

# Annual Report

At 31 December 2012

**FIAT**

SOCIETÀ PER AZIONI



107<sup>th</sup> financial year

# Annual Report

At 31 December 2012





## General Meeting

Fiat's shareholders are notified that an Ordinary General Meeting will be held at Centro Congressi Lingotto, Via Nizza 280, Turin at 11 a.m. on 9 April 2013 (single call) to vote on the following:

### Agenda

1. Motion for Approval of the Statutory Financial Statements and Allocation of 2012 Net Result
2. Compensation and Own Shares:
  - a) Compensation Policy pursuant to Article 123-ter of Legislative Decree 58/98
  - b) Authorization for the Purchase and Disposal of Own Shares

### Attendance and Representation

Shareholders are entitled to attend the Meeting if they hold the right to vote at the close of business on the record date of 27 March 2013 and the Company has received the relevant confirmation of entitlement from an authorized intermediary.

As provided by law, Shareholders entitled to attend the Meeting may appoint a proxy representative.

The Company has designated Servizio Titoli S.p.A. as the representative, pursuant to Article 135-undecies of Legislative Decree 58/98, upon whom shareholders may confer proxy and instruct to vote on all or some of the motions on the agenda. The deadline for conferral of proxy is 5 April 2013, using the form provided on the corporate website [www.fiatspa.com](http://www.fiatspa.com) (Investor Relations/Shareholder Info/Shareholder Meetings). The form can also be requested by calling +39 011 0923200.

### Documentation and Information

The Notice of General Meeting available on the corporate website [www.fiatspa.com](http://www.fiatspa.com) (Investor Relations/Shareholder Info/Shareholder Meetings) contains complete information and instructions relating to the rights exercisable by Shareholders.

The Annual Report and Annual Report on Corporate Governance are available at the Company's registered office and on the corporate website. Reports and motions relating to the other items on the agenda will be available at the Company's registered office and on the corporate website on or before the legal deadline.

# Contents

|    |  |     |  |
|----|--|-----|--|
| 6  | <b>Board of Directors and Auditors</b>   | 104 | Corporate Governance   |
| 8  | <b>Letter from the Chairman and the Chief Executive Officer</b>                    | 111 | Transactions between Group Companies and with Related Parties  |
| 13 | <b>The Group at a Glance</b>   | 112 | Subsequent Events and Outlook  |
| 14 | Highlights   | 113 | Financial Review – Fiat S.p.A.   |
| 16 | Fiat Group around the World  | 117 | Motion for Approval of the Statutory Financial Statements and Allocation of 2012 Net Result                            |
| 18 | Group Brands   | 119 | <b>Fiat Group – Consolidated Financial Statements at 31 December 2012</b>  |
| 23 | Shareholders   | 120 | Consolidated Income Statement  |
| 26 | Key Events in 2012   | 121 | Consolidated Statement of Comprehensive Income   |
| 34 | A Responsible Global Group   | 122 | Consolidated Statement of Financial Position   |
| 37 | <b>Report on Operations</b>  | 124 | Consolidated Statement of Cash Flows   |
| 38 | Main Risks and Uncertainties to which Fiat S.p.A. and its Subsidiaries are Exposed | 125 | Statement of Changes in Consolidated Equity  |
| 46 | Financial Review – Fiat Group  | 126 | Consolidated Income Statement pursuant to Consob Resolution 15519 of 27 July 2006                                      |
| 64 | Commercial Performance by Segment  | 127 | Consolidated Statement of Financial Position pursuant to Consob Resolution 15519 of 27 July 2006                       |
| 65 | Mass-Market Brands (NAFTA, LATAM, APAC, EMEA)                                      | 128 | Consolidated Statement of Cash Flows pursuant to Consob Resolution 15519 of 27 July 2006                               |
| 73 | Luxury and Performance Brands (Ferrari, Maserati)                                  | 129 | Notes to the Consolidated Financial Statements   |
| 76 | Components and Production Systems (Magnetit Marelli, Teksid, Comau)                | 219 | Appendix I – Fiat Group Companies at 31 December 2012  |
| 81 | Sustainability   | 242 | Appendix II – Information required under Article 149- <i>duodecies</i> of the “Regolamento Emittenti” issued by Consob |
| 81 | Sustainability Governance and Stakeholders   | 243 | <b>Attestation of the Consolidated Financial Statements under Article 154-<i>bis</i> of Legislative Decree 58/98</b>   |
| 82 | Research, Innovation and Sustainable Mobility                                      |     |  |
| 90 | Environmental Performance of Plants and Non-Manufacturing Processes                |     |  |
| 94 | Employees and Local Communities  |     |  |

|            |  |
|------------|--|
| <b>245</b> | <b>Fiat S.p.A. – Statutory Financial Statements at 31 December 2012</b>  |
| <b>246</b> | Income Statement   |
| <b>246</b> | Statement of Comprehensive Income  |
| <b>247</b> | Statement of Financial Position  |
| <b>248</b> | Statement of Cash Flows  |
| <b>249</b> | Statement of Changes In Equity   |
| <b>251</b> | Income Statement pursuant to Consob Resolution<br>15519 of 27 July 2006  |
| <b>252</b> | Statement of Financial Position pursuant to Consob Resolution<br>15519 of 27 July 2006                                 |
| <b>253</b> | Statement of Cash Flows pursuant to Consob Resolution<br>15519 of 27 July 2006   |
| <b>254</b> | Notes to the Statutory Financial Statements  |
| <b>308</b> | Appendix – Information required under Article 149- <i>duodecies</i><br>of the “Regolamento Emittenti” issued by Consob |
| <b>309</b> | <b>Attestation of the Statutory Financial Statements under Article<br/>154-<i>bis</i> of Legislative Decree 58/98</b>  |

