANY'S FINANCIAL STATEMENTS

Reports of the Independent Auditors

Auditor's Report on the Consolidated Financial Statements pursuant to Articles 14 and 16 of Legislative Decree n. 39 of 27 January 2010

To the Shareholders of FIAT S.p.A.

1. 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 31 December 2011, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes to financial statements. These consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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, whose data are presented for comparative purposes, reference should be made to our auditor's report issued on 21 February 2011.

3. In our opinion, the consolidated financial statements of the Fiat Group as of and for the year ended 31 December 2011 comply 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; accordingly, they give a true and fair view of the financial position, the results of operations and the cash flows of the Fiat Group as of and for the year then ended.

4. The Directors of Fiat S.p.A. are responsible for the preparation of the report on operations and the annual report on Corporate Governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-*bis* of Italian Legislative Decree n. 58/98, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on Corporate Governance, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-*bis* of Italian Legislative Decree n. 58/98, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on Corporate Governance are consistent with the consolidated financial statements of the Fiat Group as of and for the year ended 31 December 2011.

DELOITTE & TOUCHE S.p.A.

Signed by
Colin Johnston
Partner

Turin, Italy 27 February 2012

This report has been translated into the English language solely for the convenience of international readers.

Auditor’s Report on the Statutory Financial Statements pursuant to Articles 14 and 16 of Legislative Decree n. 39 of 27 January 2010

To the Shareholders of FIAT S.p.A.

1. We have audited the statutory financial statements of Fiat S.p.A. as of and for the year ended 31 December 2011, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes to financial statements. These financial statements prepared 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 are the responsibility of the Company’s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. 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, whose data are presented for comparative purposes, reference should be made to our auditor’s report issued on 21 February 2011.

3. In our opinion, the statutory financial statements of Fiat S.p.A. as of and for the year ended 31 December 2011 comply 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; accordingly, they give a true and fair view of the financial position, the results of operations and the cash flows of Fiat S.p.A. as of and for the year then ended.

4. The Directors of Fiat S.p.A. are responsible for the preparation of the report on operations and the annual report on Corporate Governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/98, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on Corporate Governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/98, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on Corporate Governance are consistent with the financial statements of Fiat S.p.A. as of and for the year ended 31 December 2011.

DELOITTE & TOUCHE S.p.A.

Signed by
Colin Johnston
Partner

Turin, Italy 27 February 2012

This report has been translated into the English language solely for the convenience of international readers.

Reports of the Board of Statutory Auditors

Report of the Board of Statutory Auditors on the Consolidated Financial Statements

Shareholders,

The 2011 consolidated financial statements of Fiat S.p.A. presented to you report a net profit of €1,651 million, of which €317 million is attributable to non-controlling interests. The financial statements were provided to us by the statutory deadline, together with the report on operations, and were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and Italian regulations issued pursuant to Article 9 of Legislative Decree 38/2005.

The audit conducted by Deloitte & Touche S.p.A., the independent auditors, led to their opinion that:

"the consolidated financial statements of the Fiat Group as of and for the year ended 31 December 2011 comply 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; accordingly, they give a true and fair view of the financial position, of the results of operations and of the cash flows of the Fiat Group as of and for the year then ended."

The audit report also stated that:

"In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/98 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on Corporate Governance are consistent with the consolidated financial statements of the Fiat Group as of and for the year ended 31 December 2011."

In application of Article 41 (3) of Legislative Decree 127/1991, the Board of Statutory Auditors did not review that information or the consolidated financial statements, except as specified below.

The definition of the scope of consolidation, and the methods and procedures applied for consolidation of investees conform to the requirements of IFRS. Accordingly, the structure of the consolidated financial statements is technically correct and consistent overall with applicable legislation.

The report on operations adequately represents the operating and financial performance of the Group for 2011, as well as events relevant to the consolidated group of companies occurring subsequent to year end. Based on our examination, the report is consistent with the consolidated financial statements.

Turin, 28 February 2012

The Statutory Auditors

Riccardo Perotta	/s/ Riccardo Perotta
Giuseppe Camosci	/s/ Giuseppe Camosci
Piero Locatelli	/s/ Piero Locatelli

Report of the Board of Statutory Auditors to Shareholders

Shareholders,

Article 153 of Legislative Decree 58/1998 requires that the Board of Statutory Auditors report on its oversight activity to Shareholders at the General Meeting called for approval of the statutory financial statements, indicating any omissions or improper transactions that have come to its attention, and grants it the authority to submit proposals to Shareholders relating to the financial statements, their approval and other matters under its responsibility.

This Report fulfills those requirements and the provisions of Article 2429 (2) of the Civil Code.

Based on the activities carried out during the year (pursuant to Article 149 of Legislative Decree 58/98), we are able to report the following.

We attended meetings of the Board of Directors, where we were informed on those activities and transactions approved by the Board and carried out by the Company and/or its subsidiaries which had a significant impact on the financial statements.

We ascertained that those transactions complied with the applicable provisions of law and the By-laws, did not conflict with any resolutions adopted by Shareholders and were consistent with management best practice.

The organizational structure appears to be adequate in relation to the dimensions of the Company and we had access to comprehensive information, including meeting with heads of various central functions and representatives of the Independent Auditors, enabling us to confirm the application of management best practice.

A group-wide internal control system, which is constantly upgraded, is in place both for Fiat S.p.A. and subsidiaries.

We evaluated and monitored the adequacy of the internal control system and the administrative and accounting system, as well as the reliability of the latter in providing a fair presentation of operations, through: i) an examination of the Compliance Officer's report on Fiat's Internal Control System; ii) an examination of the reports from Internal Audit, in addition to information on its monitoring of the implementation of corrective measures resulting from the audit activities; iii) information from the heads of the respective functions; iv) an examination of corporate documents and results of the audit work carried out by the Independent Auditors; v) interaction with the statutory and independent auditors of subsidiaries pursuant to Article 151 (1) & (2) of Legislative Decree 58/1998; vi) participation in the activities of the Internal Control Committee (now the Internal Control and Risk Committee) a Board Committee composed of three independent directors. Participation in the activities of the Internal Control Committee enabled the Statutory Auditors to coordinate with the Committee in relation its role as committee for internal control and audit, pursuant to Article 19 of Legislative Decree 39/2010, entailing, in particular, oversight of:

- the financial reporting process;
- the effectiveness of the systems of internal control, internal audit and risk management;
- the independent audits of the annual statutory and consolidated financial statements;

- aspects relative to the independence of the audit firm, with particular reference to non-audit services provided to the audited entity. Accordingly, we note that on 27 February 2012 we received a communication from Deloitte & Touche S.p.A. – with whom there was a regular exchange of information – stating that, in addition to the audit of the statutory and consolidated financial statements, limited audits of the half-year financial report, and agreed upon procedures for audit of the quarterly reports, Fiat had also engaged the firm to provide the following services:
  - agreed upon procedures for audit of Fiat Group consolidated financial statements at 31 December 2010, as restated for the purpose of consolidation by the parent company Exor – fees totaling €40,000;
  - review of pro forma data contained in the Information Document prepared pursuant to Article 71 of Legislative Decree 58/1998 – fees totaling €300,000;
  - non-recurring activities (analysis and review of accounting treatment) related to the acquisition of control and initial consolidation of Chrysler Group LLC and subsidiaries – fees totaling €270,000;
  - audit of expenditures for 2010 approved by the Joint Committee established by Fiat S.p.A. and Politecnico di Torino in relation to establishment of master's and diploma courses in Automotive Engineering – fees totaling €6,000;
  - attestation of tax forms ("Modello Unico", IRAP, tax consolidation and Form 770) – fees totaling €5,000;
  - analysis of tax-related matters by the firm Studio Tributario e Societario – fees totaling €20,000.

On 27 February 2012, Deloitte & Touche S.p.A. presented a report pursuant to Article 19 (3) of Legislative Decree 39/2010 in which it communicated that no fundamental issues had emerged during the audit process and no significant failings had been identified in the system of internal control over financial reporting.

On the basis of activities carried out, the Statutory Auditors found Fiat's Internal Control System to be adequate overall and noted that, in its role as committee for internal control and audit, no issues had arisen requiring communication to Shareholders.

The guidelines provided by Fiat S.p.A. to its subsidiaries pursuant to Article 114 (2) of Legislative Decree 58/1998 also appear to be adequate.

With reference to Article 36 of the Market Regulations issued by Consob, which relates to material subsidiaries incorporated in and subject to the laws of a non-EU member state, we report that at 31 December 2011 the companies to which that provision applies are included among those companies considered relevant for the purposes of Fiat's system of internal control over financial reporting, in relation to which no failings were reported.

The Board of Directors provided us with its report on operations for the first half of the year by the statutory deadline and published it in accordance with the Consob requirements. It also complied with the legal requirement for quarterly reports. With regard to Consob communications, for those matters under our responsibility, we confirm that:

- the information provided by Directors in the report on operations is comprehensive and complete;
- as required by Legislative Decree 58/1998, we have been informed on a constant basis on matters under our responsibility;
- no third party, related party or intercompany transactions which were atypical and/or unusual, as defined in the Consob Communication of 28 July 2006, emerged in the course of our periodic checks and audits;
- with regard to intercompany transactions, in the Notes to the Financial Statements the Board of Directors reports that there were numerous transactions involving the sale of goods and services between the Company and other Group companies and related parties, and confirms that they took place at standard market terms for the nature of goods and services concerned. We note that from 1 January 2011 the Company implemented the "Procedures for Transactions with Related Parties", pursuant to Consob Regulation 17221 of 12 March 2010 (as amended) and the Consob Communication of 24 September 2010, whose guidelines were adopted by the Board of Directors on 21 October 2010;
- no issues requiring mention arose from meetings conducted with the Statutory Auditors of the principal subsidiaries;

- we have reviewed and obtained information on the organizational and procedural measures implemented pursuant to and for the effects of Legislative Decree 231/2001, as amended, and on the liability of legal persons for the offenses addressed therein. No significant issues requiring mention arose from the report of the Compliance Program Supervisory Body on activities carried out during 2011 or meetings conducted between that Body and the Board of Statutory Auditors;
- no significant issues arose during meetings held with the Independent Auditors pursuant to Article 150 of Legislative Decree 58/1998;
- the report of the Independent Auditors, issued on 27 February 2012, contains no qualifications or emphasis paragraphs;
- in compliance with Article 149 (1)(c-bis) of Legislative Decree 58/98, we acknowledge the affirmation of the Directors in the Annual Report on Corporate Governance, as confirmed by the Board resolution of 22 February 2012, that:

  "Fiat Group adheres to the new Corporate Governance Code for Italian Listed Companies issued in December 2011, with the modifications related to the specific characteristics of the Group." The above is discussed in detail in the Annual Report on Corporate Governance prepared by the Board of Directors, which is available for your review.

The Board of Statutory Auditors, with the support of the Company's management, continued to monitor Fiat S.p.A.'s liquidity.

On 4 April 2011, a formal request was received from Consob for information on the additional reviews conducted by the Statutory Auditors, with the support of the Independent Auditors, on the quarterly results and the situation at 31 December 2010, in relation to which the findings were positive. The Statutory Auditors submitted the report to Consob on 11 April 2011.

The Board of Statutory Auditors has focused in particular on the most significant aspects of the Fiat–Chrysler agreement, reviewing, with the support of Fiat's legal department, the Master Transaction Agreement, which governs three types of agreement, all signed in 2009: i) agreements aimed at restoring Chrysler's long-term viability; ii) agreements on industrial cooperation between Chrysler and Fiat and iii) agreements on Chrysler's ownership structure and governance.

In particular, an analysis was undertaken of the procedures, terms and conditions for exercise of the various call options included in the agreements, with particular focus on the conditions of exercise for the Incremental Equity Call Option, which resulted in Fiat acquiring control of Chrysler.

In discussion with management and the Independent Auditors, the Statutory Auditors also examined the appropriate accounting treatment in the consolidated financial statements for the controlling interest in Chrysler based on the requirements of IFRS 3.

The Statutory Auditors were provided summary financial statements for Chrysler Group LLC for 2009 and 2010.

The Statutory Auditors were also informed of the new organization of Fiat Group, following the demerger and acquisition of control of Chrysler, in which Fiat has adopted a more operational role and become a focused car company. On 1 September 2011, a new Group Executive Council (GEC) was established that reflects the organizational changes, including the addition of Chrysler executives to ensure a more rapid and efficient integration between the two groups.

Lastly, the Board of Statutory Auditors was given general information on the activities undertaken by Chrysler to obtain SOX §404 certification starting in 2012.

On 27 October 2011, the Board of Directors announced its intention to submit a proposal for the conversion of Fiat S.p.A. preference and savings shares into ordinary shares for your approval at the extraordinary session of the General Meeting. The objective of the conversion is to simplify the Company's capital and governance structure. We confirm that we were duly informed of the technical aspects of the transaction that you will be asked to approve. The proposal will also be submitted to holders of savings and preference shares for approval at their respective special meetings.

Lastly, the Board of Statutory Auditors is submitting a proposal for additional fees for the independent auditors, Reconta Ernst & Young, for the 2012 financial year – in relation to review of the Chrysler consolidated financial statements necessary for attestation of the Fiat Group consolidated financial statements – and for the period 2013-2020, following acquisition of a controlling interest in Chrysler and consequent consolidation of Chrysler by Fiat. Details of the proposal are provided in a separate document.

On 21 February 2012, the Chairman of the Board of Statutory Auditors received the following complaint by e-mail from the shareholder Marco Bava, citing Article 2408 of the Civil Code:

“I hereby wish to register a complaint, pursuant to Article 2408 of the Civil Code, concerning non-compliance with Article 114 of Legislative Decree 58/98 as, to date, Fiat S.p.A.’s corporate calendar has provided no indication of the date of the next annual general meeting. I hereby ask that you publish this information as soon as possible, correcting a gross negligence that has been ignored by the media and Consob, and that you follow the proper legal procedures with regard to this complaint.”

The Board of Statutory Auditors is of the opinion that the reported event does not fall within the scope of Article 2408 of the Civil Code and, in any event, reserves the right to address this matter at the forthcoming general meeting.

In conclusion, we note that during the year, the Company verified the effective independence of the independent directors, and we confirm that the principles and procedures for verification were fairly applied in accordance with Article 3.c.5 of the Corporate Governance Code. We also confirmed our own continued independence as required under Article 8.c.1 of the Corporate Governance Code.

Based on the audits we performed in the areas under our responsibility, pursuant to Article 149 of Legislative Decree 58/1998, and in consideration of the information received from the Independent Auditors, we have verified that the statutory financial statements for the year ended 31 December 2011, which report net profit of €99,165,620, have been prepared and are presented in accordance with the applicable provisions of law.

In particular, we verified that none of the exemptions permitted under Article 2423 (4) of the Civil Code were exercised.

As part of the oversight activities described above, the Board of Statutory Auditors met 14 times, in addition to being present at the 6 meetings of the Board of Directors and the 9 meetings of the Internal Control Committee.

On the basis of the control and oversight activities carried out during the year, we find nothing that would prevent approval of the statutory financial statements for the year ended 31 December 2011 or the motions put forward by the Board of Directors.

Turin, 28 February 2012

The Statutory Auditors

Riccardo Perotta	/s/ Riccardo Perotta
Giuseppe Camosci	/s/ Giuseppe Camosci
Piero Locatelli	/s/ Piero Locatelli

Motions for AGM

1) Motion for Approval of the Statutory Financial Statements and Allocation of 2011 Profit

Shareholders,

We hereby submit the Statutory Financial Statements for the year ended 31 December 2011 for your approval. In order to strengthen the Group's capital and maintain a high level of liquidity, we propose that, consistent with the requirements of law and the By-laws, the profit for the year of €99,165,620 be allocated as follows:

- to the Legal Reserve, €4,958,281
- to each preference share, a dividend of €0.217, totaling approximately €22.4 million
- to each savings share, a dividend of €0.217, totaling approximately €17.3 million
- to Retained Profit, the remaining amount totaling approximately €54.5 million

Payment of the dividend on preference and savings shares will be from 26 April 2012, with detachment of the coupon on 23 April. The dividend will be payable on shares outstanding at the coupon detachment date.

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

2) Election of the Boards of Directors and Statutory Auditors

a) Determination of number of members of the Board of Directors and compensation

Shareholders,

The term of office of the Board of Directors, elected on 27 March 2009, expires at the General Meeting called for approval of the 2011 financial statements.

You are therefore called upon to:

- determine the size of the Board, which pursuant to Article 11 of the By-laws may consist of a minimum of nine and a maximum of fifteen members
- set the amount of compensation payable to Directors or the manner in which such compensation is to be determined
- elect directors for a new term of office, taking into account that, pursuant to the By-laws, no individual who is 75 years of age or older may be elected

Following the demerger of the capital goods businesses and their transfer to Fiat Industrial S.p.A., the Group is now focused on the automobile and automobile-related components businesses and, consequently, the industrial, financial and competitive dynamics of those activities.

The size of the Company and the Group, the complexity and specific characteristics of the sectors in which it operates and the geographic spread of its businesses require that the Board's members have a broad and varied mix of knowledge, experience and cultures, both generalist and specific, acquired in an international setting and relevant to an understanding of the economy and global markets, more generally, and the industrial and financial sectors, more specifically. An appropriate combination of skills and professional background is fundamental to the proper functioning of the Board.

In determining the number of members of the new Board of Directors, we therefore recommend that you consider the Company's increased focus on the automobiles business, as well as the benefits of gender diversity within the Board.

A proper balance also needs to be maintained between executive directors, with representative and executive powers, and non-executive directors, to ensure that no individual or group of individuals is able to exercise a dominating influence in the Board's decision-making process.

The presence of independent directors is also essential to protection of the interests of shareholders and third parties. The contribution of directors with these characteristics is also necessary for the proper composition and functioning of the Board's Committees, whose role is to propose and advise in relation to, among other things, preliminary examination and formulation of proposals that relate to areas of potential risk, including prevention of potential conflicts of interest.

As it is significantly in the Company's interests to maintain a high level of guarantees and protection, we propose that the Board be composed of an appropriate number of independent directors.