## **310 Auditors' Reports and Motions for AGM**

### **311 Reports of the Independent Auditors**

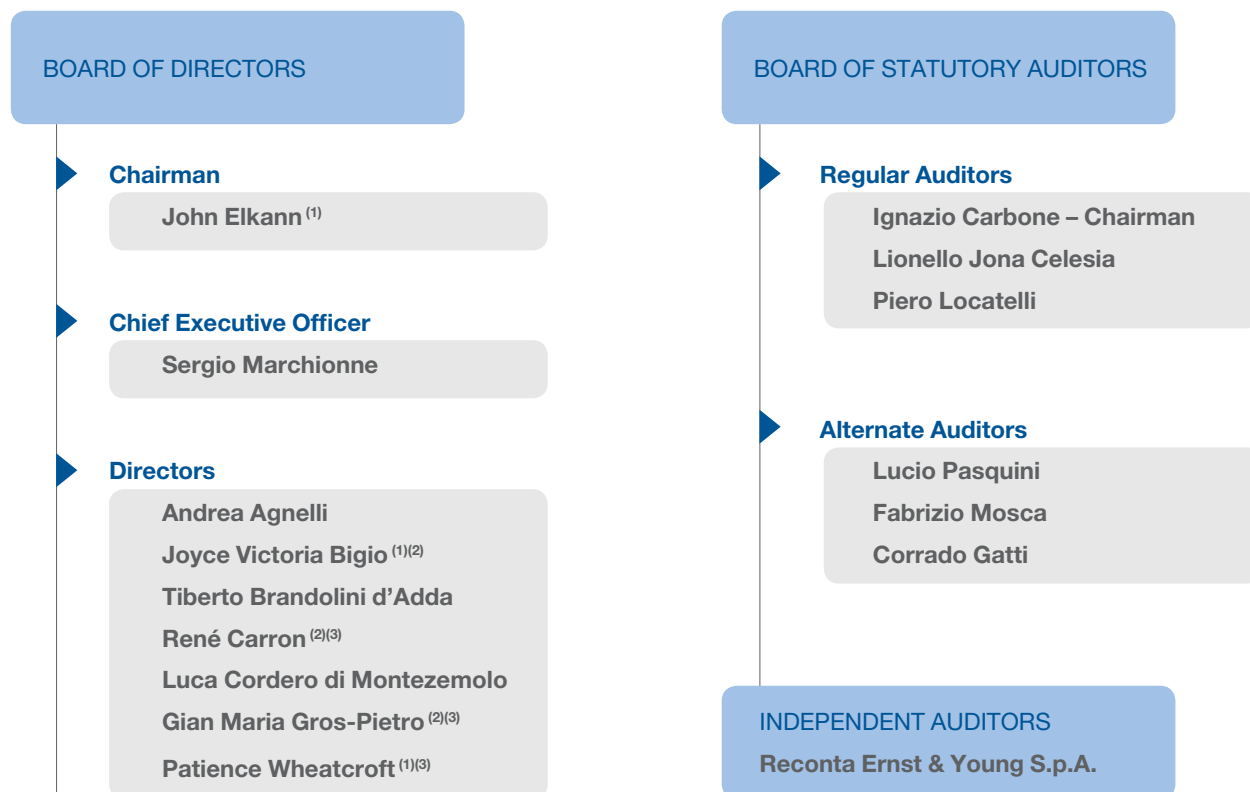
### **317 Reports of the Board of Statutory Auditors**

### **323 Motions for AGM**

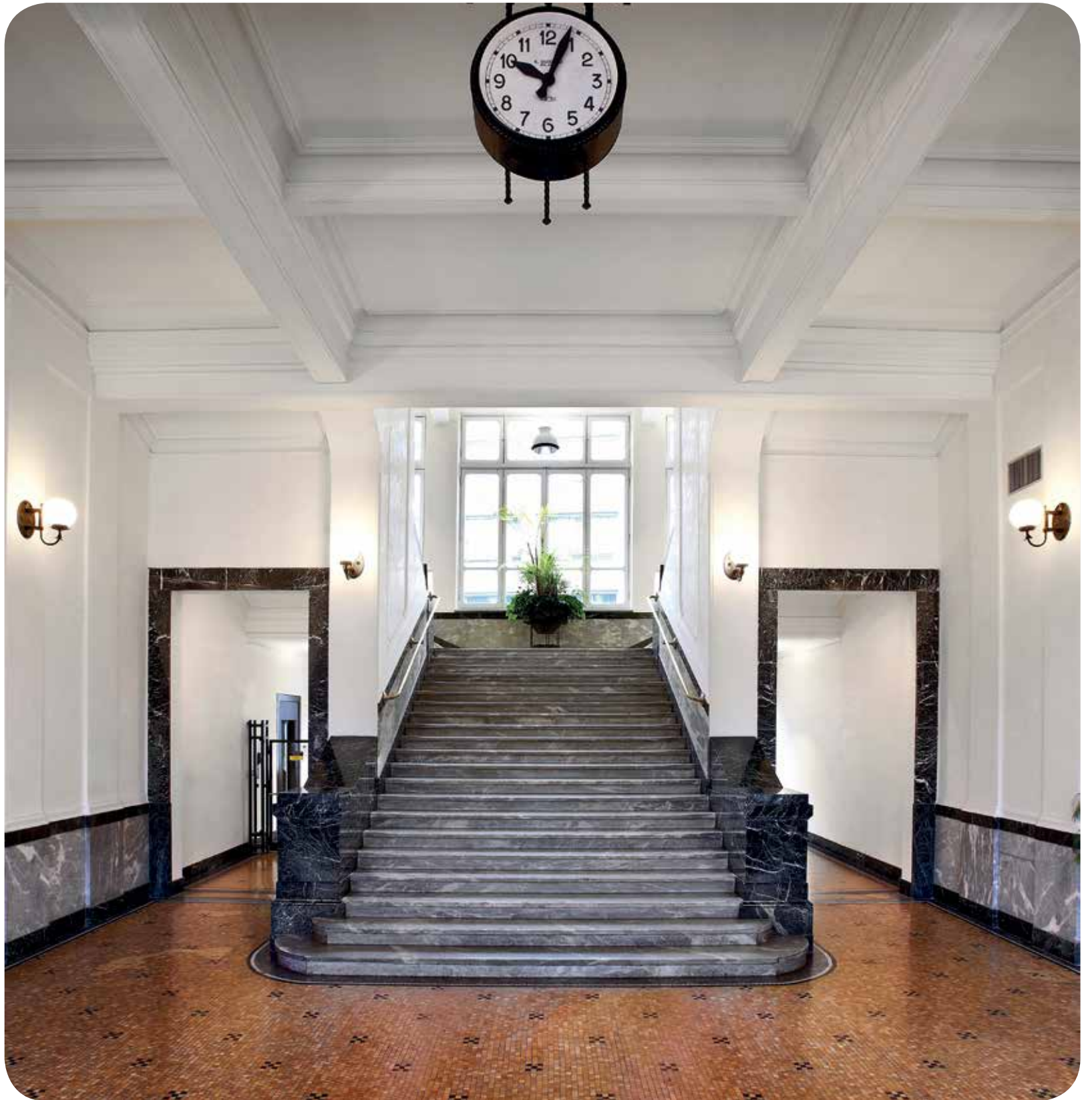
*In this document, the terms “Chrysler Group” or “Chrysler” are used to identify Chrysler Group LLC, together with its direct and indirect subsidiaries. The terms “Fiat”, “Fiat Group” or simply “Group” are used to identify Fiat S.p.A., together with its direct and indirect subsidiaries which include, 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 should be considered the authoritative version.*

# Board of Directors and Auditors



- (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



“As a result of the integration with Chrysler, we now have an extensive presence and full product offering in every major economic region in the world”

*Dear Shareholders,*

I am pleased to present Fiat Group's 2012 Annual Report. We closed the year with all targets achieved or exceeded, including revenues of nearly €84 billion and trading profit above €3.8 billion. Worldwide shipments of passenger cars and light commercial vehicles increased to more than 4 million units.

Beyond the financial figures, however, there is another fact which stands out: that growth was not driven by our performance in one geographic region or market segment alone. As a result of the integration with Chrysler, we now have an extensive presence and full product offering in every major economic region in the world. That completeness is the strength of our Group – like the difference between having a four-wheel drive rather than simply two. The benefits have been quite evident in recent months with the severe crisis in the European market. Despite demand in Europe falling to levels not recorded since 1996, Fiat-Chrysler improved overall performance on the back of results achieved in the Americas and Asia.

At year end we also announced our intention to further capitalize on the intrinsic value of premium brands such as Jeep, Maserati and Alfa Romeo. That strategic decision was not only a response to current difficulties in Europe, but also part of our long-term objective to more fully leverage the Group's potential – beginning with its know-how in technology and design – in support of ambitious development plans around the globe.

I would also like to bring your attention to a new feature in this year's Annual Report. As a sign of the importance our Group places on responsible growth, we decided to dedicate a larger section of this year's edition to sustainability. Our objective was to provide even more complete information to stakeholders and this will ultimately lead to an integrated report that reflects the strong inter-relationship between the economic, environmental and social dimensions.

That is how the Group intends to continue to grow, seizing every new development opportunity with determination and commitment.

/s/ John Elkann

John Elkann  
**CHAIRMAN**

# Letter from the Chief Executive Officer

*Dear Shareholders,*

The 2012 Annual Report is the first to consolidate Chrysler Group's results for a full year and starts to reflect the benefits of our alliance.

What Fiat and Chrysler have accomplished over the past three and a half years in terms of sharing and integrating know-how, best practices, experience and traditions is evident not only in the financial results, but also at the commercial, industrial and cultural level.

We now rank as the 7<sup>th</sup> largest automaker globally.

During 2012, we made significant progress regarding the further convergence of key products on to the Group's three principal global architectures with the launch of the Fiat Panda and the Fiat 500L in Europe (EMEA), the Dodge Dart in North America (NAFTA) and the Fiat Viaggio in the Asia-Pacific region (APAC).

With our newly established global presence and wealth of resources and talent, we are finally in a position to engage in competition with the best in the sector.

With all full-year targets reached or exceeded, our financial results for 2012 reflect a global organization focused on growth in volumes and profitability.

Revenues were up 12% to €84 billion and trading profit was in excess of €3.8 billion, the highest ever in the Group's history.

Net profit was €1.4 billion and total available liquidity remained strong at €20.8 billion.