We are therefore proposing that the total number of directors be set at 9 – a smaller number than the previous Board, which we consider appropriate in view of the increased focus on the automobiles business, that will enable the Board to function even more effectively, while at the same time ensuring adequate diversity of membership for Board committees. In addition to the two independent directors required by law and in consideration of the recommendation of the Corporate Governance Code that at least one-third of directors be independent, we also propose election of a minimum of 3 additional directors possessing the characteristics of independence, pursuant to the evaluation criteria adopted on previous occasions.

Those criteria, provided below, relate to the absence or substantial non-relevance, within the past three years, of any economic or shareholding relationship with the Company, its executive directors or executives with strategic responsibilities, its controlling companies or subsidiaries, or family relationships with the executive directors of those companies. In addition, no individual may be considered independent if, within the past three years, he has been a partner or director of a major competitor – that is, a company which in terms of products and key markets competes with the Group – a rating agency or audit firm engaged by the Company or other companies in the Group or an executive director of a company outside the Group for which any of Fiat S.p.A.'s directors serve as non-executive directors.

We are also proposing that the new term of office be for a period of three years, expiring on the date of the General Meeting called for approval of the 2014 financial statements, and that the annual fee for each director be set at €50,000. In addition, the Board proposes that directors not be subject to the restrictions of Article 2390 of the Civil Code.

The Directors will therefore remain in office for a period of three financial years and, in any event, until the date of the General Meeting called for approval of the 2014 financial statements.

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

Criteria for qualification as independent director

The Board of Directors of Fiat S.p.A. shall, to the extent within its power, ensure that the majority of directors are independent, inasmuch as they:

a) do not directly, indirectly or on behalf of third parties, nor have they within the past three years, maintained an economic or shareholding relationship or relationship of any other nature with the individuals or entities listed below:

- the Company, its subsidiaries and associates, or companies subject to control by the same entity as the Company;
- any individual or entity which, including jointly with others, controls the Company, is a member of a shareholder agreement for the control of the Company or exercises significant influence over it;
- executive directors or executives with strategic responsibilities for those entities;

b) are not, or have not been within the past three years, executive directors or executives with strategic responsibilities for the entities described in point a);

c) have not been directors of the Company for more than nine years, including non-successive terms of office;

d) are not executive directors of companies outside the Group where one or more executive directors of the Company are non-executive directors;

e) have not, within the past three years, been partners or directors of one of the Company's major competitors;

f) have not been, within the past three years, partners or directors of a rating agency which is currently, or has been within the past three years, responsible for assigning a rating to the Company, a subsidiary of the Company or a company which, including jointly with others, controls the Company;

g) are not, or have not been within the past three years, partners or directors or members of an audit team – or of an entity forming part of its network – which has been engaged within the past three years to perform audits of the Company, its subsidiaries, companies subject to control by the same entity or any company which, including jointly with others, exercises control or significant influence over it;

h) are not members of the immediate family and do not cohabit with individuals who would be ineligible under the preceding points.

Independent directors – upon election and subsequently whenever a circumstance presents itself which could potentially alter a director's independence and, in any event, at least annually – shall report any relevant relationship, either new or pre-existing, as defined in letters a, b, c, d, e, f, g and h above to the Board of Directors in writing.

The independence of directors is evaluated by the Board of Directors at its regular meetings, taking account of the information provided by the individual directors concerned as to their satisfaction of the requirements and any modifications to such information. Where, during the course of such evaluation, the Board identifies the existence of a relationship included in point a), it may express a favorable view only where such relationship can be considered immaterial given its exact nature or amount. Where an evaluation reveals changes to the circumstances previously disclosed, the Board of Directors must communicate such changes to the market.

For the purposes of determining independence, the Board also considers indirect economic or shareholding relationships and, therefore, those existing between: on one side, the director, his family members, a professional practice of which he is a partner, companies directly or indirectly controlled by the director or his family members, companies of which those individuals are indirectly directors or employees and, on the other side, the Company, its subsidiaries and associates or companies subject to control by the same entity as the Company, shareholders which, directly or indirectly, control or exercise significant influence over the Company, individuals or entities referred to in point g) above, executive directors or executives with strategic responsibilities at any of the aforementioned entities.

The Annual Report on Corporate Governance provides details of the number and names of the Company's independent directors.

b) Election of the Board of Directors

Shareholders are reminded that election of the Board of Directors, pursuant to law and the By-laws, is based on a voting list system designed to ensure the presence of a member elected by minority shareholders on the Board. Candidates must be listed in numerical order and satisfy the requirements of integrity established by law. The candidate who is indicated at number one on the list must also satisfy the legal requirements for independence, in addition to those set out in the Corporate Governance Code adhered to by the Company.

Finally, procedures for election of the Board of Directors are established by law and, where applicable, by the additional requirements of Article 11 of Fiat S.p.A.'s By-laws.

Specifically, lists of candidates must be submitted to the Company at its registered office, together with additional documentation required, at least 25 days prior to the date of the General Meeting and may only be presented by shareholders who, individually or jointly with others, own at least 1% of ordinary shares. Certification of that percentage must, if not presented at the time the lists are filed, be provided at least 21 days prior to the date of the meeting.

No individual shareholder, or shareholders connected by a relationship of control or significant influence as defined in the Civil Code, may present or vote, even by means of an intermediary or a trustee company, more than one list of candidates and any list which, in the General Meeting, receives votes representing less than 0.5% of ordinary shares shall be excluded from consideration.

Candidates must meet the requirements established by law and the By-laws and any candidate present on more than one list shall be considered ineligible.

The lists, together with required accompanying documentation, will be made publicly available at the Company's registered office, on the Company website and at Borsa Italiana at least 21 days prior to the date of the General Meeting.

You are asked to vote on one of the lists submitted and published in accordance with law and the By-laws.

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

c) Election of the Statutory Auditors

Shareholders,

The term of office of the current Board of Statutory Auditors will expire on the date of the General Meeting called for approval of the 2011 financial statements.

You are therefore called upon to elect new members to the Board which is to consist of three regular members and three alternate members. Election of the Board of Statutory Auditors, pursuant to law and the By-laws, is based on a system of lists in which candidates, whose number may not exceed the number of statutory auditors to be appointed, are listed in numerical order.

Minority shareholders have the right to elect one regular member, who shall also serve as Chairman of the Board of Statutory Auditors, and one alternate member.

You are reminded that all of the statutory auditors must satisfy the legal and regulatory requirements of integrity, professionalism and independence and comply with the legal limit for the number of concurrent offices held. Additionally, pursuant to the By-laws, they must be entered in the Register of Auditors and possess at least three years of experience as an auditor.

Procedures for election are established by law and, as necessary, by the additional requirements of Article 17 of Fiat S.p.A.'s By-laws. Specifically, lists of candidates must be submitted to the Company at its registered office, together with the additional documentation required, at least 25 days prior to the date of the General Meeting and may only be presented by shareholders who, individually or jointly with others, own at least 1% of ordinary shares. Certification of that percentage must, if not presented at the time the lists are filed, be provided at least 21 days prior to the date of the meeting.

No individual shareholder or shareholders belonging to the same group or who are parties to a shareholder agreement in relation to the Company's shares, may present or vote, even by means of an intermediary or a trustee company, more than one list. In the event that 25 days prior to the meeting only one list has been submitted, or if the only lists presented are those presented by shareholders who are related, as defined by law, additional lists may then be presented up to the third day after that date and the percentage ownership required shall reduce from 1% to 0.5% of ordinary shares. The lists, together with required accompanying documentation, will be made publicly available at the Company's registered office, on the Company's website and at Borsa Italiana at least 21 days prior to the date of the General Meeting.

The Statutory Auditors will remain in office for a period of three years and, in any event, until the date of the General Meeting called for approval of the 2014 financial statements.

We invite you to vote on one of the lists submitted and published in accordance with the law and the By-laws.

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

d) Determination of compensation for the Statutory Auditors

Shareholders,

You are responsible for determining the annual compensation of the Chairman of the Board of Statutory Auditors and the Regular Auditors.

Accordingly, we propose that, in accordance with Article 22 of Ministerial Decree 169/2010, compensation be set at an annual amount of €100,000 for the Chairman and €65,000 for the other Regular Auditors.

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

3) Audit Engagement: revision of fees

Shareholders,

As a result of the acquisition of a controlling interest in Chrysler Group LLC during 2011 and the consequent inclusion of Chrysler in the audit plan for Fiat Group's consolidated financial statements, and in consideration of the fact that, for 2012, the Chrysler consolidated financial statements will be audited by Deloitte & Touche, the Board of Directors hereby submits for your approval the proposal of the Statutory Auditors (presented below) to increase fees for Reconta Ernst & Young S.p.A., the Company's independent auditors for the nine-year period 1 January 2012 – 31 December 2020. Although the original engagement agreement includes mechanisms for the revision of fees, due to the considerable increase in the scope of operations and the volume of additional audit work required and the size of the consequent fee increase, the Board deemed it appropriate to submit the proposed increase to Shareholders for approval.

"Proposal of the Board of Statutory Auditors of Fiat S.p.A. for increase in fees for Reconta Ernst & Young S.p.A. (EY)

Shareholders,

On 30 March 2011, you voted to appoint Reconta Ernst & Young S.p.A. (EY) as independent auditors of Fiat S.p.A.'s statutory and consolidated financial statements for the nine-year period 1 January 2012 – 31 December 2020.

During 2011, Fiat acquired control of Chrysler, which was consolidated on a line-by-line basis by Fiat Group from 1 June 2011 and, in terms of both revenues and assets, is considered a material subsidiary.

Although Chrysler's Audit Committee has appointed Deloitte & Touche (DT) as independent auditors for the 2012 financial year, EY, as independent auditors for Fiat Group, must in any event assume full responsibility for the audit of Fiat Group's consolidated financial statements for the year ended 31 December 2012, pursuant to Italian law (Article 14 of Legislative Decree 39/2010 and Article 165 of Legislative Decree 58/1998) and international auditing standards (ISA 600).

As a result, it has become necessary to consider an increase in EY's fees, with respect to its existing mandate, to take into account the change in scope of the Group's activities, as well as the additional audit activities necessary for EY to acquire "sufficient appropriate audit evidence" with regard to Chrysler's consolidated financial statements to issue an audit opinion for the Fiat Group consolidated financial statements.

In formulating our proposal, we reviewed documents prepared by EY following the increase in the scope of audit activities requested by Fiat S.p.A. Those documents address specific audit procedures for 2012 – necessary for issue of an auditor report on the Fiat Group consolidated financial statements and entailing a review of the Chrysler consolidated financial statements, the annual and interim reporting packages, as well as the annual SOX internal control attestation – and additional audit work for the period 2013-2020.

For both areas of additional activity, EY provided details on the mix of professional staff, proposed fees, and criteria for determining any fee adjustments during the mandate.

In addition, the Statutory Auditors also took into consideration a benchmark analysis of audit fees for the automotive sector in the U.S. along with a sensitivity analysis for Chrysler.

Finally, EY provided a schedule of the proposed increase in fees for 2012 and for the period 2013-2020, which is as follows: USD 4,000,000 (€3,053,000) for 2012, USD 9,700,000 (€7,405,000) per year for the period 2013-2014, USD 9,200,000 (€7,023,000) per year for the period 2015-2016, and USD 8,900,000 (€6,794,000) per year for the period 2017-2020.

We note that the audit fees proposed for the period 2013-2020 are lower than the average resulting from the benchmark analysis.

On the basis of the above, the Board of Statutory Auditors recommends that you approve the proposed increase in fees for Reconta Ernst & Young S.p.A.

The Statutory Auditors"

Shareholders,

We propose that you approve the motion for an increase in fees for Reconta Ernst & Young S.p.A., as proposed by the Board of Statutory Auditors.

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

4) Compensation and own shares

a) Compensation policy pursuant to Article 123-*ter* of the Legislative Decree 58/98

Shareholders,

Pursuant to Article 123-*ter* of Legislative Decree 58/98, you are hereby asked to give your non-binding vote on the compensation policy adopted by the Company for members of the Board of Directors and executives with strategic responsibilities, in addition to the procedures for adoption and implementation.

Following are the Definitions and Section I of the Compensation Report - prepared in accordance with Annex 3A, Forms 7-*bis* and 7 *ter*, of the CONSOB Regulation no. 11971 of May 14, 1999 - that was published in accordance with legal requirements and is available on the corporate website (www.fiatspa.com).

“Definitions

Annual Total Direct Compensation	means the sum of: *(i)* the gross annual fixed component of the compensation, *(ii)* the annual variable component that is based on the achievement of given target objectives, and *(iii)* the annualized value of the medium-long term element of the variable component that is based on the achievement of medium-long term target-based objectives and/or long term commitment to the Company
Board of Directors	means the board of directors of the Company
Board of Statutory Auditors	means the board of statutory auditors of the Company
CEO	means the Chief Executive Officer of the Company, namely Mr. Sergio Marchionne
Chief Human Resources Officer	means the Chief Human Resources Officer of the Group
Company	means Fiat S.p.A.
Compensation Committee	means the Compensation Committee, entirely composed of independent directors, namely, as of the date of this Compensation Report: Mr. R. Berger (as Chairman), Mr. L. Garavoglia and Mr. M. Zibetti
Compensation Policy	means the compensation policy described in Section 1 of this Compensation Report
Compensation Report	means this compensation report prepared in accordance with article 123-*ter* of the Financial Act and Annex 3A, Forms 7-*bis* and 7-*ter*, of the Issuers’ Regulation
Corporate Governance Code	means the Corporate Governance Code for Italian Listed Companies, to which the Company adheres
EU Recommendations	means the EU Recommendation 2004/913 and EU Recommendation 2009/385
Executive Directors	means the directors granted by the Board of Directors with a special office and duties and namely Mr. John Elkann and Mr. Sergio Marchionne
Executives with Strategic Responsibilities	means the members of the Group Executive Council and other key corporate executives reporting to the CEO
Financial Act	means the Legislative Decree no. 58 of February 24, 1998
Group	means the Company together with its subsidiaries
Group Executive Council	means the decision-making body which supports the CEO of the Company. The Group Executive Council is responsible for reviewing the operating performance of the businesses, setting performance targets, making key strategic and investment decisions for the Group and sharing best practice, including the development and deployment of managerial resources

Issuers' Regulation	means the CONSOB Regulation no. 11971 of May 14, 1999
LTI	means the LTI Plan proposed and described in the Report to the Shareholders issued by the Company pursuant to Article 114*bis* of the Financial Act
Performance and Leadership Bonus Plan	means the Group's annual short term incentive plan that is linked to both the achievement of key financial metrics of operating performance of the Group and individual performance and leadership contribution
Related Parties Regulation	means the CONSOB Regulation no. 17221 of March 10, 2010

Section I

Section 1 of this Compensation Report is aimed to outline and describe: *(i)* the policy of the Company with respect to the compensation of members of the Board of Directors, members of the Board of Statutory Auditors and Executives with Strategic Responsibilities that the Company intends to adopt and *(ii)* the procedures followed in relation to the adoption and implementation of said policy (the "**Compensation Policy**").

The Compensation Policy conforms to the recommendations of the Corporate Governance Code. In particular, the Compensation Policy incorporates the recommendations contained in Article 6 of the Corporate Governance Code relating to compensation for members of the Board of Directors and Executives with Strategic Responsibilities.

The Compensation Policy also fulfils the requirements of the Procedures for Transactions with Related Parties adopted by the Group on November 17, 2010.

In accordance with the Corporate Governance Code, article 123-*ter* of the Financial Act and EU Recommendations, this Compensation Policy, which illustrates the policies and practices followed by the Company, was prepared for submission to the shareholders' meeting called to resolve also upon the 2011 financial statement.

A. Drafting, approval and implementation of the Compensation Policy

This Compensation Policy, to be submitted to the approval of the shareholders' meeting called to approve the 2011 financial statements, was adopted by the Board of Directors on February 22, 2012.

In addition to the Board of Directors, also the following corporate bodies and persons were involved in the drafting and approval of this Compensation Policy: the Compensation Committee, that on February 22, 2012 prepared and approved the guidelines and principles of this Compensation Policy to be submitted to the Board of Directors.

The corporate bodies and persons responsible for the correct implementation of the Compensation Policy are the Compensation Committee, that shall monitor the application of the Compensation Policy with regard to Executive Directors and Executives with Strategic Responsibilities, having being advised by the Chief Human Resources Officer, that shall submit compensation updates and provide the Compensation Committee – on an yearly basis – with a report relating to the application of the Compensation Policy in the previous financial year and the proposed changes for the upcoming financial year.

The table below summarizes the main roles and responsibilities for setting and governing compensation for participants covered under the Company's Compensation Policy:

Participants covered	Who proposes / recommends	Who advises	Who approves	Shareholders' advisory voting rights ("Say on Pay")
Non - Executive Directors	Compensation Committee	Chief Human Resources Officer	Shareholders	Not applicable
Executive Directors	Compensation Committee	Chief Human Resources Officer	Directors, absent the Executive Directors	Yes
Executives with Strategic Responsibilities	Chief Human Resources Officer	Compensation Committee Internal and external Executive Compensation experts	CEO	Yes

B. Role of the Compensation Committee

B.1 Composition of the Compensation Committee

In 1999, the Board of Directors established the Nominating and Compensation Committee. The roles and requirements of such committee are constantly updated to reflect current best practice in corporate governance. On 24 July 2007, as part of the continuous review of the system of corporate governance and to better align itself with best international practice as well as the recommendations of the Corporate Governance Code, the Board passed a resolution to split the Nominating and Compensation Committee into the Compensation Committee and the Nominating and Corporate Governance Committee. In implementation of the most recent recommendations of the Corporate Governance Code, on 22 February 2012 the Board of Directors approved a revised charter of the Compensation Committee, which better details its activities.

The Chief Human Resources Officer attends the Compensation Committee's meetings; the chairman may invite other individuals to attend the meetings whenever their presence may help the Compensation Committee to perform its functions. The Compensation Committee may rely on the support of external advisors at the Company's expense.

As of the date of this Compensation Policy, the members of the Compensation Committee are: Mr. R. Berger (as Chairman), Mr. L. Garavoglia and Mr. M. Zibetti, all non-Executive Directors and independent pursuant to article 148 of the Financial Act and article 3 of the Corporate Governance Code. All the members of the Compensation Committee have an adequate knowledge and experience in compensation and financial matters.