These results were achieved despite conditions in Europe, where the prolonged crisis in the auto sector, which posted its fifth straight year of decline, was further exacerbated by the broader economic crisis.

The solid financial and commercial results achieved in every other operating region for the mass-market brands enabled us to minimize the impact of the volume declines and operating losses recorded in EMEA. Growth for Luxury and Performance brands continued and the Components business also contributed positively.

In NAFTA, we continued to outpace all other domestic automakers in terms of sales growth.

In the U.S., we posted our 33<sup>rd</sup> consecutive month of sales growth in December, and in Canada, we are on the verge of becoming the number one automaker.

Trading profit for the region was up 59% over the prior year to €2.7 billion.

In Latin America (LATAM), the Group recorded another year of very strong results, posting €1.1 billion of trading profit and a double-digit trading margin.



“With our newly established global presence and wealth of resources and talent, we are finally in a position to engage in competition with the best in the sector”

We capitalized on good trading conditions, particularly in the second semester of the year, and outperformed the market, closing the year with the highest volumes ever recorded in Fiat's long and successful history in Latin America.

In Brazil, we gained a full percentage point in market share, further strengthening the leadership position that we have now held for 11 years.

In APAC, we turned in a very strong performance on the back of higher demand in almost all our key markets, with revenues up 50% and trading profit nearly double the prior year's level.

In China, we opened a new plant in Changsha and began local production of the Fiat Viaggio, representing just the first step in our plans for development in the world's largest car market.

In India, we undertook several initiatives to strengthen our presence, including establishment of a new Group-owned distribution company to take over direct management of our commercial activities and reorganize the dealer network.

Those results were possible because of what Fiat and Chrysler are today.

A strong, competitive group that possesses some of the most innovative technologies and one of the most extensive product ranges in the world.

A flexible yet cohesive group, solid enough to cope with any unexpected changes in market conditions and with a global footprint reducing the risk of over-dependency on any one single market or region.

A group that draws its strength from the diversity of talent, experience and culture of its people – individuals working towards the future every day with the determination that marks them as leaders.

We closed 2012 with a sense of accomplishment for the milestones reached and the platform they give us for the next phase of development.

At the same time, we have retained our sense of urgency, because we know it is just the beginning.

In Europe, we have partially reoriented our strategy in response to current market difficulties and trends in customer demand and preferences.

As announced on 30 October 2012, we plan to leverage the potential of our luxury and performance businesses to expand into the more profitable premium end of the market and increasingly utilize the Group's EMEA production base to develop our global brands, Alfa Romeo, Maserati, Jeep and the Fiat pillar vehicles derived from the 500 "family" and the Panda.

This strategic path is open to us not only because of the prestige and quality associated with Group brands such as Ferrari, Maserati and Alfa Romeo, but also because of the transformation that Fiat has undergone as a result of its alliance with Chrysler.

Over the past three years, the sharing of technical know-how has enabled us to develop relevant architectures and baseline powertrains that allow us to be at the cutting edge of the premium end of the business and to shift a significant portion of our product portfolio towards better margin opportunities.

Our increased global reach provides the opportunity to utilize some of our excess production capacity in Europe to service export markets outside Europe.

That will enable us to redeploy the current production overcapacity from the mass-market segment and achieve breakeven in Europe by 2015-2016.

This process just kicked-off with the start of production of the New Maserati Quattroporte at the Avv. Giovanni Agnelli plant (Grugliasco), which will be followed by the Maserati Ghibli in the summer of 2013. Investments have already started at the Melfi plant to install a new modular architecture for production of the Fiat 500X and a new Jeep brand Sport Utility Vehicle, both destined for global markets in 2014.

In other regions, our efforts will focus on strengthening the business and expanding our geographic presence.

In NAFTA, we have established an ambitious product plan, with the launch of over 50 all-new or significantly refreshed models during the 2012-16 period.

In LATAM, our priority is to build on our leadership position through greater diversification of our product offering, while maintaining strong profitability. Our future plans include development of the new industrial complex in Pernambuco, which is projected to reach a production between 200,000 and 250,000 vehicles per year and will also allow the extension of the Group's product range into growing segments of the market.

In APAC, we have positioned ourselves to benefit from growing market demand, including continuing to capitalize on the success already achieved by the Jeep brand whose sales nearly double in 2012 over the prior year and accounted for 64% of total Group sales in the region. In China, we are developing our distribution capability and expect to double the number of dealers by the end of 2013. In India, we are also expanding our independent dealer network.

For 2013, we expect market conditions in NAFTA, LATAM and APAC will continue to support our financial projections.

In Europe, however, the market will continue to be subject to significant levels of uncertainty.

In order to maintain a high level of liquidity and given the restrictions on Chrysler's ability to pay dividends to its members, the Board of Directors has decided not to recommend a dividend on Fiat shares for 2012.

On the basis of the updated financial plan presented at the end of Q3, the Group confirms the targets for 2013: revenues in the €88-92 billion range; trading profit in the €4.0-4.5 billion range; net profit between €1.2-1.5 billion; and net industrial debt of approximately €7.0 billion.

We will work towards achieving these targets with the same spirit that has brought us this far, with attention to the needs of local communities and the environment, as well as to the legacy that we intend to leave future generations.

Our commitment to operating responsibly and promoting a model of sustainable development is part of the tradition and values of the Group that continue to be recognized internationally.

For the fourth consecutive year, Fiat Group was included in the prestigious Dow Jones Sustainability Indexes World and Europe, which only admit companies that are best-in-class in terms of economic, environmental and social performance.

As further recognition of its efforts in addressing climate change, Fiat Group was also admitted to the Italy 100 Carbon Disclosure Leadership Index (CDLI) and the Italy 100 Carbon Performance Leadership Index (CPLI), achieving the highest score of all participating companies.

Our business philosophy, where product excellence goes hand-in-hand with acting responsibly, involves everyone throughout the entire organization. Nearly 215,000 people around the world put that philosophy into practice every day through their commitment and dedication to making us a strong and competitive group, while never losing sight of our moral obligation to contribute to the well-being of society as a whole and to the construction of a better future.

I want to thank all the women and men in our Group for their professional and personal contribution, for the dedication and passion that they give every day to the creation of a better future.

I also want to express my thanks to our shareholders for standing by us as we have grown and transformed the business and for continuing to support us as we move to the next phase of the Group's development.

20 February 2013

/s/ Sergio Marchionne

Sergio Marchionne

**CHIEF EXECUTIVE OFFICER**

“For the fourth consecutive year, Fiat Group was included in the prestigious Dow Jones Sustainability Indexes World and Europe, which only admit companies that are best-in-class in terms of economic, environmental and social performance”



# The Group at a Glance

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- 14 Highlights
- 16 Fiat Group around the World
- 18 Group Brands
- 23 Shareholders
- 26 Key Events in 2012
- 34 A Responsible Global Group

# Highlights

| (€ million)  | 2012                     |                               | 2011                                    |                               | 2010                 | 2009                 |
|--|--------------------------|-------------------------------|---|-------------------------------|----------------------|----------------------|
|  | Fiat<br>with<br>Chrysler | Fiat<br>excluding<br>Chrysler | Fiat<br>with<br>Chrysler <sup>(*)</sup> | Fiat<br>excluding<br>Chrysler | Fiat <sup>(**)</sup> | Fiat <sup>(**)</sup> |
| Net revenues                                       | <b>83,957</b>            | <b>35,566</b>                 | 59,559                                  | 37,382                        | 35,880               | 32,684               |
| Trading profit/(loss)                              | <b>3,814</b>             | <b>355</b>                    | 2,392                                   | 1,047                         | 1,112                | 736                  |
| EBIT (1)   | <b>3,677</b>             | <b>204</b>                    | 3,467                                   | 2,266                         | 1,106                | 455                  |
| EBITDA (2)   | <b>7,811</b>             | <b>2,321</b>                  | 6,825                                   | 4,501                         | 3,292                | 2,491                |
| Profit/(loss) before taxes                         | <b>2,036</b>             | <b>(621)</b>                  | 2,185                                   | 1,470                         | 706                  | 103                  |
| Profit/(loss) for the year                         | <b>1,411</b>             | <b>(1,041)</b>                | 1,651                                   | 1,006                         | 222                  | (345)                |
| Attributable to:                                   |                          |                               |   |                               |                      |                      |
| Owners of the parent                               | <b>348</b>               | <b>(1,087)</b>                | 1,334                                   | 980                           | 179                  | (374)                |
| Non-controlling interests                          | <b>1,063</b>             | <b>46</b>                     | 317                                     | 26                            | 43                   | 29                   |
| Basic earnings/(loss) per ordinary share (€) (3)   | <b>0.286</b>             | <b>-</b>                      | 1.101                                   | -                             | -                    | -                    |
| Diluted earnings/(loss) per ordinary share (€) (3) | <b>0.284</b>             | <b>-</b>                      | 1.093                                   | -                             | -                    | -                    |
| Investments in tangible and intangible assets      | <b>7,534</b>             | <b>3,223</b>                  | 5,528                                   | 3,592                         | 2,864                | 2,684                |
| of which: capitalized R&D costs                    | <b>2,138</b>             | <b>1,080</b>                  | 1,438                                   | 1,059                         | 886                  | 748                  |
| R&D expenditure (4)                                | <b>3,295</b>             | <b>1,464</b>                  | 2,175                                   | 1,411                         | 1,284                | 1,154                |
| Net industrial debt                                | <b>6,545</b>             | <b>5,048</b>                  | 5,529                                   | 2,449                         | 542                  | 3,103                |

(\*) Includes Chrysler from June 2011.

(\*\*) Excludes activities transferred to Fiat Industrial S.p.A. on 1 January 2011.

(1) Trading profit/(loss) plus unusualls and result from investments.

(2) EBIT plus depreciation and amortization.

(3) For 2011, the calculation assumes conversion of all Fiat S.p.A. preference and savings shares into ordinary shares on January 1st. For prior years, comparable data is not available.

Note 13 to the Consolidated Financial Statements provides additional information on the calculation of basic and diluted earnings per share.