The Charter of the Compensation Committee is available on the Company's website: www.fiatspa.com.

B.2 Role of the compensation committee

On the basis of this Charter, as amended on February 22, 2012, the Compensation Committee is entrusted with the following duties:

(a) presenting proposals to the Board in relation to compensation policies for directors and executives with strategic responsibilities;

(b) presenting proposals to the Board in relation to individual compensation plans for the Chairman, Chief Executive Officer and other directors with specific responsibilities, as well as in relation to the establishment of performance targets for their variable compensation and, on an annual basis, verifying the level of achievement

(c) examining proposals from the Chief Executive Officer concerning compensation and performance evaluations for executives with strategic responsibilities

(d) periodically evaluating the adequacy, overall coherence and concrete application of compensation policies for directors and, on the basis of information provided by the Chief Executive Officer, for executives with strategic responsibilities

(e) carrying out the functions of the committee for transactions with related parties, where related to compensation

(f) examining specific issues relating to compensation when requested by the Board and providing recommendations.

With the adoption of the Procedures for Transactions with Related Parties – pursuant to the Related Parties Regulation – the Compensation Committee was assigned, exclusively with regard to matters related to compensation, responsibility for transactions with related parties. Accordingly, the Compensation Committee is required to give an opinion on the substantial and procedural fairness of compensation-related transactions with related parties that are of particular significance, as defined in those procedures.

B.3 Activities carried out by the Compensation Committee in relation to the Compensation Policy

As anticipated under Paragraph (A) above, the guidelines and principles of this Compensation Policy were prepared and approved by the Compensation Committee on February 22, 2012.

The Compensation Committee held one preliminary meeting to be advised by the Chief Human Resources Officer and the general counsel on the main items composing this Compensation Report, and in the subsequent meeting examined and recommended for approval to the Board of Directors this Compensation Report.

C. Role of the independent expert (if any)

No independent expert was involved in the drafting of this Compensation Policy.

D. Objectives and Principles of the Compensation Policy

D.1 Objectives

The objective of the Compensation Policy is to ensure that the Group is adequately competitive, in each of the business sectors and geographic areas in which it operates, to be able to attract, develop and retain highly qualified executives with strong leadership through periodically established targets that are based on objective as well as generally applicable criteria.

In addition, the Compensation Policy seeks to incentivize individuals in key positions toward the achievement of Company and Group performance targets, maintaining the interests of management continuously aligned to those of shareholders.

D.2 Principles

The principles and criteria applied in setting compensation for executive members of the Board of Directors, and Executives with Strategic Responsibilities are intended to ensure the Group has the ability to attract, retain and motivate individuals who have the professional skills and experience to achieve the best results in their respective areas of responsibility and take account of the impact of their role on the achievement of the Group's financial and strategic objectives. With that intent, the Compensation Policy is defined to align the interests of the Company's management with those of the Company's shareholders through the creation of a strong link between rewards and Company and/or individual performance.

In general, the fixed compensation component adequately compensates individuals for services performed even if the variable components, where established, are not received as a result of the performance targets set by the Board of Directors not being met. This is considered fundamental in discouraging behaviour that is oriented exclusively to short-term results and inconsistent with the target level of risk established by the Group.

Executive Directors and Executives with Strategic Responsibilities may also be eligible to receive variable compensation, either immediate or deferred, subject to the achievement of pre-established economic and financial performance targets.

In particular, variable compensation that is paid immediately is intended to incentivize individuals toward the achievement of the targets established in the annual budget and to reward the level of achievement or over-achievement of those targets.

Where used, deferred components of variable compensation, which are share-based, are designed to incentivize achievement of the targets referred to above, through an annual vesting mechanism, as well as enhancing medium to long-term retention and alignment with shareholder interests, objectives typical of such instruments.

D.3 Changes to the previous Compensation Policy

The compensation policy described in this Report does not materially modify the practices applied in 2011, with the exception of the LTI Plan.

E. Fixed and variable Components of the Compensation

E.1 Members of the Board of Directors

With reference to the policies relating to fixed and variable components of the compensation, the Company distinguishes between Executive and non-Executive Directors.

With regard to non-Executive Directors with no specific additional responsibilities (including independent directors), the compensation consists of a fixed fee set by shareholders. In addition, non-Executive Directors are also refunded for expenses incurred in for the exercise of their office.

In accordance with EU Recommendations and article 6 of the Corporate Governance Code, non-Executive Directors are not eligible for any form of compensation tied to the achievement of financial targets or participation in any share-based compensation scheme of the Company.

As per Group policy, which reflected the common practice of the Italian market, the non-Executive Directors are not granted with any variable compensation.

With reference to Executive Directors, in addition to the compensation set by shareholders, they are granted individual compensation plans. In particular, at the time of their appointment or thereafter, the Compensation Committee proposes to the Board of Directors the remuneration package for Executive Directors or for directors holding special offices. On the basis of the above, the Board of Directors establishes – pursuant to article 2389, third paragraph, of the Italian Civil Code upon proposal of the Compensation Committee and following consultation with the Board of Statutory Auditors – fixed compensation for the Chairman and the CEO, and, in the case of Directors holding special offices in subsidiaries, approves the proposal to be submitted to the board of directors of the relevant subsidiary.

The model of delegation adopted by the Board, contemplates broad operating powers to the Chairman and the Chief Executive Officer by which they are authorized, separately and individually, to perform all ordinary and extraordinary acts that are consistent with the Company's purpose and not reserved by law for, or otherwise delegated or assumed by, the Board of Directors itself. In practice, the Chairman has the role of coordination and strategic direction for the activities of the Board of Directors, while the Chief Executive Officer is responsible for the operational management of the Group.

Consistent with the above, the individual compensation plan applicable to the Chairman does not contemplate a variable compensation, while the CEO is also granted with variable compensation, both monetary and equity based.

As a general principle, the remuneration package of the CEO consists, *inter alia*, of the following elements: *(i)* a gross annual fixed component; *(ii)* an annual variable cash component that is based on the achievement of pre-set business objectives; *(iii)* a medium-long term, variable equity component.

With regard to Directors holding special offices (such as Mr. Montezemolo, Chairman of Ferrari S.p.A.) the individual compensation plan contemplates *(i)* a gross annual fixed component; *(ii)* an annual variable cash component that is based on the achievement of pre-set business objectives.

In addition, upon proposal of the Compensation Committee, the Board of Directors retains authority to grant bonuses for specific transactions that are deemed exceptional in terms of strategic importance and effects on the results of the Company and/or the Group as well as to consider special circumstances in resolving on the variable component of the remuneration. The Compensation Committee and the Board of Directors evaluate and approve in advance, respectively, any further remuneration elements awarded to Directors for any other special offices granted thereto within the Boards of Directors of the Company's subsidiaries.

Payment of short-term variable compensation is subject to the level of achievement of specific Group performance targets established annually by the Board of Directors, based on the proposal of the Compensation Committee, that are concretely measurable and consistent with the targets provided for in the budget. The variable component is subject to a maximum established with reference to gross annual fixed compensation. The Compensation Committee verifies – on a yearly basis – the Group's performance achievement of the performance objectives established for the previous year and makes its consequent recommendation to the Board of Directors. On such basis, the Board of Directors, after consultation with the Board of the Statutory Auditors, resolves on the variable compensation of Executive Directors.

With regard to the weight of fixed and variable components of the compensation package, it should be noted that, on the basis of an international benchmarking, the individual compensation plan of the CEO is set on the basis of the following indicative criteria:

(a) the fixed component generally represents no more than 25-35% of the targeted Annual Total Direct Compensation;

(b) the annual incentive is determined as a percentage of the fixed salary (inclusive of remuneration received for other offices in other Group companies) depending on the level of achievement or over achievement of pre-set targets and represents generally not less than 100% of the fixed component in case of achievement of the targets. In any case, the maximum incentive cannot be 2.5 times greater than the gross annual fixed component;

(c) the medium/long term, variable, target-based annualized component generally represents at least 60% to 70% of the total variable component (targeted annual performance bonus and annualized value of LTI awards) of the targeted Annual Total Direct Compensation. Special retention awards of equity may make the annualized component even greater.

The current individual compensation plan of Executive Directors holding special offices does not contemplate the equity based component of the remuneration.

In addition in the past the Company granted to the CEO and certain Executives with Strategic Responsibilities stock options in accordance with the terms of certain share-based incentive plans approved between 2004 and 2010, which in certain cases allow shares to be purchased at a predetermined price (stock options) and in other cases provide for the granting of Fiat ordinary shares (stock grants). Details concerning such plans are available at the Company's website.

With regard to allowances in the event of resignation or termination as well as health and welfare benefits, including supplementary pension benefits, please refer to Paragraphs L and M below, respectively.

E.2 Statutory Auditors

Members of the Board of Statutory Auditors receive a fixed compensation, as established by Shareholders. They are also entitled to reimbursement for any expenses occurred in relation to exercise of their office.

E.3 Executives with Strategic Responsibilites

The same principles and criteria described above are applied to compensation for Executives with Strategic Responsibilities for the purpose of attracting, incentivizing and retaining highly-qualified personnel through compensation packages that are competitive with the market and recognize key attributes such as merit, demonstrated leadership and the impact of an individual's role on the achievement of Group financial targets.

The standard compensation structure for Executives with Strategic Responsibilities provides a fixed component as well as short and long-term variable components. As stated above, the fixed compensation component adequately compensates individuals for services performed even if the variable components are not received as a result of performance targets not being met.

The short-term variable component is subject to the achievement of financial targets established in the annual budget and the amount determined in relation to the level of achievement or over-achievement of those targets, up to a maximum established in relation to the fixed component.

Subject to the Shareholders' approval of the LTI Plan, the long-term variable component consists of share-based incentive plans that link an appropriate portion of the variable component to the achievement of pre-established performance targets, that are concretely measurable and correlated to value creation for shareholders over the medium to long term. Payment of this compensation is deferred through the cliff vesting mechanism following the achievement of the established targets and satisfaction of the conditions for continued service. Another component is the Retention LTI, which is linked to the beneficiary's continuing professional relationship with the Group.

For more information on the LTI Plan, please refer to the *ad hoc* Resolution published pursuant to Article 114*bis* of the Financial Act.

As a general principle, the remuneration package of Executives with Strategic Responsibilities consists, *inter alia*, of the following elements: *(i)* a gross annual fixed component; *(ii)* an annual variable cash component that is based on the achievement of pre-set business objectives; *(iii)* a medium-long term equity based variable component (which includes stock options mentioned in Paragraph E.1 above and will include, subject to shareholders approval, the so-called LTI).

With regard to allowances in the event of resignation or termination as well as health and welfare benefits, including supplementary pension benefits, please refer to Paragraphs L and M below, respectively.

In addition, the CEO may grant discretionary bonuses to these managers for specific transactions that are deemed exceptional in terms of strategic importance and effects on the results of the Company and/or the Group.

When setting the compensation of Executives with Strategic Responsibilities, the CEO, on the basis of international benchmarking, considers the following indicative criteria:

(a) the fixed component generally represents no more than 50% of the targeted Annual Total Direct Compensation;

(b) the annual targeted incentive for Executives with Strategic Responsibilities represents not less than 40% of their fixed gross annual salary;

(c) the medium/long term, variable, target-based annualized component (Long Term Incentive Plans) generally represents at least 50% of the total variable component of the target-based Annual Total Direct Compensation.

F. Non-monetary benefits

Executive Directors with specific functions may be granted health and welfare benefits, private use of transport means and discounts on the purchase of Group's products. For security reasons, Executive Directors must travel with means of transport owned, leased or procured by the Group. For the same reasons, the Group may also bear part of the costs related to personnel dedicated to the personal security of the Executive Directors. Executives with Strategic Responsibilities may be assigned with health and welfare benefits and company cars. Other benefits may be granted in particular circumstances.

G. Targets for the assignment of variable Compensation

The standard compensation structure for Executive Directors and Executives with Strategic Responsibilities provides a fixed component as well as short and, subject to the approval of the LTI Plan, long-term variable components.

The short-term variable component is subject to the achievement of financial targets established in the annual budget and the amount determined in relation to the level of achievement or over-achievement of those targets, up to a maximum established in relation to the fixed component.

With regard to the annual Performance and Leadership Bonus Plan, the relative metrics are set on the basis of annual budget. The short-term variable component of Executive Directors' compensation is determined on consolidated Group results, whereas, for Executives with Strategic Responsibilities, metrics are established on consolidated Group results and/or on each Executive's area of direct responsibility.

The Compensation Committee and Board of Directors will review any unusual items that occurred in the performance year to determine the appropriate overall measurement of achievement.

In any event the choice of metrics provides a natural balance in order to prevent short term oriented decisions not consistent with the level of risk deemed acceptable by the Group.

Subject to the approval of the LTI Plan, the long-term variable component consists of a share-based incentive plan that links an appropriate portion of the variable component to the achievement of pre-established performance targets, that are concretely measurable and correlated to value creation for shareholders over the medium to long term. Please refer to Paragraph E above and to the Report published pursuant Article 114bis of the Financial Act.

H. Targets for the assignment of share-based incentive schemes

The LTI share-based Plan is envisaged for individuals at Group companies whose activities and leadership have a significant impact on the Group. This plan intends to incentivize individuals in key positions, including Executives with Strategic Responsibilities, toward the achievement of Company and Group performance targets through the alignment of medium to long-term incentives to value creation for shareholders.

The part of the LTI Plan linked to the performance of the Group is directly linked with the achievement of pre-established financial performance objectives for the performance period starting on January 1, 2012 and ending on December 31, 2014. For further information please refer to the Report published pursuant Article 114bis of the Financial Act.

The Board's proposal to the shareholder regarding the LTI Plan is publicly available on the Company's website: www.fiatspa.com.

I. Consistency with the long-term interests of the Company and the Risk Management Policy

The long-term interests of the Company and the risk management policy of the Group are integral part of the Group's Internal Control System. The Compensation Policy has been prepared in full consistency with the Internal Control System of the Group. Please also refer to Paragraph D above.

J. Vesting periods and deferral payment systems (if any)

Please refer to Paragraph H above.

K. Time restrictions

The LTI Plan does not provide for any lock-up mechanism after the shares are granted to the beneficiaries. Trading of such shares is subject to the applicable laws and regulations. The rights granted under the LTI Plan will be non-transferable (except, once vested, in the event of death of the beneficiary).

L. Cessation of office or termination of employment

The Board of Directors may also grant Executive Directors with specific functions with an allowance in the event of resignation or termination. The allowance granted to the CEO and to the Chairman of Ferrari S.p.A. is payable over twenty years in an amount of which, after ten years, may not be greater than five times the fixed portion of their annual compensation.

For Executives with Strategic Responsibilities post termination treatment consists in the relevant termination indemnity accruals set aside per collective bargaining agreements. Furthermore, in the case of dismissal under mutual agreement, the Group collective bargaining agreement in Italy provides pre-defined and nondiscretionary severance benefits for Executives covered by that agreement. Executives with Strategic Responsibilities whose professional relation with the Group is not governed by such collective bargaining agreement are covered by Group defined nondiscretionary severance programs.

Furthermore, the Company may enter into non-competition agreements with its members of the Board of Directors and Executives with Strategic Responsibilities and for specific and relevant professional roles of senior managers and executives, providing for payment of a fee in relation to the term and scope of the obligation resulting from the agreement itself. The obligation is referred to the industry in which the employer operates in at the time of the agreement and to its geographical scope. The scope of the obligation varies according to the individual's role at the time of execution of the agreement.

M. Insurance, social security or pension coverage

The Board of Directors may also grant Executive Directors with specific functions with insurance policies covering accidental death, permanent disability and life insurance as well as with supplementary pension benefits.

N. Other information

Please refer to Paragraph E.1 above.

O. Reference to the compensation policy adopted by other Companies
The determination of compensation levels is based on continuous monitoring of levels for the market in general and for the sector, including benchmarking against groups of a comparable size, complexity and standing."

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

b) Incentive Plan, resolutions pursuant to Article 114-*bis* of Legislative Decree 58/1998

Dear Shareholders,

Pursuant to Article 114-*bis* of the Legislative Decree February 24, 1998 no. 58 (the “**Financial Act**”), we hereby submit the motions approved by the Board of Directors on February 22, 2012 for your approval.

Specifically, these motions relate to the adoption of a new equity incentive plan aimed at providing a medium to long term incentive with performance and retention component to the overall compensation package of the Beneficiaries, as better identified below, thereby providing the Group with an instrument that is more closely aligned to the current competitive environment in the automotive sector globally and to the specific needs of the Group and long term shareholder interests.

The Plan (as defined below) takes the form of stock grants and entitles the relevant beneficiaries to receive, under specific conditions and without cash consideration, a number of Fiat S.p.A. (the “**Company**”) ordinary shares (the “**Shares**”) equivalent to the number of rights granted (the “**Rights**”).

The first part of the Plan is the Company Performance Long Term Incentive (“**Company Performance LTI**”) and provides for the allocation of a maximum 14 million rights to the Beneficiaries as identified in more detail below - subject to: (i) the achievement of pre-established financial performance objectives for the performance period starting on January 1, 2012 and ending on December 31, 2014, and (ii) the continuation of the professional relationship with the Group.

The second component of the Plan is the Retention Long Term Incentive (“**Retention LTI**” and together with the Company Performance LTI, the “**Plan**”) with an allocation of a maximum of 17 million rights, subject to a certain level of individual performance and continuation of the professional relationship with the Group.

The CEO of the Company, Mr. Sergio Marchionne, is a beneficiary of the Retention LTI.

This report was prepared in conformity with the instructions for disclosure provided as a schedule to the Issuers’ Regulation no. 11971/1999 (the “**Issuers’ Regulation**”).

Definitions

For the purpose of this Report the terms listed below shall have the respective meaning set forth in this Section:

Beneficiaries: the beneficiaries of (either or both parts of) the Plan, including, as to the Retention LTI, the Company’s CEO, Mr. Sergio Marchionne

Company: Fiat S.p.A.