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

|  |   | 2012           | 2011 <sup>(1)</sup> | 2010 <sup>(2)</sup> |
|--|---|----------------|---------------------|---------------------|
| Employees  | (no.)   | <b>214,836</b> | 197,021             | 189,424             |
| of which women                                     | (%)   | <b>19.2</b>    | 17.9                | 17.8                |
| Hours of training                                  | (thousands)   | <b>4,206</b>   | 4,048               | 3,196               |
| Frequency rate of accidents                        | (no. accidents per 100,000 hours worked)                      | <b>0.22</b>    | 0.28                | 0.44                |
| Severity rate of accidents                         | (no. days of absence due to accidents per 1,000 hours worked) | <b>0.07</b>    | 0.08                | 0.13                |
| Plant energy consumption <sup>(3)</sup>            | (TeraJoules)  | <b>45,692</b>  | 48,875              | 49,722              |
| CO <sub>2</sub> emissions of plants <sup>(3)</sup> | (thousands of tons)   | <b>3,965</b>   | 4,196               | 4,383               |
| Water withdrawal of plants                         | (thousands of m <sup>3</sup> )                                | <b>25,874</b>  | 29,862              | 34,198              |
| Waste generated by plants                          | (thousands of tons)   | <b>1,761</b>   | 1,855               | 1,712               |
| Contributions to local communities <sup>(4)</sup>  | (€ million)   | <b>20.8</b>    | 36.5                | 25.6                |

**Note:** All information has been audited by the independent certification organization SGS Italia S.p.A. The scope, methodology, limitations and conclusions of the audit are provided in the Assurance Statement issued by SGS and published in the Fiat Group 2012 Sustainability Report.

(1) Includes Chrysler Group for the full year.

(2) Restated to include Chrysler Group and exclude companies transferred to Fiat Industrial S.p.A. on 1 January 2011.

(3) Data for 2011 and 2010 has been recalculated based on the scope of reporting applicable for 2012.

(4) Includes initiatives undertaken by the Group worldwide in support of local communities. Calculation based on London Benchmarking Group (LBG) method.

## Selected Data by Region

|                          | Employees      |                | Plants     |            | R&D Centers |           | Revenues <sup>(*)</sup><br>(€ million) |                      |
|--------------------------|----------------|----------------|------------|------------|-------------|-----------|--|----------------------|
|                          | 2012           | 2011           | 2012       | 2011       | 2012        | 2011      | 2012 <sup>(**)</sup>                   | 2011 <sup>(**)</sup> |
| Italy                    | <b>61,858</b>  | 62,583         | <b>44</b>  | 46         | <b>37</b>   | 38        | <b>7,275</b>                           | 9,258                |
| Europe (excluding Italy) | <b>26,767</b>  | 25,140         | <b>33</b>  | 33         | <b>15</b>   | 14        | <b>12,999</b>                          | 13,720               |
| North America            | <b>73,713</b>  | 60,348         | <b>48</b>  | 47         | <b>16</b>   | 16        | <b>45,348</b>                          | 21,505               |
| South America            | <b>46,949</b>  | 44,668         | <b>19</b>  | 19         | <b>5</b>    | 5         | <b>11,805</b>                          | 11,383               |
| Other Regions            | <b>5,549</b>   | 4,282          | <b>14</b>  | 10         | <b>4</b>    | 4         | <b>6,530</b>                           | 3,693                |
| <b>Total</b>             | <b>214,836</b> | <b>197,021</b> | <b>158</b> | <b>155</b> | <b>77</b>   | <b>77</b> | <b>83,957</b>                          | <b>59,559</b>        |

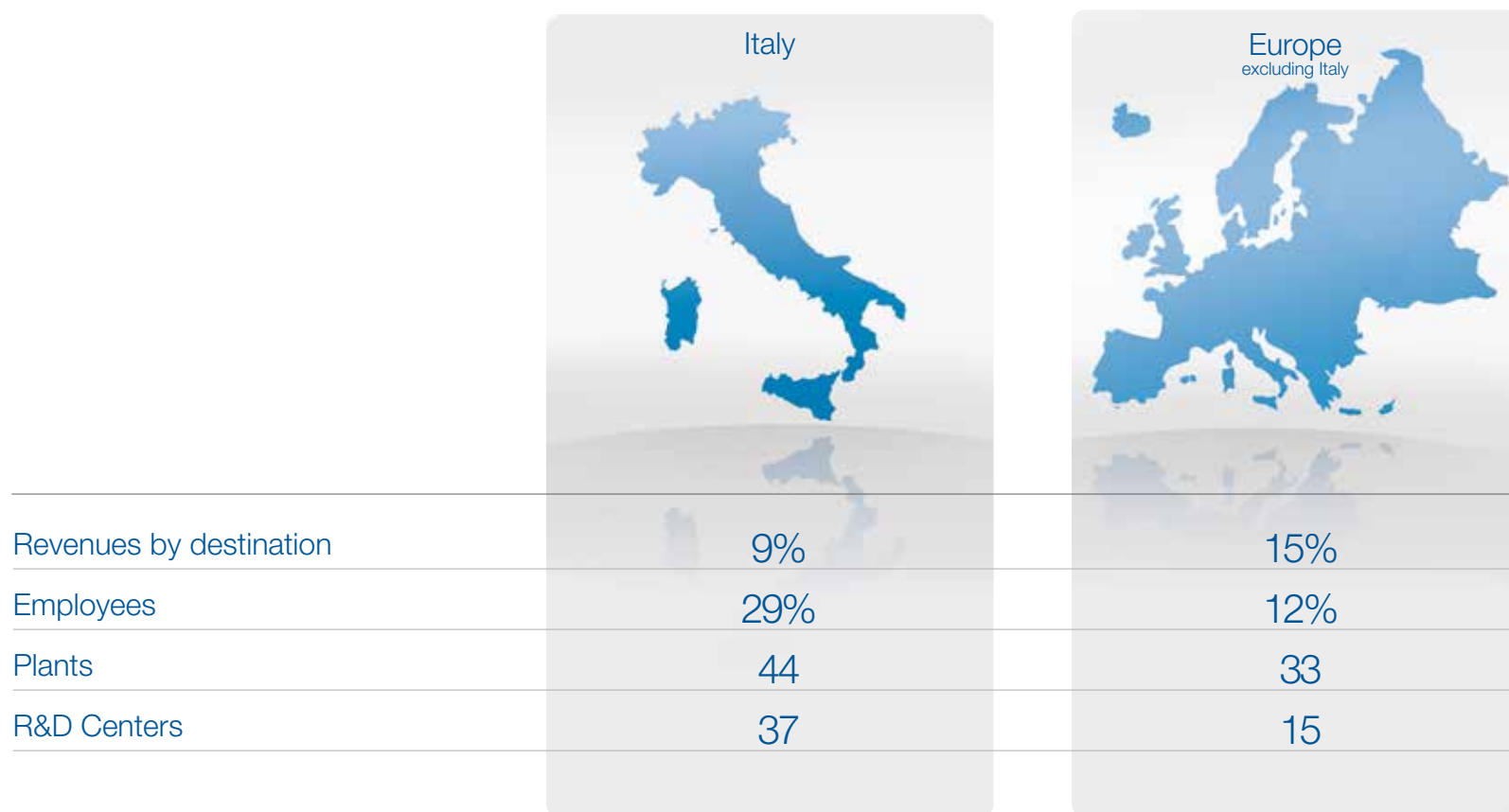
(\*) In addition to mass-market brands, revenues for each region also include Luxury and Performance brands, as well as Components and Productions Systems.