Company Performance LTI: the part of the Plan directly linked with the achievement of pre-established financial performance objectives for the performance period starting on January 1, 2012 and ending on December 31, 2014

Compensation Committee: the Compensation Committee of the Company

Financial Act: Legislative Decree February 24, 1998 no. 58, as subsequently amended

Issuers’ Regulation: Issuers’ Regulation No. 11971/1999 issued by Consob on May 14, 1999 and its Annexes, as subsequently amended

Plan: the Company Performance LTI and the Retention LTI

Retention LTI: the part of the Plan directly linked with the continuing employment relationship with the Company during the vesting period

Rights: the number of rights that, upon fulfillment of the vesting conditions provided for in the Plan, will convert in an equal number of shares to be delivered to the Beneficiaries

Share: the Company’s ordinary share

Beneficiaries

The Beneficiaries of the Plan will be approximately three hundred executives holding key positions which have a significant impact on business results, excluding employees of Chrysler Group LLC who are covered by a separate plan.

A minor percentage of the Beneficiaries of the Retention LTI would be selected on a discretionary basis in order to provide incentive to individuals (i) whose particular performance is critical to the success of the Group, or (ii) who hold exceptional leadership requisites.

The other executives will be selected in accordance with criteria approved by the Compensation Committee, among employees of the Company and/or its subsidiaries, consistent with organizational criteria and contribution of such beneficiaries to the economic and financial results of the Company and or its subsidiaries.

The CEO of the Company, Mr. Sergio Marchionne, is a Beneficiary of the Retention LTI. Other Beneficiaries will be selected by the CEO of the Company in accordance with the above mentioned criteria.

Should the Beneficiaries fall under the provisions of Scheme 7 of Annex 3A of the Issuers' Regulation regarding identification on a named basis, the Company will provide the market with the information prescribed by Article 84-*bis*, paragraph 5 of the Issuers' Regulation.

Reasons for the Plan

In general, incentive plans based on financial instruments motivate individuals in key positions to achieve the Company's and Group's financial performance targets, correlating that incentive to the medium-to long-term value created for shareholders. The level of commitment is further strengthened when vesting of rights is subject to the achievement of specific financial performance targets over a predetermined reference period.

At the same time, motivating management by granting instruments that are representative of the Company's value contributes to the alignment of the interests of management with those of shareholders, promoting a sense of identification with the Group and significantly enhancing retention as a result.

Retention is also sought through the use of incentives, which are subject to continued professional relationship with the Group.

As anticipated above, the Plan is aimed at providing the Group with an instrument that is more closely aligned to the current competitive environment in the automotive sector globally and to the specific needs of the Group and medium to long term shareholder interests. In particular, medium to long-term incentive schemes incentivize individuals in key positions towards the achievement of the Company's and Group's performance targets through the alignment of medium to long-term incentives to value creation for shareholders.

Finally, with reference to the criteria used to determine the time frame of the Plan, it should be noted that the Plan will be executed over a time period of three years, which is generally considered to be the most appropriate to get a grounded and meaningful measure of the Company's and Group's performance. With these objectives, the Board of Directors, advised by the Compensation Committee, constantly monitors the effectiveness of existing incentive schemes in relation to the global market and, in particular, the industry in which the Group operates.

The importance of management and the stability of that management in a period of significant volatility have been key factors in the success of the Group's companies since 2004 and will have increasing importance in the future. Having effective tools for motivation and retention, therefore, is an essential competitive factor.

For the reasons stated above and upon proposal by the Compensation Committee, the Board determined that it is significantly in the Company's and Group's interests to increase the incentive and retention capability through the adoption of a medium to long term incentive plan.

The Company Performance LTI consists primarily of a performance based component and is linked to the Group's pre-established performance targets. The vesting period is through the end of the performance period (*i.e.*, the approval by the Board of Directors of the 2014 consolidated financial statements) and is based on cumulative three-year results. Therefore, the Company Performance LTI will be based on a one-time grant covering 2012-2014 period: this part of the Plan will be vested at the end of the performance period and will be based on cumulative three-year results, it being understood that all targets assigned to the Beneficiaries should be cumulatively met in order to fulfill the vesting conditions.

The Retention LTI has a retention-only component and is linked to individual contribution. The vesting period is through the third anniversary of said Retention LTI, being understood that one-third of this component will be vested on each grant anniversary over the three years. Under the Plan, it is envisaged that the Company will assign three different cycles of Retention LTIs: the first award would occur in 2012 (and it will vest over the 2012-2015 period), the second in 2013 (and it will vest over the 2013-2016 period), and the third in 2014 (and it will vest over the 2014-2017 period).

For more detailed information on the characteristics of the financial instruments and the vesting period, please refer to the relevant paragraph below.

The performance targets and the other criteria relating to the Company Performance LTI and the Retention LTI will be set forth (and from time to time amended according to market conditions) by the CEO of the Company, in accordance with criteria approved by the Compensation Committee.

The maximum amount of Rights to be granted to each Beneficiary, other than the CEO of the Company, will be set forth by the CEO of the Company but it is not expected to exceed at the grant date 150% of the annual fixed compensation of each Beneficiary.

The amount of Rights granted to the CEO of the Company is submitted to the approval of the shareholders' meeting. For further information on this amount, please refer to paragraph "Characteristics of the financial instruments" below.

The Shares attributed under the Plan are ordinary shares issued by the Company; no financial instruments will be issued by the Company, the Company's subsidiaries, the Company's parent or by any third party under the Plan.

The Plan is in line with latest international best practice and would take the form of stock grants which are based, for the portion whose vesting is subject to the achievement of performance objectives, on performance measurement tools that are consistent with current market conditions and linked to key performance indicators for the Group.

Tax effects of the Plan benefits are the responsibility of the Beneficiaries.

Given its characteristics, no special funds (including the special fund for the encouragement of worker participation, referred to in Article 4, paragraph 112, of the Italian Law December 24, 2003 no. 350) would support the Plan.

Procedure for approval of the Plan

The Plan was discussed and proposed by the Compensation Committee, composed of the independent directors R. Berger (Committee Chairman), L. Garavoglia and M. Zibetti, which examined the matter during several of its meetings in October and December 2011 and February 2012.

On February 22, 2012, the Board of Directors, with Sergio Marchionne abstaining during the discussion and approval of the Plan due to his status as a Beneficiary, unanimously approved the Compensation Committee's proposal and submitted the proposed Plan to Shareholders for approval, pursuant to Article 114-*bis* of the Financial Act.

The entire process of definition of the characteristics of the Plan was developed in a collective manner with the active support of the Compensation Committee, in compliance with the recommendations of the Corporate Governance Code of Listed Companies and with the best corporate practices in this matter.

The Official Price published by Borsa Italiana for the Company Shares on 22 February 2012 was €4.838 per share.

Should you approve this proposal, the grant of the Rights to the CEO of the Company under the Plan would have immediate effect while, as required by law, information on the Beneficiaries and actual number of financial instruments granted in relation to the Company Performance LTI and the Retention LTI will be communicated to the market pursuant to the applicable laws and regulations.

The Plan, as for all other plans in effect, will continue to be administered by the Board of Directors of the Company, which has all necessary or advisable powers in order to implement the Plan. Said powers include, without limitation, the power to establish any other terms and conditions for the implementation of the Plan, provided that such terms and conditions do not contravene the general terms and conditions approved by the shareholders' meeting.

Characteristics of the financial instruments

The Plan is based on the granting of Rights, which upon vesting conditions being fulfilled, will entitle the Beneficiaries to receive without cash consideration an aggregate maximum of 31 million Company Shares. A separate section of the Plan is dedicated to the CEO with features focused on maximizing his retention. To attain such objective, the CEO of the Company will be a beneficiary of the Retention LTI; this portion of the Plan will be equal to 7 million Rights awarded, upon your approval of this proposal, with a one-time grant, and vesting one third each, subject to Mr. Marchionne still being in office as CEO of the Company on February 22, 2013, February 22, 2014, and February 22, 2015, respectively.

A maximum of 24 million Rights would be available for allocation to the Beneficiaries other than the CEO of the Company.

Of the above mentioned maximum 24 million Rights, maximum 10 million would be granted over the three cycles under the Retention LTI and maximum 14 million for a one-time grant covering a three year performance period 2012-2014 under the Company Performance LTI.

With regard to the Company Performance LTI, Rights would vest subject to the achievement of pre-established financial performance targets for the period January 1, 2012 and ending December 31, 2014 and remaining in office until approval of the 2014 consolidated financial statements by the Board of Directors; the Rights will vest in a single tranche upon approval of the 2014 consolidated financial statements by the Board of Directors.

With regard to the Retention LTI, rights would vest solely subject to the Beneficiaries continued professional relationship with the Group through the vesting; the rights relating to each of the three yearly grant cycles will vest ratably upon each of three anniversary dates of the grant.

The Plan is to be serviced through treasury shares bought on the market without issuing new shares and, therefore, would have no dilutive effects. The Company will purchase additional treasury shares sufficient to service the Plan hereby submitted for your approval, at the appropriate time and to the extent necessary, also taking into account currently owned treasury shares.

Specific rules (involving acceleration or forfeiting of the Rights) apply to certain cases of early termination of the relationship, such as, for example, a change of employer within the Group, retirement or death of the Beneficiary.

Other conditions of the Plan include, among others, specifically *(i)* the right of the Company to substitute, in whole or in part, Shares vested under the Plan with a cash payment calculated on the basis of the Official Price of those shares published by Borsa Italiana on the date of vesting fulfillment, *(ii)* the discretion of the CEO of the Company to determine, on one or more occasions, the number of Rights to be granted to each Beneficiary, as well as to reassign any rights forfeited due to termination of the employment relationship.

Rights relating to the Plan are granted to the Beneficiaries only and are non-transferable, except by inheritance once vested, while the Shares received will not be subject to any restrictions other than legal restrictions relating to the use of privileged information. The Board of Directors may set restrictions for periods immediately prior to key dates in the corporate calendar.

On February 22, 2012 the preliminary estimate of the annual non-cash cost of the proposed Plan was approximately €150 million for the three year duration of the Plan. Those costs will be recalculated on the date that the proposals, if approved, become effective, on the basis of the price of Company Shares and the stated vesting conditions. For the portion of the Plan relating to the CEO of the Company, that date shall be the date on which approval is given by Shareholders. For the granting of the maximum 24 million Rights to other executives, that date shall be the effective grant date. For accounting purposes, the cost calculated on the grant date is recognized on a pro rata basis over the vesting period.

In addition to the proposed new Plan that is being submitted for your approval, the Company has other incentive plans in place for directors and executives, with a total of 18,556,875 options outstanding at February 22, 2012, all of which are vested and exercisable. A total of 1,636,875 options will be serviced through the issue of new shares and the remainder through shares purchased on the market. The required amount of Shares, currently equal to 16,920,000 is fully covered by the 34,568,458 own shares currently held. Detailed information on plans in effect is provided in the disclosure documents issued in 2007, 2008, 2009, and 2010, available in the Corporate Governance section of the Group website (www.fiatspa.com) under Fees and Interests Held, as well as in the Notes to the statutory and consolidated financial statements as of 31 December 2011, pursuant to applicable regulatory requirements and the International Financial Reporting Standards, respectively.

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

SHARE-BASED PAYMENT PLANS

Table 1 of Schedule 7, Annex 3A of Regulation no. 11971/1999

Date: 22 February 2012

Name or category	Position (required only for individuals named)	BOX 1 — Financial instruments other than stock options — ***Section 2*** — ***Newly granted instruments based on decision of:*** [X] ***Board of Directors for proposal to Shareholders*** [ ] ***competent body in Implementation of Shareholder resolution***						
		Date of shareholder resolution	Description of instruments	Number of financial instruments by individual or category granted by BoD or other competent Body	Date of grant	Purchase price (if applicable)	Market price on grant date Source: Borsa Italiana	Vesting period
Sergio Marchionne	Chief Executive Officer of Fiat S.p.A.	—	Stock grant entitling to receive, under specific conditions and without cash consideration, Fiat S.p.A. ordinary shares	7,000,000	22/02/2012	—	4.838[1]	2012-2015
Executives holding key positions with significant impact on business results		—	Stock grant entitling to receive, under specific conditions and without cash consideration, Fiat S.p.A. ordinary shares	24,000,000	—	—	—	2012-2017

1 Official price reported on the Stock Exchange on 22 February 2012, the date on which the Board of Directors approved the motion to be submitted to Shareholders' meeting.

c) Authorization for the purchase and disposal of own shares

Shareholders,

On 30 March 2011, shareholders renewed authorization for the purchase of shares – not to exceed the legally established percentage of share capital or an aggregate amount of €1.2 billion, for all three classes, inclusive of existing reserves for own shares held of €289 million. No shares were repurchased under that authorization. The most recent purchase of own shares was in June 2008, following which the program was suspended.

Over the years, the Group has established plans for the incentivization and retention of executive directors and managers having a significant influence on business results, which take the form of stock grants or stock options based on the Company's own shares. As detailed in item b) of this Report, it is the Group's intention to continue the policy of incentivizing individuals in key positions toward the achievement of Company and Group performance targets.

For that purpose, we asked you to authorize the use of 31,000,000 ordinary shares, in addition to the 16,920,000 shares already set aside to service other existing incentive plans. In relation to those existing obligations, at 22 February 2012 the Company held 34,568,458 ordinary shares corresponding to 2.709% of share capital, while the "Reserve for own shares" totaled €259 million. No other Group company holds Fiat S.p.A. shares.

To ensure coverage of the above share-based incentive plans established by the Company, in addition, more generally, to providing the Company a strategic investment opportunity for other purposes permitted by law, we propose that you renew the authorization for the Company to purchase and dispose of its own shares, in both cases either directly or through subsidiaries, to ensure a continuation of the necessary operating flexibility over an adequate time horizon and in consideration of the fact that the current authorization expires on 30 September 2012. Such authorization will be subject to the limits and procedures set out in the applicable provisions of the Civil Code, the provisions of Article 132 of Legislative Decree 58/1998 and Article 144-*bis* of the Consob Issuer Regulations, and other legal and regulatory provisions that apply. This authorization will also enable the Company to purchase, as needed, preference and savings shares that are redeemed as a result of special shareholders exercising their right of withdrawal in relation to the proposed conversion.

Accordingly, we further propose that you revoke the previous resolution, for the part not already utilized at the date of the General Meeting, and authorize the purchase of own shares, for all three classes, for a period of eighteen months and for an amount not to exceed the legally established percentage of share capital (at the current par value of €3.50 per share), inclusive of Fiat S.p.A. shares already owned by the Company and/or its subsidiaries.

The purchase price per share may not be more than a maximum of 10% higher or a minimum of 10% lower than the reference price recorded by Borsa Italiana on the day prior to the purchase, with the exception of purchases from shareholders exercising the right of withdrawal in relation to which the price established in Article 2437-*ter* of the Civil Code shall apply.

The Company intends to maintain reserves available for the purchase of a maximum aggregate amount of €1.2 billion, including existing reserves for own shares (totaling €259 million at 22 February 2012).

Purchases may be made on one or more occasions on regulated markets, in accordance with the terms and procedures established by Borsa Italiana and consistent with equality of treatment for all shareholders. Should the opportunity arise, purchases may also be made through a public tender offer, offer for exchange, or other permitted procedure.

We are also requesting authorization to dispose of own shares, directly or through subsidiaries, on one or more occasions, even if the total of approved purchases has not been made, without time limits or restraints and using procedures that best suit the interests of the Company, as permitted by law (including the transfer of rights related to the shares, such as, for example, stock lending). Own shares may be used to service existing incentive plans – as well as any additional plans that may be established by the Board in the future and subsequently submitted for the approval of Shareholders (based on the prices established at the time of granting) – in addition to all other purposes permitted by law.

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

5) Mandatory conversion of preference and savings shares into ordinary shares and consequent changes to the By-laws

Shareholders,

we hereby submit to your approval the proposal of compulsory conversion of preference and savings shares into ordinary shares and connected amendments to the by-laws.

This report is drafted pursuant to article 72 of the Consob Resolution No. 11971/1999 (Issuers Regulation) and in compliance with Schemes No. 6 and 2 of Annex 3A of the above Regulation.

The proposed resolution is attached to this report.

1. Rationale of the proposed conversions of preference and savings shares into ordinary shares

The proposed transaction, entailing (i) the compulsory conversion of Fiat S.p.A. ("**Fiat**" or the "**Company**") preference shares into ordinary shares and (ii) the compulsory conversion of Fiat savings shares into ordinary shares (each, the "**Conversion**" and, together, the "**Conversions**"), is intended to streamline the capital structure and simplify the governance structure of the Company as well as to promote shareholder value through the conversion of classes of securities that have historically traded at a significant discount to the ordinary shares and with sustained low trading volumes. The Conversions are expected to benefit all shareholders because they will deliver enhanced liquidity by converting relatively illiquid preference and/or savings shares into more liquid ordinary shares thus improving the float of the Company's ordinary shares and simplifying the transparency of Fiat's governance and capital structure.

The following table shows historical information on the trading volume and prices of each class of shares currently outstanding:

Class of shares	Outstanding shares		Average daily traded volume in the six months preceding the announcement of the Conversions[1]	Average daily traded volume in percentage on total outstanding shares	Average price in the six months preceding the announcement of the Conversions	Average discount[2] to ordinary shares in the six months preceding the announcement of the Conversions
	Shares in Units	% of Total Outstanding	Shares in Thousands	%		%
Ordinary	1,092,680,610	85.64%	34,019.6	3.11	€ 5.88	N.A.
Preference	103,292,310	8.10%	891.9	0.86	€ 4.25	28.3%
Savings	79,912,800	6.26%	586.6	0.73	€ 4.29	27.5%

1 October 27, 2011.
2 Discount calculated as the complement to 1 of the ratios between special share price and ordinary share price..

2. Description of the features, rights and privileges attached to preference and savings shares

The share capital of Fiat is currently comprised of 1,092,680,610 ordinary shares, 103,292,310 preference shares and 79,912,800 savings shares.