(\*\*) Includes Chrysler from June 2011.



# Fiat Group around the World

The Group carries out industrial and financial services activities in the automobile sector through companies located in approximately 40 countries and it has commercial relationships with customers in more than 140 countries.



16

Brands



77

R&amp;D Centers



158

Plants



214,836

Employees



North America



54%

34%

48

16

South America



14%

22%

19

5

Rest of World



8%

3%

14

4

# Group Brands

A pioneer of the European automotive industry, Fiat – in its more than century long history – has built and sold nearly 100 million passenger cars and light commercial vehicles. Models produced by the Group have been named European “Car of the Year” 12 times.

Founded in 1925, Chrysler is a leading U.S. automaker with a tradition of innovation combined with solid engineering that has produced some of the automotive world’s most celebrated models.

In 2009, the two groups formed an alliance, which in 2011 led to Fiat taking a majority interest in Chrysler. That partnership has brought enormous benefits to both groups including: the critical mass necessary to achieve large economies of scale, the potential to increase volumes on individual vehicle platforms and improve returns on investment, as well as the ability to offer a full model range, by combining Fiat’s expertise in the smaller car segments with Chrysler’s know-how in the mid- and full-size segments. Consistent with the operational integration of Fiat and Chrysler, in 2011 the Group established a new organizational structure suited to the global scale of the business, with four operating regions for the mass-market car brands – NAFTA (U.S., Canada and Mexico), LATAM (Central and South America), APAC (Asia Pacific) and EMEA (Europe, the Middle East and Africa) – and two operating segments with a global remit – the first focused on development, production and sale of luxury and performance cars (Ferrari and Maserati) and the second focused on the production and sale of components and production systems for the automotive industry (Magneti Marelli, Teksid and Comau).



# Automotive Brands

## Fiat

The quintessential symbol of Italian motoring, the brand strives to offer simple solutions to the complex needs of customers, providing them freedom of mobility with flexible, appealing and affordably priced automobiles. Rich with innovative features, Fiat cars are easy to drive, economical and eco-friendly with low pollutant and CO<sub>2</sub> emissions levels.

## Alfa Romeo

The distinctive, fluid lines of an Alfa Romeo are inspired by the brand's long sporting tradition. Every model is a finely-engineered balance of style, performance, comfort and safety. Constant innovation in light-weight materials and advanced engine technologies ensures Alfa Romeo cars are best-in-class in combining operating efficiency with a level of performance and handling that adds up to pure driving emotion.

## Lancia

Now with one of the most complete offerings in the market, the new line-up unites Lancia's trademark Italian passion and style with the vitality and substance of Chrysler. Synonymous with Style, Substance and Attitude, the brand's models cover the spectrum from the B segment to mid- and full-size sedans and convertibles and large MPVs. Each and every model is guaranteed to appeal to the most discerning customer.

## Abarth

Abarth specializes in performance modification and the brand's philosophy centers around empowering customers and transforming the ordinary into the extraordinary. The modern successor of the company founded in 1949 by Karl Abarth – a legend in the world of motorsport – this FGA brand has been producing on-road sports cars since its relaunch in 2007.

## Fiat Professional

Professionals serving professionals. Fiat's commercial vehicle brand offers large and small businesses an extensive range of models for every working and transport need. Fiat Professional's vehicles are designed to minimize operating costs and maximize profitability.





### Chrysler

The spirit of hard work. Earning your place without forgetting where you're from. That's what the Chrysler brand and its vehicles are all about. Vehicles like the iconic, most awarded new vehicle ever, the Chrysler 300. Then there's the Chrysler 200 sedan, that has inspired the nameplate's and the brand's identity: "Imported from Detroit" means the quality of an import combined with the pride of buying American. Finally, from the city that gave the world its first minivan, we took the best minivan in the industry – and number one seller in the U.S. in 2010 – and made it better: Chrysler Town & Country.