Preference shares

Preference shares enjoy the economic rights and preferences granted by articles 6 (Classes of shares and common representative), 20 (Allocation of Profit) and 23 (Winding-up) of the Company's by-laws, pursuant to which:

- preference shares are registered shares issued in dematerialized form;
- preference shares have a preferential right in the distribution of the net profit reported in the Company's annual financial statements up to €0.217 per share (net of (i) the amount to be assigned to the legal reserve, (ii) the preferential dividend to be paid to savings shares and (iii) further allocations to the legal reserve, extraordinary reserve and/or retained profits reserve as may be resolved by the Shareholders);
- they are entitled to a preferential right, up to their par value, in the distribution of the Company's assets in case of winding-up, once savings shares have been repaid up to their par value.

With respect to governance rights, pursuant to article 6 of the Company's by-laws preference shares grant the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for the General Meetings. In addition to the above, preference shares grant the right to vote in the relevant special meeting of preference shareholders.

In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by €0.140 per share.

In addition to the above, preference shares enjoy the rights granted by article 146 of Legislative Decree No. 58 of 24 February 1998 (the "**Financial Act**") pursuant to which, *inter alia*, any resolutions of the Company's general shareholders' meeting which may adversely affect the rights of preference shares are submitted and subject to the approval of the special meeting of preference shareholders.

Savings shares

Savings shares enjoy the economic rights and preferences granted by article 145 of the Financial Act and by articles 6 (Classes of shares and common representative), 20 (Allocation of Profit) and 23 (Winding-up) of the Company's by-laws, pursuant to which:

- savings shares may be either registered or bearer shares, at the option of the holder or as required by law, and are issued in dematerialized form;
- savings shares have a preferential right in the distribution of the net profit reported in the Company's annual financial statements up to €0.217 per share, net of the amount to be assigned to the legal reserve; in addition, after allocations are made to the legal reserve, to the extraordinary reserve and/or retained profits reserve as may be resolved by the Shareholders and allocations are made with respect to the preferential dividend to be paid to preference shares and to ordinary shares, savings shares are entitled, together with ordinary shares, to an additional dividend up to €0.1085;
- if the dividend paid to savings shares in any year amounts to less than €0.217, the difference shall accrue to the preferred dividend they are entitled to in the following two years;
- they are entitled to a preferential right, up to their par value, in the distribution of the Company's assets in case of winding up.

Any profits remaining following the allocations described above that the Shareholders may resolve to distribute are allocated *pari passu* to ordinary shares, preference shares and savings shares.

With respect to governance rights, pursuant to article 145 of the Financial Act and article 6 of the Company's by-laws, savings shares do not grant the right to vote in the Company's general shareholders' meeting, while they grant the right to vote in the relevant special meeting of savings shareholders. In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall have the right to a higher dividend increased by €0.1225, rather than €0.1085, with respect to the dividend received by the ordinary and preference shares. In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by €0.140 per share.

In addition to the above, savings shares enjoy the rights granted by article 146 of the Financial Act pursuant to which, *inter alia*, any resolutions of the Company's general shareholders' meeting which may adversely affect the rights of savings shares are submitted to and subject to the approval of the special meeting of savings shareholders.

3. Critical issues associated with the Conversions

As far as the critical issues connected with the proposed Conversions are concerned, please note that:

a) upon effectiveness of the relevant Conversions (as better described under paragraph 10 below), the holders of preference shares, without prejudice to the right to receive the dividend with respect to the 2011 financial year, will lose, as of January 1, 2012, the economic rights and preference rights as well as the class protection rights granted by the by-laws of Fiat to the relevant class of shares and described above. However, except for fractional shares (in relation to which please refer to paragraph 10 below), preference shareholders who have not exercised their withdrawal right will receive ordinary shares and, accordingly, will gain the right to vote in all Ordinary and Extraordinary Shareholders' meetings of the Company and will enjoy all the rights attached to ordinary shares, benefitting, among other things, from the enhanced liquidity of the market of said class of shares; the ordinary shares to be issued after the Conversion of preference shares will be eligible for dividends - to the extent declared - with respect to the 2012 financial results;

b) upon effectiveness of the relevant Conversions (as better described under paragraph 10 below), the holders of savings shares, without prejudice to the right to receive the dividend with respect to the 2011 financial year, will lose, as of January 1, 2012, the economic rights and preference rights as well as the class protection rights granted by the by-laws of Fiat to the relevant class of shares and described above. However, except for fractional shares (in relation to which please refer to paragraph 10 below), savings shareholders who have not exercised their withdrawal right will receive ordinary shares and, accordingly, will gain the right to vote in all Ordinary and Extraordinary Shareholders' meetings of the Company and will enjoy all the rights attached to ordinary shares, benefitting, among other things, from the enhanced liquidity of the market of said class of shares; the ordinary shares to be issued after the Conversion of savings shares will be eligible for dividends - to the extent declared - with respect to the 2012 financial results;

c) upon effectiveness of the Conversions, the voting rights of the holders of ordinary shares will be diluted proportionally to the number of preference and/or savings shares subject to conversion. Assuming that both Conversions are approved and become effective, ordinary shares existing prior to the Conversions will represent, immediately following the effectiveness of the Conversions, about 87.39% of the ordinary shares of the Company, while ordinary shares issued as a consequence of the Conversions will represent about 12.61% of the Company's ordinary shares (hence reducing the latter from 14.36% to 12.61% of the share capital, as a consequence of the Conversions – please see also paragraph 17 below). However, ordinary shareholders will benefit from the elimination of the economic privileges and governance rights attached to savings and/or preference shares described above and all shareholders will benefit from a streamlined capital and simplified governance structure and enhanced liquidity.

4. Amount of preference and savings shares to be converted held by the controlling shareholder, as defined in Article 93 of the Financial Act

As of the date of this report, the controlling shareholder within the meaning of to Article 93 of the Financial Act is Giovanni Agnelli & C. S.a.p.az. through its subsidiary Exor S.p.A.

Based on the most recent communications received by the Company pursuant to article 120 of the Financial Act and on the disclosures[1] by Exor S.p.A., as of this date the latter resulted to hold respectively No. 31,082,500 preference shares and No. 18,717,155 savings shares of the Company, respectively equal to 30.09% and 23.42% of the share capital of the relevant class.

Please note that, as of February 22, 2012, Fiat holds No. 34,568,458 ordinary treasury shares, equal to 2.71% of the share capital.

5. Intention of the controlling shareholder to do trading on the shares object of the Conversion

By a press release issued on October 27, 2011 Exor S.p.A. stated it was determined to maintain its shareholding over the mandatory tender offer thresholds following the Conversions; in this respect, in the same press release Exor S.p.A. noted that it intended to trade on the market as necessary to achieve that objective, whilst complying with all relevant rules and regulations, including disclosure obligations. In this respect, please refer also to paragraph 17 below.

6. Commitments to convert undertaken by the holders of the shares to be converted, with particular reference to the controlling shareholder

As the Conversions entail the compulsory conversions of shares, all preference and/or savings shares will be automatically converted into ordinary shares. Therefore, this item is not applicable.

1 Data as of March 1, 2012.

7. Dividends distributed in the last five years on ordinary, preference and savings shares

The table below shows the dividends distributed by Fiat to ordinary, savings and preference shares in the last five years:

Class of shares	2006 Financial year	2007 Financial year	2008 Financial year	2009 Financial year	2010 Financial year
Ordinary	0.155	0.40	-	0.17	0.09
Preference	0.31	0.40	-	0.31	0.31
Savings	0.93	0.555	0.31	0.325	0.31

The above data refer to the Fiat Group before the execution of the partial proportional demerger to Fiat Industrial S.p.A. (the "**Demerger**").

Please consider that the ordinary shares to be issued pursuant to the Conversions will be eligible for dividends (to the extent declared) with respect to the 2012 financial results, while the savings and preference shares will retain any economic rights with respect to the 2011 financial year.

Please note that, on February 22, 2012, Fiat resolved to submit to the shareholders' approval the distribution to preference and savings shares of a dividend relating to the 2011 financial year for an amount equal to €0.217 per share.

8. Conversions cash adjustment and criteria for its determination

The Conversions do not require special shareholders to pay any cash adjustment to the Company.

9. Conversion ratios

As announced in the press releases dated October 27, 2011 and February 22, 2012, the Board of Directors of Fiat S.p.A. resolved on those dates to propose to shareholders the compulsory conversion of preference and savings shares into ordinary shares, on the basis of the following conversion ratios:

- preference shares will be converted into newly issued ordinary shares according to a conversion ratio of 0.850 ordinary shares for each preference share;
- savings shares will be converted into newly issued ordinary shares according to a conversion ratio of 0.875 ordinary shares for each savings share.

The Conversions do not require special shareholders to pay any cash adjustment to the Company.

Conversion ratios have been determined by the Board of Directors on the basis of the following considerations:

1) the reasons underlying the Conversions proposal, already outlined in paragraph 1;

2) the rights and privileges of preference and savings shares with respect to ordinary shares, already outlined in paragraph 2;

3) the trading patterns of preference and savings shares with respect to ordinary shares, over various time horizons preceding the Conversions proposal announcement;

4) the analysis of precedent compulsory conversions on the Italian market, with focus on the premia implied in the conversion ratios;

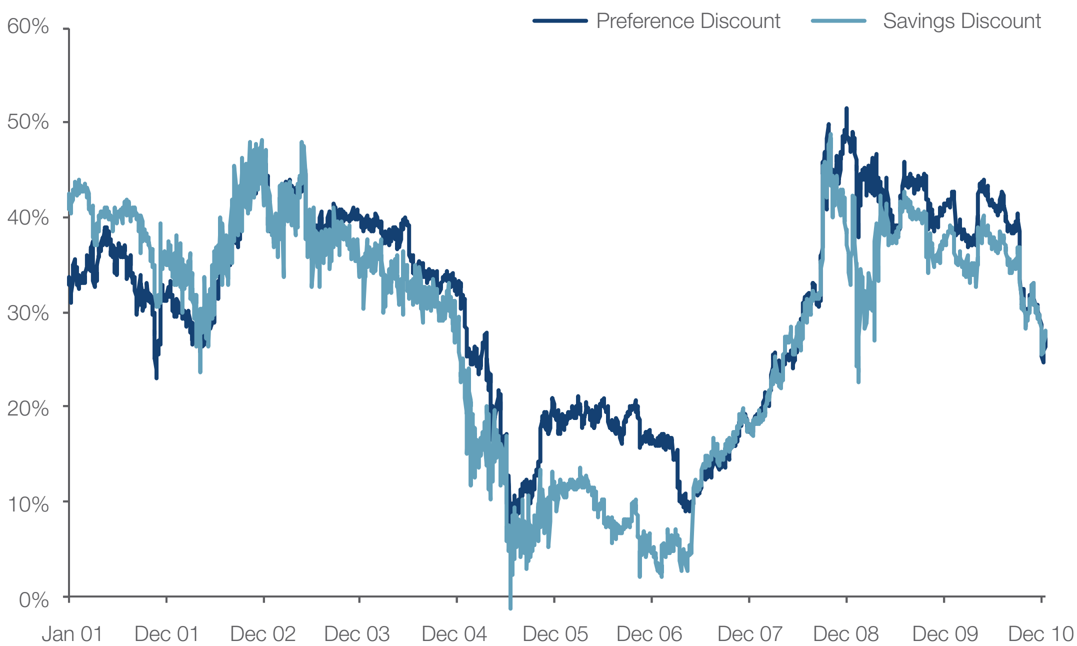
5) implied premia in the proposed conversion ratios with respect to October 26 closing prices of Fiat shares, (*i.e.* the day preceding the Board of Directors meeting resolving to propose the Conversions to the Shareholders Meeting) and with respect to average prices over different time horizons up to the announcement.

The following paragraphs include a more detailed analysis of points 3, 4, and 5.

Please note that, for the purposes of its resolutions, the Board of Directors took October 26, 2011 (*i.e.* the day before the announcement of the Conversions proposal) as the last reference date with respect to the market price of ordinary, preference and savings shares. This reference date has been accordingly used for the purposes of the following paragraphs, unless otherwise indicated.

9.1. Special Share Prices Evolution over the 10 Years Ending in Dec-2010

The chart below shows preference and savings share prices evolution, with respect to ordinary share prices, over the 10-year period starting on January 2001 and ending in December 2010, preceding the Demerger. In particular, the chart shows the special shares discount[3] evolution, with respect to the ordinary shares.



Source: Bloomberg

During the aforementioned period, despite sustained volatility due both to market conditions as well as to the operating performance of the company, special shares traded on average at significantly lower prices than ordinary shares due to their limited liquidity, to the absence of full voting rights and in general to the historically low attractiveness of these share classes for investors, especially for the institutional and international investors.

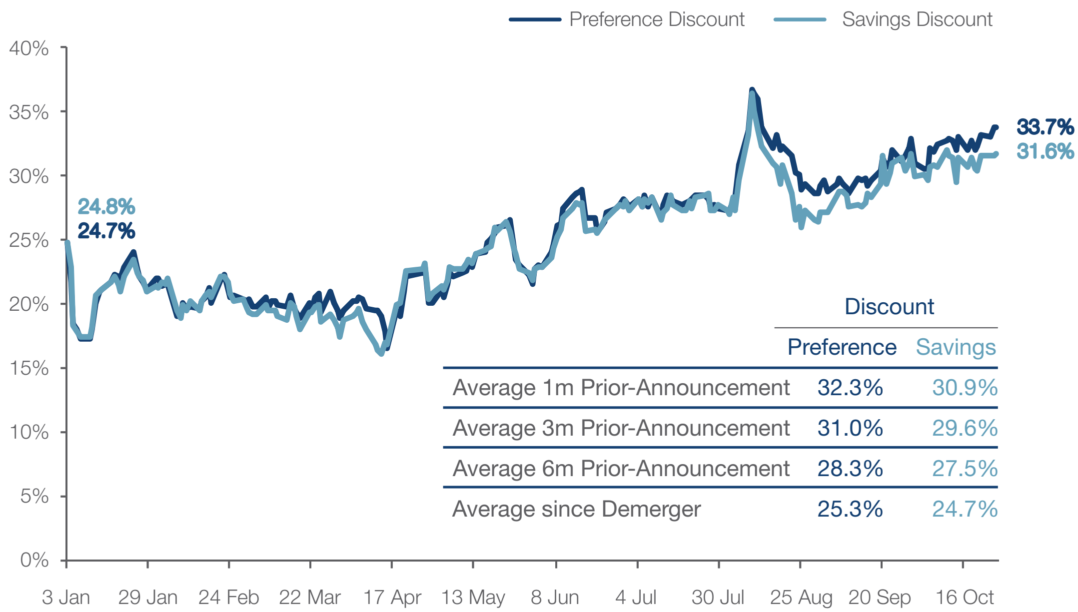
The empirical evidence shows how these characteristics, which have a negative impact on special shares prices, have not been adequately offset by the economic privileges which characterise special shares.

In particular, as highlighted in the table below, the average discount over the 2001-2010 period was 30.8% for preference shares and 28.2% for savings shares. Accordingly on average, the average closing trading price of preference shares was 0.692 of the closing trading price of ordinary shares and the closing trading price of savings share was 0.718 of the closing trading price of ordinary shares over the period, with a difference of 0.025 in favour of savings shares.

3 Discount calculated as the complement to 1 of the ratios between special share price and ordinary share price.

Discount Analysis	Simple Average 2001-2010
Preference Shares	
Discount vs. Ordinary Shares	30.8%
Implied Ratio	0.692
Savings Shares	
Discount vs. Ordinary Shares	28.2%
Implied Ratio	0.718
Delta Preference vs. Savings	
Discount vs. Ordinary Shares	2.5%
Implied Ratio	(0.025)

The pattern is confirmed when taking into consideration Fiat special shares discount evolution since January 3, 2011 (i.e., the first day of trading of the Company after the Demerger) until October 26, 2011. Over the above mentioned period, special shares constantly traded at significantly lower prices than ordinary shares.



	Discount	
	Preference	Savings
Average 1m Prior-Announcement	32.3%	30.9%
Average 3m Prior-Announcement	31.0%	29.6%
Average 6m Prior-Announcement	28.3%	27.5%
Average since Demerger	25.3%	24.7%

Source: Bloomberg; share prices as of 26-October-2011

In particular, preference and savings shares had a worse market performance than the ordinary shares, leading to an increase in the discount from January 3 (24.7% and 24.8% for preference and savings shares respectively) to October 26 (33.7% and 31.6% for preference and savings shares respectively).

On October 26, 2011 preference shares closed at a 33.7% discount with respect to ordinary shares, whilst savings shares closed at a 31.6% discount. The implied conversion ratios based on closing market prices on that day were therefore 0.663 ordinary shares for each preference share and 0.684 ordinary shares for each savings share.

9.2 *Precedent Conversion Transactions Analysis*

In determining the proposed conversion ratios, the Board of Directors first considered a group of compulsory conversions of preference and savings shares on the Italian market between 1999 and the transaction announcement.

Such transactions have several common features: in most cases the transactions had a limited value[4], converted shares represented a limited portion of total share capital and converted shares had a low trading liquidity. For these reasons, the Board has considered the empirical evidence resulting from the analysis not meaningful in determining the Conversion ratios.

The Board then identified a subset of such precedents deemed more relevant due to the more meaningful volume of historical trading in the converted shares. With respect to such precedents, the Board observed that, on average, implied premium to special shareholders has been approximately 24% calculated with respect to the converted share average prices in the three months preceding the announcement.

For the purpose of calculating the implied premia paid in precedent transactions, the Board of Directors used a three month period to calculate the converted class average historical share price in order to mitigate the impact of potential speculations and rumours close to the announcement date that might have affected the share price.

9.3 *Implied Premia in the Proposed Conversion Ratios*

Preference shares will be converted into newly issued ordinary shares at a conversion ratio of 0.850 ordinary shares for each preference share. Savings shares will be converted into newly issued ordinary shares according to a conversion ratio of 0.875 ordinary shares for each savings share.

The table below shows the premia implied in the conversion ratios with respect to closing prices on October 26, 2011 and with respect to the average prices different time horizons.

Premium Analysis	Preference	Savings	Delta Pref vs. Sav
Announced Conversion Ratio	0.850 x	0.875 x	(0.025)
Discount vs. Ordinary Shares	15.0%	12.5%	2.5%
Share Price as of 26-October	3.24	3.34	(0.10)
Discount vs. Ordinary Shares	33.7%	31.6%	2.1%
Implied Conversion Ratio	0.663	0.684	(0.021)
Premium Offered	28.2%	27.9%	0.3%
Average Share Price - Last 3 Months	3.15	3.21	(0.06)
Discount vs. Ordinary Shares	35.4%	34.2%	1.2%
Implied Conversion Ratio	0.646	0.658	(0.012)
Premium Offered	31.6%	33.0%	(1.4)%
Discount vs. Ordinary Shares 2001-2010	30.8%	28.2%	2.5%
Implied Conversion Ratio 2001-2010	0.692	0.718	(0.025)

Special shareholders would receive an implied premium in excess of 30% calculated on the basis of the three months average price of the special share classes pre-announcement. This premium favourably compares with premia paid in precedent transactions and aligns special classes of shares to a discount with respect to ordinary shares well below the 10 years prior to the Demerger.

Furthermore, the Board has taken into consideration the greater economic rights of the savings shares compared to preference shares. Historically, such greater rights have been reflected in a higher trading price of the savings shares (and hence a lower discount to ordinary shares) when compared to the preference shares. In the 10 years period prior to the Demerger, the implied ratio of savings shares to ordinary shares has been 0.025 greater than the implied ratio of preference shares to ordinary shares based on trading prices. Based on the closing prices on October 26, 2011 the implied ratio of savings shares to ordinary shares was 0.021 greater than the implied ratio of preference shares to ordinary shares. In determining the conversion ratios, the Board has determined to align this differential to the 2001-2010 average of 0.025.

4 Defined as the number of special shares subject to compulsory conversion, multiplied by the latest closing price before the announcement.

9.4 Conclusions

On the basis of the considerations discussed above, the Board of Directors considers the proposed conversion ratios to be in the best interest of all shareholders and of the Company.

Savings and preference shareholders will benefit from a conversion ratio which is higher than that implied by historical trading prices over long and short term periods. Furthermore, the premium implied in the conversion ratios is higher than the average of comparable transactions. Finally, special shareholders, upon waiving economic privileges and class rights, will obtain a more liquid security, traded on the market at higher valuations than the special shares and with full voting rights attached, and will maintain the rights to receive the 2011 dividend.

The earnings attributable to the shareholders of the controlling company generated by the Group in a certain year being equal, the Conversion has a positive effect on the earning per ordinary share. In addition, the aggregate dividend the Shareholders' Meeting may resolve to distribute in the future being equal, the Conversion will have a positive effect on such potential dividend per ordinary share.

Finally, it may be noticed how, since the date of the announcement, special shares classes have substantially aligned to the value implied in the proposed conversion ratios. This alignment has eliminated the conversion premium with respect to current prices.

10. Procedures for the exercise of the Conversions

The Conversions will be carried out through Monte Titoli, which will instruct the intermediaries participating in the central depository system with whom preference and/or savings shares are deposited; all the transfers of preference and/or savings shares to be converted will be carried out by said intermediaries and Monte Titoli. The transactions will be carried out at no costs for the shareholders, except for the possible charge in relation to the rounding-up, where required.

The intermediaries who hold the accounts on behalf of each preference and savings shareholders will deliver to each involved shareholder the amount of shares arising out from the application of exchange ratios; said amount will be rounded down – where necessary – to the nearest whole unit of ordinary shares. Fractional shares that have not been assigned following the rounding down will be monetized on behalf of the Company on the basis of the average trading prices of the Company's ordinary shares recorded on the market in the three days following the effectiveness of the Conversion.

The Company will take measures, to the reasonable extent, in order to safeguard the faculty by holders of just one share, upon explicit request to the relevant intermediary, to purchase the fraction of share necessary to round up to the nearest whole unit of share, in order not to lose the shareholder status. All other shareholders may request, upon payment of the relevant price, the rounding up of fractional shares within the limit of available fractions[5].

The date of effectiveness of the Conversions will be agreed upon with Borsa Italiana S.p.A. and disclosed to the market through a notice published on the Company's website and on the newspaper La Stampa pursuant to article 72, fourth paragraph, of the Issuers Regulation. On that date, trading on the Company's savings and/or preference shares on the Milan, Frankfurt and Paris Stock Exchanges will be terminated and the newly issued ordinary shares will begin trading on the *Mercato Telematico Azionario* organized and managed by Borsa Italiana S.p.A.

As a result of the Conversions, the nominal value of the ordinary shares will be increased also by means of the free capital increase described in paragraph 19 below.

11. Conditions for the Conversions to be effective

In addition to the Conversions being conditional upon the approval of the Extraordinary Shareholders' meeting, the Conversion of the preference shares is conditional upon the approval by the special meeting of the preference shareholders, whilst the Conversion of the savings shares is conditional upon the approval by the special meeting of the savings shareholders, it being understood that the Conversion of preference shares and the Conversion of savings shares are independent of each other and not cross-conditional, as further explained below.

Furthermore, the Conversion of preference shares is conditional upon the aggregate disbursement in relation to the possible exercise of the withdrawal rights pursuant to article 2437-*quater* of the Italian Civil Code not exceeding in aggregate Euro 56 million. The Conversion of savings shares is conditional upon the aggregate disbursement in relation to the possible exercise of the withdrawal rights pursuant to article 2437-*quater* of the Italian Civil Code not exceeding in aggregate Euro 44 million. Therefore, the overall disbursement in relation to the possible exercise of the withdrawal rights shall not exceed Euro 100 million.

5 The correct application of the exchange ratio will entail the non-issuance of 0.5 ordinary shares; the relevant cost will be borne by the Company.

The Company shall communicate to the market information regarding the number of shares subject to withdrawal and, therefore, the satisfaction of or failure to satisfy the above conditions precedent, by a press release which will be published within 10 business days after the closing of the period for the exercise of withdrawal rights (as better described in paragraph 21 below).

It remains understood that the Conversions shall not be effective and will be not carried out prior to the publication of the notice and that, in any event, the Conversions will be executed as soon as all legal requirements will have been complied with.

Should the above conditions be satisfied, the Company shall proceed with the preemptive offer to existing shareholders of the shares subject to withdrawal and with the offer to the market of the shares remaining after the preemptive offer and shall communicate to the market the results of such offers by a press release to be published within 2 business days of the closing of each offer.

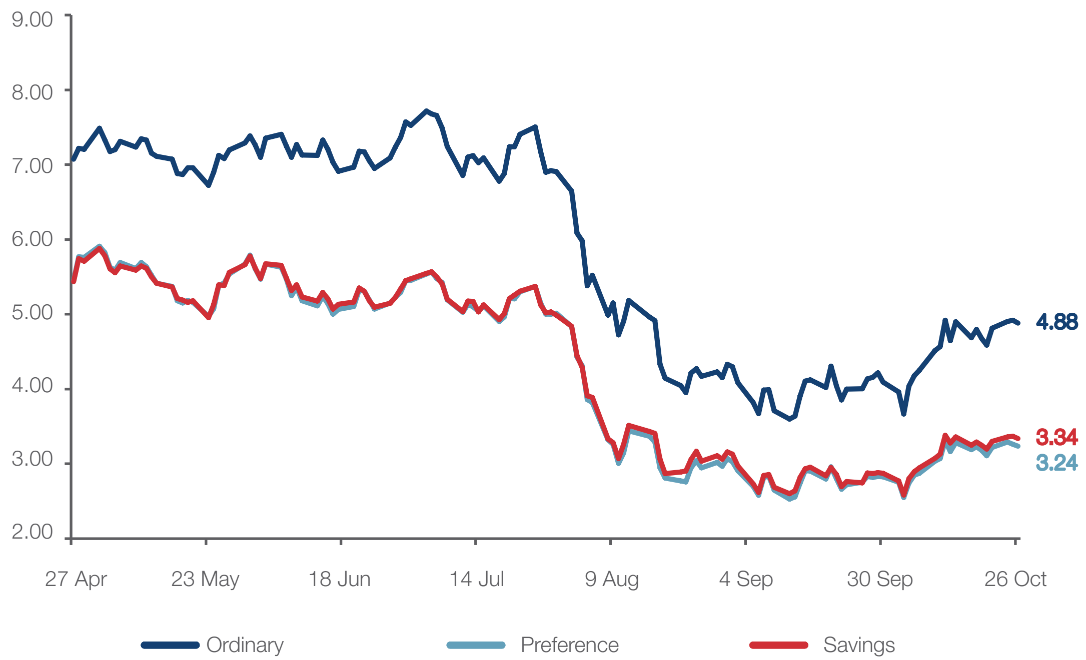
12. Amount of preference and savings shares to be converted and of ordinary shares to be offered under the Conversions

Subject to the conditions precedent described above, all outstanding preference shares (No. 103,292,310) and/or savings shares (No. 79,912,800) shall be converted into ordinary shares bearing the same rights as those pertaining to the ordinary shares currently issued by the Company, including the economic rights with respect to the 2012 financial year.

Based on the Conversion ratios described in paragraph 9 above, the amount of ordinary shares to be issued as a result of the Conversions is equal to 157,722,163 in case of conversion of both savings and preference shares, to 87,798,463 in case of Conversion of preference shares only and to 69,923,700 in case of Conversion of savings shares only.

Preference and savings shares in relation to which the withdrawal rights – within the thresholds set forth in paragraph 11 above – will have been exercised and which may result still outstanding following the steps described in paragraph 21 below will be purchased by the Company and converted into ordinary treasury shares.

13. Trend of the prices of preference and savings shares to be converted over the last six months



14. Incentives given for the Conversions

Since the Conversions entail the compulsory conversion of shares, this item is not applicable. With regard to the determination of implied premiums, please see paragraph 9.3 above.

15. Impact of the Conversions on stock option plans involving preference and savings shares

There are no stock options plan involving preference and savings shares; therefore, this item is not applicable.

16. Breakdown of the share capital before and after the Conversions

The share capital of Fiat is currently equal to €4,465,600,020, divided into No. 1,092,680,610 ordinary shares, No. 103,292,310 preference shares and No. 79,912,800 savings shares, each of them having a par value of €3.50.

After the Conversions and the Free Capital Increase (as defined and better described in paragraph 19 below), the share capital will be equal to:

(i) €4,476,441,927.34 divided into No. 1,250,402,773 ordinary shares having a par value of €3.58, should both savings and preference shares be converted; or

(ii) €4,474,391,149.15 divided into No. 1,180,479,073 ordinary shares and No. 79,912,800 savings shares, both having a par value of €3.55, should only preference shares be converted; or

(iii) €4,468,615,068.60 divided into No. 1,162,604,310 ordinary shares and No. 103,292,310 preference shares, both having a par value of €3.53, should only savings shares be converted.

17. Changes to the ownership structure as a result of the Conversions

Assuming that the current ownership of the share capital of the Company by the controlling shareholder (as described in paragraph 4 above) remains unchanged as of the date of effectiveness of the Conversions, that all preference and savings shares are converted and that the Company continues to maintain the current No. 34,568,458 ordinary treasury shares, after the Conversions the shareholding held by the controlling shareholder (as indentified in paragraph 4 above) would change from 30.47% of the issued ordinary capital to 30.05% (changing from 31.46% to 30.90% of the share capital with voting right in the ordinary shareholders' meeting). In case of Conversion of preference shares only, the shareholding held by the controlling shareholder would change from 30.47% of the issued ordinary capital to 30.44% (changing from 31.46% to 31.36% of the share capital with voting right in the ordinary shareholders' meeting), whilst, in case of Conversion of savings shares only, the shareholding held by the controlling shareholder would change from 30.47% of the issued ordinary capital to the 30.04% (changing from 31.46% to 30.96% of the share capital with voting right in the ordinary shareholders' meeting).

18. Main uses that the issuer intends to assign to any net proceeds from the Conversions

The Conversions do not entail the payment of any cash adjustments and, therefore, Fiat will not receive any proceeds from the Conversions. Accordingly, this item is not applicable.

19. Free capital increase

By virtue of the above mentioned conversion ratios, the execution of each of the Conversions determines a decrease of the number of the shares issued by the Company. In order to avoid the reduction of the share capital of the Company, following the Conversion it is proposed to increase the par value of the shares of the Company. The new par value will be equal to the amount of the share capital of the Company divided by the aggregate number of shares as resulting from the Conversions, rounded up to the nearest hundredth by means of a free capital increase, pursuant to article 2442 of the Italian Civil Code, for an amount limited to such purpose, by using part of the reserves denominated "Share Premium Reserve" (Riserva Sovrapprezzo Azioni) (the "**Free Capital Increase**").
The new par value per share will be equal to Euro 3.58, should both preference and savings shares be converted, to Euro 3.55, should only preference shares be converted and to Euro 3.53, should only savings shares be converted.

As the Conversions are autonomous and independent, the different options of amendments to the By-laws - depending on the classes of shares actually converted - are described under Paragraph 22 below.

In particular, the amount of the Free Capital Increase shall be equal to:

(i) €10,841,907.34, should both savings and preference shares be converted; or

(ii) €8,791,129.15, should only preference shares be converted; or

(iii) €3,015,048.60, should only savings shares be converted.

20. Adjustment of the amount of the capital increase reserved to executives employed by the Company and/or its subsidiaries

As a consequence of the Conversion and the Free Capital Increase described above, the par value of the shares shall be increased as indicated in paragraph 19 above.

Therefore, in order to keep the maximum amount of shares to be allotted pursuant to the incentive plan approved on November 3, 2006 unchanged, it is advisable to adjust the maximum amount of the capital increase reserved to executives employed by the Company and/or its subsidiaries as follows:

(i) to €34,249,412.50, should both savings and preference shares be converted; or

(ii) to €33,962,406.25, should only preference shares be converted; or

(iii) to €33,771,068.75, should only savings shares be converted.

21. Withdrawal right

As the resolution on the conversion of preference shares into ordinary shares entails a change in the by-laws of the Company concerning voting and participation rights of the holders of preference shares, such resolution will entitle the holders of said class of shares who will not cast their favorable vote in the extraordinary shareholders' meeting or in the special meeting to exercise the withdrawal rights pursuant to article 2437, first paragraph, letter g), of the Italian Civil Code.

Moreover, as the resolution on the conversion of savings shares into ordinary shares entails a change in the by-laws of the Company concerning voting and participation rights of the holders of savings shares, such resolution will entitle the holders of said class of shares who will not cast their favorable vote in the related special meeting to exercise the withdrawal rights pursuant to article 2437, first paragraph, letter g), of the Italian Civil Code.

In accordance with article 2437-*bis* of the Italian Civil Code, withdrawal rights, for all or part of the shares held by the withdrawing shareholder(s), shall be exercised by a notice delivered through registered mail (the "**Notice**") to be delivered to the Company's registered office within 15 days of the registration with the Turin Companies Register of the minutes of the meeting whose resolution triggered the withdrawal right. A notice disclosing registration of said minutes will be published on the newspaper La Stampa and the Company's website, deposited at the Company's registered office and communicated to Consob and Borsa Italiana.

Without prejudice to article 127-*bis* of the Financial Act, the withdrawing shareholder shall deliver, together with the Notice, a communication by an authorized intermediary certifying that (i) the withdrawing shareholder was the account registered holder of the Withdrawal Shares on the day of the meeting whose resolution triggered the withdrawal right and (ii) the withdrawing shareholder is the account registered holder of the Withdrawal Shares on the date of the above communication.

The Notice shall contain the following information:

(i) the personal data of the withdrawing shareholder, including the tax code;

(ii) the address of the withdrawing shareholder including the telephone number and the e-mail address where he/she may be contacted in relation to the Conversion;

(iii) the number and the class of shares in relation to which the withdrawal right is exercised (the "**Withdrawal Shares**");

(iv) the bank account to which the consideration for the Withdrawal Shares will be credited (IBAN code).

The Notice shall also include the data of the intermediary with whom the Withdrawal Shares are deposited and a statement of the withdrawing shareholder declaring that the Withdrawal Shares are not pledged or subject to other encumbrances in favor of third parties. In case the Withdrawal Shares are pledged or subject to encumbrances in favor of third parties, the withdrawing shareholder shall attach to the Notice a statement of the pledgee (and/or of the person/entity in favor of which the encumbrance is granted) by which said person or entity gives unconditional and irrevocable consent to release the pledge and/or encumbrance and to dispose of the Withdrawal Shares in accordance with the instructions given by and in favor of the withdrawing shareholder.

Given that the effectiveness of each of the Conversions is subject to the conditions precedent better described in paragraph 11 above, also the exercise of the withdrawal right by the preference and/or savings shareholders will be subject to the satisfaction of such conditions.

Should the conditions precedents described under Paragraph 11 above result to be satisfied upon the ending of the period of exercise of withdrawal rights, the price to be paid to the withdrawing shareholder as a consideration for the Withdrawal Shares shall be equal to Euro 3.317 with respect to preference shares and to Euro 3.458 with respect to savings shares. Said amounts have been determined pursuant to Article 2437-*ter* of the Italian Civil Code, making exclusive reference to the arithmetical average of the closing market trading prices in the six months preceding the publication of the notice of call regarding the shareholders' meeting whose resolution triggers the withdrawal rights.

Said prices are communicated by Fiat, simultaneously with the publication of the notices of call of the extraordinary shareholders' meeting and of the special meetings, through a notice published on the newspaper La Stampa and on the Company's website on February 23, 2012.

Should the conditions precedents described under Paragraph 11 above result to be satisfied upon the ending of the period of exercise of withdrawal rights, the payment for Withdrawal Shares will be carried out in accordance with article 2437-*quater* of the Italian Civil Code. In particular, once elapsed the aforesaid 15-day period for the exercise of the withdrawal right:

(i) the directors of the Company will offer the Withdrawal Shares of each class in option to non-withdrawing shareholders of that class and to shareholders of the other classes of shares; a term of at least 30 days from the deposit of the offer with the Companies Register of Turin will be granted for the exercise of this option to purchase Withdrawal Shares; the shareholders exercising the option right will also have the right to purchase *pro-rata* the remaining Withdrawal Shares, provided that they have requested to avail themselves of such pre-emption right at the time of the exercise of the option;

(ii) if there are residual Withdrawal Shares not purchased by the shareholders, said Withdrawal Shares will be offered by the directors of the Company on the market for one day (the offers under points (i) and (ii) are referred to as the "**Offer**");

(iii) if Withdrawal Shares are not fully sold after the Offer and – in any case – within 180 days of the above Notice, the Company will redeem said Withdrawal Shares (in cash) and a corresponding amount will be deducted from the Company's treasury shares reserve, within the limits described under paragraph 11 above.

As anticipated, the exercise of the withdrawal right by preference and/or savings shareholders will be subject to the satisfaction of the above conditions precedent. Accordingly, if the aforesaid conditions are not met for both or either class of shares, the Offer, the possible subsequent redemption of the relevant Withdrawal Shares by Fiat and the delisting of the relevant class of shares will not take place.

22. Changes to the By-laws

In the light of the above, it will be necessary to amend the by-laws of the Company in order to reflect the Conversions, the Free Capital Increase and the adjustment of the amount of the reserved capital increase described under paragraph 20 above. The following table shows the proposed amendments in case (i) both preference and savings shares are converted; (ii) only preference shares are converted and (iii) only savings shares are converted:

Current text	**Modified text** in case of conversion of both preference and savings shares	**Modified text** in case of conversion of only preference shares	**Modified text** in case of conversion of only savings shares
Article 5 – Share Capital	Article 5 – Share Capital	Article 5 – Share Capital	Article 5 – Share Capital
The issued share capital of the Company is €4,465,600,020, divided into 1,092,680,610 ordinary shares, 103,292,310 preference shares and 79,912,800 savings shares having a par value of €3.50 each.	The issued share capital of the Company is ~~€4,465,600,020~~ **4,476,441,927.34** divided into ~~1,092,680,610~~ **1,250,402,773** ordinary shares~~, 103,292,310 preference shares and 79,912,800 savings shares~~ having a par value of ~~€3.50~~ **3.58** each.	The issued share capital of the Company is ~~€4,465,600,020~~ **4,474,391,149.15** divided into ~~1,092,680,610~~ **1,180,479,073** ordinary shares, ~~103,292,310 preference shares~~ and 79,912,800 savings shares having a par value of ~~€3.50~~ **3.55** each.	The issued share capital of the Company is ~~€4,465,600,020~~ **4,468,615,068.60** divided into ~~1,092,680,610~~ **1,162,604,310** ordinary shares~~,~~ and 103.292.310 preference shares ~~and 79,912,800 savings shares~~ having a par value of ~~€3.50~~ **3.53** each.
Pursuant to the resolutions adopted by the Board of Directors on 3 November 2006 and subsequent to the demerger to Fiat Industrial S.p.A., share capital may be increased by a maximum of €33,484,062.50 through the issue of up to 9,566,875 new ordinary shares, through paid capital contributions, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.	Pursuant to the resolutions adopted by the Board of Directors on 3 November 2006 and subsequent to the demerger to Fiat Industrial S.p.A.~~,~~ **and to the resolutions adopted by the Extraordinary Shareholders' Meeting on 4 April, 2012,** share capital may be increased by a maximum of ~~€33,484,062.50~~ **34,249,412.50** through the issue of up to 9,566,875 new ordinary shares, through paid capital contributions, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.	Pursuant to the resolutions adopted by the Board of Directors on 3 November 2006 and subsequent to the demerger to Fiat Industrial S.p.A.~~,~~ **and to the resolutions adopted by the Extraordinary Shareholders' Meeting on 4 April, 2012**, share capital may be increased by a maximum of ~~€33,484,062.50~~ **33,962,406.25** through the issue of up to 9,566,875 new ordinary shares, through paid capital contributions, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.	Pursuant to the resolutions adopted by the Board of Directors on 3 November 2006 and subsequent to the demerger to Fiat Industrial S.p.A.~~,~~ **and to the resolutions adopted by the Extraordinary Shareholders' Meeting on 4 April, 2012**, share capital may be increased by a maximum of ~~€33,484,062.50~~ **33,771,068.75** through the issue of up to 9,566,875 new ordinary shares, through paid capital contributions, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.
Article 6 – Classes of shares and Common representative	Article 6 – ~~Classes of~~ Shares ~~and Common representative~~	Article 6 – Classes of shares and Common representative	Article 6 – Classes of shares and Common representative
Ordinary and preference shares are registered shares. Savings shares may be either registered or bearer shares, at the option of the holder or as required by law. All shares are issued in dematerialized form. Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of preference and savings shares, as set out in Articles 20 and 23 below. Each share confers the right to vote without any restrictions whatsoever. Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings. No voting rights are attached to savings shares.	~~Ordinary and preference~~ **S**shares are registered shares~~. Savings shares may be either registered or bearer shares, at the option of the holder or as required by law. All shares are~~ issued in dematerialized form. Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up~~, subject to the right of priority of preference and savings shares, as set out in Articles 20 and 23 below~~. **Besides**, each ~~ordinary~~ share confers the right to vote without any restrictions whatsoever. ~~Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings. No voting rights are attached to savings shares.~~	Ordinary ~~and preference~~ shares are registered shares. Savings shares may be either registered or bearer shares, at the option of the holder or as required by law. All shares are issued in dematerialized form. Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of ~~preference and~~ savings shares, as set out in Articles 20 and 23 below. Each ordinary share confers the right to vote without any restrictions whatsoever. ~~Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings.~~ No voting rights are attached to savings shares.	~~Ordinary and preference~~ **S**shares are registered shares~~. Savings shares may be either registered or bearer shares, at the option of the holder or as required by law. All shares are~~ issued in dematerialized form. Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of preference ~~and savings~~ shares, as set out in Articles 20 and 23 below. Each ordinary share confers the right to vote without any restrictions whatsoever. Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings. ~~No voting rights are attached to savings shares.~~

Current text	**Modified text** in case of conversion of both preference and savings shares	**Modified text** in case of conversion of only preference shares	**Modified text** in case of conversion of only savings shares
In the event of an increase in share capital, the holders of each class of shares are entitled to receive newly issued shares in the same class pro rata to the number of shares already held, or of another class (or classes) if shares of the class already held are not offered or the number offered is insufficient.	~~In the event of an increase in share capital, the holders of each class of shares are entitled to receive newly issued shares in the same class pro rata to the number of shares already held, or of another class (or classes) if shares of the class already held are not offered or the number offered is insufficient.~~	In the event of an increase in share capital, the holders of each class of shares are entitled to receive newly issued shares in the same class pro rata to the number of shares already held, or of another class ~~(or classes)~~ if shares of the class already held are not offered or the number offered is insufficient.	In the event of an increase in share capital, the holders of each class of shares are entitled to receive newly issued shares in the same class pro rata to the number of shares already held, or of another class ~~(or classes)~~ if shares of the class already held are not offered or the number offered is insufficient.
The Company's share capital may also be increased by issuing ordinary and/or preference and/or savings shares in exchange for contributions in kind or receivables.	The Company's share capital may also be increased by ~~issuing ordinary and/or preference and/or savings shares in exchange for~~ contributions in kind or receivables.	Unchanged	Unchanged
Resolutions authorizing the issuance of new preference or savings shares having the same characteristics as those already in issue for the purposes of a capital increase or the conversion of shares of another class do not require the further approval in a Special Meeting of Shareholders of either of those classes.	~~Resolutions authorizing the issuance of new preference or savings shares having the same characteristics as those already in issue for the purposes of a capital increase or the conversion of shares of another class do not require the further approval in a Special Meeting of Shareholders of either of those classes.~~	Resolutions authorizing the issuance of new ~~preference or~~ savings shares having the same characteristics as those already in issue for the purposes of a capital increase or the conversion of shares of another class do not require the further approval in a Special Meeting of Shareholders of either of those classes.	Resolutions authorizing the issuance of new preference ~~or savings~~ shares having the same characteristics as those already in issue for the purposes of a capital increase or the conversion of shares of another class do not require the further approval in a Special Meeting of Shareholders of either of those classes.
In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall have the right to a higher dividend increased by €0.1225, rather than €0.1085, with respect to the dividend received by the ordinary and preference shares.	~~In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall have the right to a higher dividend increased by €0.1225, rather than €0.1085, with respect to the dividend received by the ordinary and preference shares.~~	In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall have the right to a higher dividend increased by ~~€0.1225,~~ **0.12425**, rather than ~~€0.1085~~ **0.11005** with respect to the dividend received by the ordinary ~~and preference~~ shares.	~~In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall have the right to a higher dividend increased by €0.1225, rather than €0.1085, with respect to the dividend received by the ordinary and preference shares.~~
In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by €0.140 per share.	~~In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by €0.140 per share.~~	In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary ~~and preference~~ shares shall be increased by ~~€0.140~~ **0.142** per share.	~~In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by €0.140 per share.~~
Any expenditure required for the safeguarding of the common interests of the holders of preference and savings shares, in relation to which dedicated funds are approved in the respective Special Meetings of Shareholders, shall be borne by the Company up to a maximum annual amount of €30,000 for each class.	~~Any expenditure required for the safeguarding of the common interests of the holders of preference and savings shares, in relation to which dedicated funds are approved in the respective Special Meetings of Shareholders, shall be borne by the Company up to a maximum annual amount of €30,000 for each class.~~	Any expenditure required for the safeguarding of the common interests of the holders of ~~preference and~~ savings shares, in relation to which a dedicated fund~~s~~ ~~are~~ is approved in the respective Special Meeting~~s~~ of Shareholders, shall be borne by the Company up to a maximum annual amount of €30,000 ~~for each class~~.	Any expenditure required for the safeguarding of the common interests of the holders of preference~~ and savings~~ shares, in relation to which a dedicated fund~~s~~ ~~are~~ is approved in the respective Special Meeting~~s~~ of Shareholders, shall be borne by the Company up to a maximum annual amount of €30,000 ~~for each class~~.
In order to ensure that the Common Representatives of the holders of preference and savings shares have adequate information on transactions which could influence the market price of those shares, the Company's legal representatives must provide the Common Representatives with any such information in a timely manner.	~~In order to ensure that the Common Representatives of the holders of preference and savings shares have adequate information on transactions which could influence the market price of those shares, the Company's legal representatives must provide the Common Representatives with any such information in a timely manner.~~	In order to ensure that the Common Representative~~s~~ of the holders of ~~preference and~~ savings shares ha**s**~~ve~~ adequate information on transactions which could influence the market price of those shares, the Company's legal representatives must provide the Common Representative~~s~~ with any such information in a timely manner.	In order to ensure that the Common Representative~~s~~ of the holders of preference ~~and savings~~ shares ha**s**~~ve~~ adequate information on transactions which could influence the market price of those shares, the Company's legal representatives must provide the Common Representative~~s~~ with any such information in a timely manner.

Current text	**Modified text** in case of conversion of both preference and savings shares	**Modified text** in case of conversion of only preference shares	**Modified text** in case of conversion of only savings shares
Article 9 – Calling of the General Meetings and Validity of Resolutions	**Article 9 – Calling of the General Meetings and Validity of Resolutions**	**Article 9 – Calling of the General Meetings and Validity of Resolutions**	**Article 9 – Calling of the General Meetings and Validity of Resolutions**
Resolutions adopted in a General Meeting in accordance with the requirements of law and the Company By-laws are binding on all shareholders, including those who are absent or dissenting.	Unchanged	Unchanged	Unchanged
An Ordinary General Meeting shall be considered regularly convened when: at first call, at least one-half of shares with voting rights are represented; at a single or second call, any portion of shares with voting rights are represented.	An Ordinary General Meeting shall be considered regularly convened when: at first call, at least one-half of shares ~~with voting rights~~ are represented; at a single or second call, any portion of shares ~~with voting rights~~ are represented.	Unchanged	Unchanged
Resolutions are adopted by an absolute majority of votes cast, except for the election of Directors and Statutory Auditors for which the provisions of Articles 11 and 17 shall apply.	Unchanged	Unchanged	Unchanged
An Extraordinary Meeting of Shareholders shall be considered regularly convened when: at first call, at least one-half of shares with voting rights are represented; at second call, more than one-third of shares with voting rights are represented; or, at a single or third call, at least one-fifth of shares with voting rights are represented.	An Extraordinary Meeting of Shareholders shall be considered regularly convened when: at first call, at least one-half of shares ~~with voting rights~~ are represented; at second call, more than one-third of shares ~~with voting rights~~ are represented; or, at a single or third call, at least one-fifth of shares ~~with voting rights~~ are represented.	Unchanged	An Extraordinary Meeting of Shareholders shall be considered regularly convened when: at first call, at least one-half of shares ~~with voting rights~~ are represented; at second call, more than one-third of shares ~~with voting rights~~ are represented; or, at a single or third call, at least one-fifth of shares ~~with voting rights~~ are represented.
In an Extraordinary Meeting of Shareholders, resolutions are adopted with the favorable vote of at least two-thirds of shares represented at the Meeting.	In an Extraordinary Meeting of Shareholders, resolutions are adopted with the favorable vote of at least two-thirds of shares represented at the Meeting.	Unchanged	Unchanged
The foregoing shall be without prejudice to any special majorities required by law or provisions governing Special Meetings for holders of shares of a particular class.	The foregoing shall be without prejudice to any special majorities required by law ~~or provisions governing Special Meetings for holders of shares of a particular class~~.	Unchanged	Unchanged
Article 20 – Allocation of Profit	**Article 20 – Allocation of Profit**	**Article 20 – Allocation of Profit**	**Article 20 – Allocation of Profit**
Net profit reported in the annual financial statements shall be allocated as follows:	Unchanged	Unchanged	Unchanged
■ to the legal reserve, 5% of net profit until the amount of the reserve is equal to one-fifth of share capital;	■ Unchanged	■ Unchanged	■ Unchanged
■ to savings shares, a dividend of up to €0.217 per share;	■ ~~to savings shares, a dividend of up to €0.217 per share;~~	■ to savings shares, a dividend of up to ~~€0.217~~ **0.2201** per share;	■ ~~to savings shares, a dividend of up to €0.217 per share~~;
■ further allocations to the legal reserve, allocations to the extraordinary reserve and/or retained profit reserve as may be resolved by Shareholders;	■ further allocations to the legal reserve, allocations to the extraordinary reserve ~~and/or~~**,** retained profit reserve **and/or to other allocations** as may be resolved by Shareholders;	■ Unchanged	■ Unchanged

Current text	**Modified text** in case of conversion of both preference and savings shares	**Modified text** in case of conversion of only preference shares	**Modified text** in case of conversion of only savings shares
■ to preference shares, a dividend of up to €0.217 per share;	■ ~~to preference shares, a dividend of up to €0.217 per share;~~	■ ~~to preference shares, a dividend of up to €0.217 per share;~~	■ to preference shares, a dividend of up to ~~€0.217~~ **0.21886** per share;
■ to ordinary shares, a dividend of up to €0.1085 per share;	■ ~~to ordinary shares, a dividend of up to €0.1085 per share;~~	■ to ordinary shares, a dividend of up to ~~€0.1085~~ **0.11005** per share;	■ to ordinary shares, a dividend of up to ~~€0.1085~~ **0.21886** per share
■ to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.1085 per share;	■ ~~to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.1085 per share;~~	■ ~~to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.1085 per share;~~	■ ~~to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.1085 per share;~~
■ to each ordinary, preference and savings share, in equal amounts, any remaining net profit which Shareholders may resolve to distribute.	■ to each ~~ordinary, preference and savings~~ share~~, in equal amounts,~~ any remaining net profit which Shareholders may resolve to distribute.	■ to each ordinary, ~~preference~~ and savings share, in equal amounts, any remaining net profit which Shareholders may resolve to distribute.	■ to each ordinary~~,~~ and preference ~~and savings~~ share, in equal amounts, any remaining net profit which Shareholders may resolve to distribute.
When the dividend paid to savings shares in any year amounts to less than €0.217, the difference shall be added to the preferred dividend to which they are entitled in the following two years.	~~When the dividend paid to savings shares in any year amounts to less than €0.217, the difference shall be added to the preferred dividend to which they are entitled in the following two years.~~	When the dividend paid to savings shares in any year amounts to less than ~~€0.217~~ **0.2201**, the difference shall be added to the preferred dividend to which they are entitled in the following two years.	~~When the dividend paid to savings shares in any year amounts to less than €0.217, the difference shall be added to the preferred dividend to which they are entitled in the following two years.~~
In the event of a change to the par value of shares, the amounts stated above shall be adjusted on a pro rata basis.	~~In the event of a change to the par value of shares, the amounts stated above shall be adjusted on a pro rata basis.~~	Unchanged	Unchanged
Where the Board of Directors sees fit in relation to the Company's operating results and within the conditions established by law, it may authorize the payment of interim dividends during the year.	Unchanged	Unchanged	Unchanged
Any dividends unclaimed within five years of the date they become payable shall be forfeited and shall revert to the Company.	Unchanged	Unchanged	Unchanged
Article 23 – Winding-up	Article 23 – Winding-up	Article 23 – Winding-up	Article 23 – Winding-up
The Company shall be wound up in the cases provided for and in accordance with the term of the law.	Unchanged	Unchanged	Unchanged
It shall be for Shareholders, in a general meeting, to appoint one or more liquidators and determine their powers.	Unchanged	Unchanged	Unchanged
In the event of a winding up, the Company's assets shall be distributed in the following order of priority:	In the event of a winding up, the Company's assets shall be distributed ~~in the following order of priority:~~ **in an equal pro rata amount to shares**	Unchanged	Unchanged
■ repayment of savings shares up to their par value;	■ ~~repayment of savings shares up to their par value;~~	■ Unchanged	■ ~~repayment of savings shares up to their par value~~
■ repayment of preference shares up to their par value;	■ ~~repayment of preference shares up to their par value;~~	■ ~~repayment of preference shares up to their par value;~~	■ Unchanged
■ repayment of ordinary shares up to their par value;	■ ~~repayment of ordinary shares up to their par value;~~	■ Unchanged	■ Unchanged
■ distribute any balance remaining, in an equal pro rata amount to shares of all three classes.	■ ~~distribute any balance remaining, in an equal pro rata amount to shares of all three classes.~~	■ distribute any balance remaining, in an equal pro rata amount to shares of all ~~three~~ **two** classes.	■ distribute any balance remaining, in an equal pro rata amount to shares of all ~~three~~ **two** classes

With respect to the above changes, it is proposed to grant the disjoint powers to the Company's legal representatives to file, following the conversion of one class or both classes of shares, the By-laws as duly updated by the amendments described above.

23. Proposed resolution

The proposed resolution is attached to this report.

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This report, together with the accompanying information required for the exercise of the Conversions, will be made available to the public, in the manner indicated in the Issuers Regulation, by the stock market trading day before the beginning of the Conversions period at the latest.

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

Proposal of Resolution

The extraordinary Shareholders' meeting of "Fiat S.p.A.",
having acknowledged the report of the board of directors,

resolved

1) to compulsorily convert No. 103,292,310 (one hundred three million two hundred ninety-two thousand three hundred ten) preference shares and No. 79,912,800 (seventy-nine million nine hundred twelve thousand eight hundred) savings shares, with par value equal to Euro 3.50 (three and fifty cent) each, into ordinary shares having the same characteristics of the ordinary shares outstanding at the date of execution of the transaction and, therefore, with economic rights accrued from January 1, 2012;

2) to approve that the above transaction will be carried out on the basis of a conversion ratio equal to 0.850 (zero and eight hundred fifty thousandths) ordinary shares for each preference share and 0.875 (zero and eight hundred seventy-five thousandths) ordinary shares for each savings share, and the issuance of No. 87,798,463 (eighty-seven million seven hundred ninety-eight thousand four hundred sixty-three) ordinary shares in exchange for preference shares (it being understood that the rounding down to the nearest whole number is in charge of the Company) and No. 69,923,700 (sixty-nine million nine hundred twenty-three thousand seven hundred) ordinary shares in exchange for savings shares;

3) to establish that the conversion of preference shares and the payment of any relevant withdrawal share will take place subject to the condition that the conversion is approved by the relevant special meeting and the disbursement in relation to the possible exercise of the withdrawal rights by preference shareholders does not exceed maximum Euro 56,000,000 (fifty-six million) and that the conversion of savings shares and the payment of the relevant withdrawal shares will take place subject to the condition that the conversion is approved by the relevant special meeting and the disbursement in relation to the possible exercise of the withdrawal rights by savings shareholders does not exceed maximum Euro 44,000,000 (forty-four million);

4) not to proceed with any reduction of the company share capital, consequently increasing the par value of the shares resulting from the conversion by an amount equal to:

   a) Euro 0.08 (zero and eight cent) - where, in accordance with the item above, the conversion of both preference and savings shares takes place - withdrawing an amount equal to Euro 10,841,907.34 (ten million eight hundred forty-one thousand nine hundred seven and thirty-four cent) from the reserve denominated share premium reserve, and, accordingly, increasing the company share capital to Euro 4,476,441,927.34 (four billion four hundred seventy-six million four hundred forty-one thousand nine hundred twenty-seven and thirty-four cent),

   b) Euro 0.05 (zero and five cent) - where, in accordance with the item above, the conversion of preference shares only takes place - withdrawing an amount equal to Euro 8,791,129.15 (eight million seven hundred ninety-one thousand one hundred twenty-nine and fifteen cent) from the same reserve, and, accordingly, increasing the company share capital to Euro 4,474,391,149.15 (four billion four hundred seventy-four million three hundred ninety-one thousand one hundred forty-nine and fifteen cent),

   c) Euro 0.03 (zero and three cent) - where, in accordance with the item above, the conversion of savings shares only takes place - withdrawing an amount equal to Euro 3,015,048.60 (three million fifteen thousand forty-eight and sixty cent) from the same reserve, and, accordingly, increasing the company share capital to Euro 4,468,615,068.60 (four billion four hundred sixty-eight million six hundred fifteen thousand sixty-eight and sixty cent);

5) where, in accordance with the item No. 3 above, only the conversion of preference shares takes place, to adjust proportionally to the new par value of the shares, equal to Euro 3.55 (three and fifty-five cent), the amounts to which savings and ordinary shareholders are entitled pursuant to articles 6 and 20 of the by-laws;

6) where, in accordance with the item No. 3 above, only the conversion of savings shares takes place, to adjust proportionally to the new par value of the shares, equal to Euro 3.53 (three and fifty-three cent), the amounts to which preference and ordinary shareholders are entitled pursuant to article 20 of the by-laws;

7) to adjust, as a consequence of the increase of the par value of the shares, the amount of the capital increase reserved to executives and employees of the Company and/or its subsidiaries to:

   a) Euro 34,249,412.50 (thirty-four million two hundred forty-nine thousand four hundred twelve and fifty cent), where, in accordance with item No. 3 above, the conversion of both savings and preference shares takes place;

b) Euro 33,962,406.25 (thirty-three million nine hundred sixty-two thousand four hundred six euro and twenty-five cent), where, in accordance with item No. 3 above, only the conversion of preference shares takes place;

c) Euro 33,771,068.75 (thirty-three million seven hundred seventy-one thousand sixty-eight and seventy-five cent) where, in accordance with item No. 3 above, only the conversion of savings shares takes place;
it being understood that the number of the relevant ordinary shares will remain unchanged at No. 9,566,875 (nine million six hundred fifty-six thousand eight hundred seventy-five);

8) where, in accordance with item No. 3 above, the conversion of both preference and savings shares takes place, to amend articles 5,6, 9, 20 and 23 of the by-laws as follows:

"Article 5 – Share Capital

The issued share capital of the Company is €4,476,441,927.34 divided into 1,250,402,773 ordinary shares having a par value of €3.58 each.

Pursuant to the resolutions adopted by the Board of Directors on 3 November 2006 and subsequent to the demerger to Fiat Industrial S.p.A., and to the resolutions adopted by the Extraordinary Shareholders' Meeting on 4 April, 2012, share capital may be increased by a maximum of €34,249,412.50 through the issue of up to 9,566,875 new ordinary shares, through paid capital contributions, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.";

"Article 6 – Shares

Shares are registered shares issued in dematerialized form.

Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up.

Besides, each share confers the right to vote without any restrictions whatsoever.

The Company's share capital may also be increased by contributions in kind or receivables.";

"Article 9 – Calling of the General Meetings and Validity of Resolutions

Resolutions adopted in a General Meeting in accordance with the requirements of law and the Company By-laws are binding on all shareholders, including those who are absent or dissenting.

An Ordinary General Meeting shall be considered regularly convened when: at first call, at least one-half of shares are represented; at a single or second call, any portion of shares are represented.

Resolutions are adopted by an absolute majority of votes cast, except for the election of Directors and Statutory Auditors for which the provisions of Articles 11 and 17 shall apply.

An Extraordinary Meeting of Shareholders shall be considered regularly convened when: at first call, at least one-half of shares are represented; at second call, more than one-third of shares are represented; or, at a single or third call, at least one-fifth of shares are represented.

In an Extraordinary Meeting of Shareholders, resolutions are adopted with the favorable vote of at least two-thirds of shares represented at the Meeting.

The foregoing shall be without prejudice to any special majorities required by law.";

"Article 20 – Allocation of Profit

Net profit reported in the annual financial statements shall be allocated as follows:

- to the legal reserve, 5% of net profit until the amount of such reserve is equivalent to one-fifth of share capital;
- further allocations to the legal reserve, allocations to the extraordinary reserve, retained profit reserve and/or to other allocations as may be resolved by Shareholders;
- to each share, any remaining net profit which Shareholders may resolve to distribute.

Where the Board of Directors sees fit in relation to the Company's operating results and within the conditions established by law, it may authorize the payment of interim dividends during the year.

Any dividends unclaimed within five years of the date they become payable shall be forfeited and shall revert to the Company.";

"Article 23 – Winding-up

The Company shall be wound up in the cases provided for and in accordance with the term of the law.

It shall be for Shareholders, in a general meeting, to appoint one or more liquidators and determine their powers.

In the event of a winding up, the Company's assets shall be distributed in an equal pro rata amounts to shares.".

9) where, in accordance with item No. 3 above, the conversion of preference shares only takes place, to amend articles 5,6, 20 and 23 of the by-laws as follows:

"Article 5 – Share Capital

The issued share capital of the Company is €4,474,391,149.15, divided into 1,180,479,073 ordinary shares, and 79,912,800 savings shares having a par value of €3.55 each.

Pursuant to the resolutions adopted by the Board of Directors on 3 November 2006 and subsequent to the demerger to Fiat Industrial S.p.A., and to the resolutions adopted by the Extraordinary Shareholders' Meeting on 4 April, 2012, share capital may be increased by a maximum of €33,962,406.25 through the issue of up to 9,566,875 new ordinary shares, through paid capital contributions, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.";

"Article 6 – Classes of shares and Common representative

Ordinary shares are registered shares. Savings shares may be either registered or bearer shares, at the option of the holder or as required by law. All shares are issued in dematerialized form.

Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of savings shares, as set out in Articles 20 and 23 below.

Each ordinary share confers the right to vote without any restrictions whatsoever. No voting rights are attached to savings shares.

In the event of an increase in share capital, the holders of each class of shares are entitled to receive newly issued shares in the same class pro rata to the number of shares already held, or of another class if shares of the class already held are not offered or the number offered is insufficient.

The Company's share capital may also be increased by issuing ordinary and/or preference and/or savings shares in exchange for contributions in kind or receivables.

Resolutions authorizing the issuance of new savings shares having the same characteristics as those already in issue for the purposes of a capital increase or the conversion of shares of another class do not require the further approval in a Special Meeting of Shareholders of either of those classes.

In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall have the right to a higher dividend increased by €0.12425 rather than €0.11005 with respect to the dividend received by the ordinary shares.

In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary shares shall be increased by €0.142 per share.

Any expenditure required for the safeguarding of the common interests of the holders of savings shares, in relation to which a dedicated fund is approved in the respective Special Meeting of Shareholders, shall be borne by the Company up to a maximum annual amount of €30,000.

In order to ensure that the Common Representative of the holders of savings shares has adequate information on transactions which could influence the market price of those shares, the Company's legal representatives must provide the Common Representative with any such information in a timely manner.";

"Article 20 – Allocation of Profit

Net profit reported in the annual financial statements shall be allocated as follows:

- to the legal reserve, 5% of net profit until the amount of such reserve is equivalent to one-fifth of share capital;
- to savings shares, a dividend of up to €0.2201 per share;
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or retained profit reserve as may be resolved by Shareholders;
- to ordinary shares, a dividend of up to €0.11005 per share;

- to each ordinary and savings share, in equal amounts, any remaining net profit which Shareholders may resolve to distribute.

When the dividend paid to savings shares in any year amounts to less than €0.2201, the difference shall be added to the preferred dividend to which they are entitled in the following two years.

In the event of a change to the par value of shares, the amounts stated above shall be adjusted on a pro rata basis.

Where the Board of Directors sees fit in relation to the Company's operating results and within the conditions established by law, it may authorize the payment of interim dividends during the year.

Any dividends unclaimed within five years of the date they become payable shall be forfeited and shall revert to the Company.";

"Article 23 – Winding-up

The Company shall be wound up in the cases provided for and in accordance with the term of the law.

It shall be for Shareholders, in a general meeting, to appoint one or more liquidators and determine their powers.

In the event of a winding up, the Company's assets shall be distributed in the following order of priority:

- repayment of savings shares up to their par value;
- repayment of ordinary shares up to their par value;
- distribute any balance remaining, in an equal pro rata amount to shares of all two classes.".

10) where, in accordance with item No. 3 above, the conversion of savings shares only takes place, to amend articles 5,6, 9, 20 and 23 of the by-laws as follows:

"Article 5 – Share Capital

The issued share capital of the Company is €4,468,615,068.60, divided into 1,162,604,310 ordinary shares and 103,292,310 preference shares having a par value of €3.53 each.

Pursuant to the resolutions adopted by the Board of Directors on 3 November 2006 and subsequent to the demerger to Fiat Industrial S.p.A., and to the resolutions adopted by the Extraordinary Shareholders' Meeting on 4 April, 2012, share capital may be increased by a maximum of €33,771,068.75 through the issue of up to 9,566,875 new ordinary shares, through paid capital contributions, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.";

"Article 6 – Classes of shares and Common representative

Shares are registered shares issued in dematerialized form.

Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of preference shares, as set out in Articles 20 and 23 below.

Each ordinary share confers the right to vote without any restrictions whatsoever. Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings.

In the event of an increase in share capital, the holders of each class of shares are entitled to receive newly issued shares in the same class pro rata to the number of shares already held, or of another class if shares of the class already held are not offered or the number offered is insufficient.

The Company's share capital may also be increased by issuing ordinary and/or preference and/or savings shares in exchange for contributions in kind or receivables.

Resolutions authorizing the issuance of new preference shares having the same characteristics as those already in issue for the purposes of a capital increase or the conversion of shares of another class do not require the further approval in a Special Meeting of Shareholders of either of those classes.

Any expenditure required for the safeguarding of the common interests of the holders of preference shares, in relation to which a dedicated fund is approved in the respective Special Meeting of Shareholders, shall be borne by the Company up to a maximum annual amount of €30,000.

In order to ensure that the Common Representative of the holders of preference shares has adequate information on transactions which could influence the market price of those shares, the Company's legal representatives must provide the Common Representative with any such information in a timely manner.";

"Article 9 – Calling of the General Meetings and Validity of Resolutions

Resolutions adopted in a General Meeting in accordance with the requirements of law and the Company By-laws are binding on all shareholders, including those who are absent or dissenting.

An Ordinary General Meeting shall be considered regularly convened when: at first call, at least one-half of shares with voting rights are represented; at a single or second call, any portion of shares with voting rights are represented.

Resolutions are adopted by an absolute majority of votes cast, except for the election of Directors and Statutory Auditors for which the provisions of Articles 11 and 17 shall apply.

An Extraordinary Meeting of Shareholders shall be considered regularly convened when: at first call, at least one-half of shares are represented; at second call, more than one-third of shares are represented; or, at a single or third call, at least one-fifth of shares are represented.

In an Extraordinary Meeting of Shareholders, resolutions are adopted with the favorable vote of at least two-thirds of shares represented at the Meeting.

The foregoing shall be without prejudice to any special majorities required by law or provisions governing Special Meetings for holders of shares of a particular class.";

"Article 20 – Allocation of Profit

Net profit reported in the annual financial statements shall be allocated as follows:

- to the legal reserve, 5% of net profit until the amount of such reserve is equivalent to one-fifth of share capital;
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or retained profit reserve as may be resolved by Shareholders;
- to preference shares, a dividend of up to €0.21886 per share;
- to ordinary shares, a dividend of up to €0.21886 per share;
- to each ordinary and preference share, in equal amounts, any remaining net profit which Shareholders may resolve to distribute.

In the event of a change to the par value of shares, the amounts stated above shall be adjusted on a pro rata basis.

Where the Board of Directors sees fit in relation to the Company's operating results and within the conditions established by law, it may authorize the payment of interim dividends during the year.

Any dividends unclaimed within five years of the date they become payable shall be forfeited and shall revert to the Company.";

"Article 23 – Winding-up

The Company shall be wound up in the cases provided for and in accordance with the term of the law.

It shall be for Shareholders, in a general meeting, to appoint one or more liquidators and determine their powers.

In the event of a winding up, the Company's assets shall be distributed in the following order of priority:

- repayment of preference shares up to their par value;
- repayment of ordinary shares up to their par value;
- distribute any balance remaining, in an equal pro rata amount to shares of all two classes."

11) to grant the members of the board of directors with legal representation, severally, all the broadest powers to implement, in compliance with the applicable laws, the resolutions adopted herein, including the power to define - taking into consideration the condition under item No. 3 above - the relevant terms and conditions, including those concerning the payment of the fractional shares resulting from the application of the conversion ratios to be carried out by the Company;

12) to delegate the legal representatives in charge, severally, the duty to file with the competent Companies' Register, following the conversion of both or either class of shares, the new company's by-laws as duly amended in accordance with the provisions defined above.

Other Corporate Publications and web

CORPORATE GOVERNANCE

SUSTAINABILITY REPORT

http://www.fiatspa.com/en-us

Fiat on Social Networks

SOCIETÀ PER AZIONI

DELICIOUS

www.delicious.com/
fiatgroup

FRIENDFEED

www.friendfeed.com/
fiatgroup

DIGG

www.digg.com/
Fiatgroup

LINKEDIN

www.linkedin.com/
company/fiat-spa

FACEBOOK

www.facebook.com/
FiatS.p.a

REDDIT

www.it.reddit.com/
new

FLICKR

www.flickr.com/
photos/fiatgroup

TWITTER

www.twitter.com/
fiatspa

Fiat on Social Networks

For Fiat Group, new media is not only an information source that is monitored but it is also actively used as a platform through which the Group and its brands can clearly and effectively communicate their message. Social networks are used as an integrated part of the Group's overall communication strategy to provide relevant and up-to-date corporate information to the public.

Contacts

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cocoon Silk

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Paper made from recycled material
FSC® C007139
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revive PAPER 100% Recycled NAPM

By using this paper, rather than a non-recycled paper, the environmental impact was reduced by:

2,478
kg of landfill

31,415
liters of water

1,042
kg of CO_2

7,562
kWh of energy

7,442
km travel in the average European car

2,618
kg of wood

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Editorial coordination
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The artist faces the work he wishes to create. He also faces his destiny. A struggle begins out of which a sculpture, painting or photograph emerges from the artist's subconscious, revealing his imagination, his sensitivity, his creativity. Often it begins in the unknown, arrives at a junction, takes a side street, changes course and takes yet another route to culminate in the work that embodies "his" truth within.

The manager goes through the same process. He faces decisions that will determine the destiny of his enterprise and the men and women in it. A duel begins – to make plans, set targets, establish strategies, evaluate results. Most of the time, just as the artist, he must act with the unknowns of the market, reckon with many variables and explore new roads, to then finally give form to "his" enterprise.

The artist and the manager have a need in common: to take a decision, chart a course. Whether we are talking of a painting or photographic technique, as in one case, or an alliance or product launch, as in the other, the artist and the manager have to stay the course, to work in uncertainty without prevaricating. It's about intuition and clearness of purpose. Artist or manager, we seek a truth for the continuity of our respective enterprises, the artwork I create or the leadership of this Group.

I like to imagine the moment when each of us, in our own way, sets out on a course and makes choices, convinced of our own truth.

Roger Pfund

Fiat S.p.A.
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