### Jeep

Entering its eighth decade of legendary heritage, the Jeep® brand continues to deliver an open invitation to live life to the fullest by offering a full line of vehicles that provide owners with a sense of safety and security to handle any adventure with confidence. Since 1941, when the first Jeep® vehicle was born, the brand has continued to produce unique, versatile and capable vehicles. The Jeep® brand delivers customers an experience that no other automotive brand can possibly offer.



### Dodge

For nearly 100 years, Dodge has defined passionate and innovative vehicles that stand apart in performance and 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. Only Dodge offers such innovative functionality combined with class-leading performance, exceptional value and distinctive design.



### Ram

Ram Truck has established its identity with customers since launch as a standalone 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'd 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 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

Formed in 2002 as one of the industry's leading in-house automotive performance groups, SRT's original premise, which is still followed today, was to create the Chrysler Group's boldest, most distinctive vehicles that delivered benchmark performance.

In June 2011, Chrysler Group LLC officially elevated the SRT® division — the Street and Racing Technology team — to a separate brand that promises to maintain its successful formula to design, engineer and build benchmark high-performance vehicles for Chrysler, Jeep® and Dodge. SRT® vehicles are not simple machines. They are designed and built by Chrysler Group's in-house performance brand, so each SRT® vehicle adheres to five proven hallmarks that include awe-inspiring powertrains; outstanding ride, handling and capability; benchmark braking; aggressive and functional exteriors; and race-inspired and high-performance interiors to remain true to its performance roots.

## Mopar

Mopar® is the Group brand for Parts & Service and Customer Service which is establishing itself as one of the major players in the market. Established in 1937, Mopar® first made a name for itself with a line of top-performance components for racing cars in the 1960s and in 2012 it celebrated 75 years in business. As part of the integration between Fiat and Chrysler Group, Mopar® expanded its coverage in the EMEA area with the integration of service, spare parts and customer service programs. The decision of the two partners to share components and systems across models and rationalize distribution and service procedures globally has resulted in a new commercial strategy for Mopar® that is bringing significant benefits to customers.

## Ferrari

The company's story officially began in 1947 when its first road car, the 125 S, emerged from no. 4 Via Abetone Inferiore in Maranello. The iconic two-seater went on to win the Rome Grand Prix later that year and shortly thereafter was developed into a refined GT roadster. The company has travelled a long way since then, but its mission has remained unaltered: to make unique sports cars that represent the finest in Italian design and craftsmanship, both on the track and on the road. The very definition of excellence and sportiness, Ferrari needs no introduction. Its principal calling card is the numerous Formula One titles it has won: a total of 16 constructors' championships and 15 drivers' championships. And of course, there is the impressive line-up of legendary GT models. Cars that are unique for their design, technology and luxurious styling and that represent the best in Italian the world over.

## Maserati

Maseratis are unique for their allure, elegance and state-of-the-art technology. Engineering excellence and passion are the hallmarks of models such as the GranTurismo, the first modern 2-door, 4-seat coupé which combines power, elegance and futuristic design with surprising practicality, and the GranCabrio, the brand's first ever 4-seat cabriolet. Maseratis are immediately recognizable for their extraordinary personality and their appeal to the most discerning tastes.



## Components and Production Systems



### Magneti Marelli

Magneti Marelli is an international leader in the design and production of state-of-the-art automotive systems and components: from lighting to engine control, electronics and suspension systems, from exhaust systems to components for the aftermarket and motorsport. Through a process of continuous innovation, Magneti Marelli seeks to leverage its technical know-how, in conjunction with the Group's cross-sector expertise in electronics, to develop intelligent systems and solutions that contribute to the evolution of safe and sustainable mobility, as well as enhancing the passenger experience. The company has been a major contributor to the enormous technological advances in the automotive sector in recent years.



### Teksid

Teksid is the world's largest producer of gray and nodular iron castings. The company is constantly upgrading and improving production quality to meet the ever more exacting needs of the automotive industry globally. Teksid produces engine blocks, cylinder heads, engine components, transmission parts, gearboxes and suspensions. Through Teksid Aluminum, it is also a world leader in production technologies for aluminum cylinder heads and engine components. Teksid's competitive advantages are based on: more than 80 years of experience; a high level of automation; continuous technology upgrades to improve quality standards; and close integration with the product development activities of customers, which include the leading global producers of cars, trucks, tractors and diesel engines.



### Comau

A global leader in industrial automation, Comau has some 40 years of experience in designing and constructing advanced automobile production systems: from body welding to machining and engine assembly. Comau applies its significant know-how in automation to a wide range of industrial applications, as well as producing industrial robots for a variety of specialized applications and giving customers a high level of service support.





# Shareholders

## Financial communication

In continuation of past best practices, Fiat endeavors to increase its enterprise value on a sustainable basis, maintaining and reinforcing the trust of customers and investors through transparent and responsible management.

Fiat maintains constant dialogue with individual shareholders, institutional investors and financial analysts through its Investor Relations (IR) function, which provides information to the market to consolidate and enhance their confidence and level of understanding of the Company and its business activities.

The Investor Relations team also communicates on a continuous basis 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. The IR program includes seminars, industry conferences and non-deal roadshows in major financial centers that provide the opportunity for direct contact with management. Among these events, on October 30th, Fiat Group presented a detailed Business Plan for the EMEA region along with financial targets for the Group for 2013-14. The IR activities intensified in the latter part of the year to present the market with more detailed information on operating performance and on business strategies and projections for the plan period by attending sector conferences and investor meetings.

Shareholders can also contact the Company at the following:

### For holders of Fiat shares:

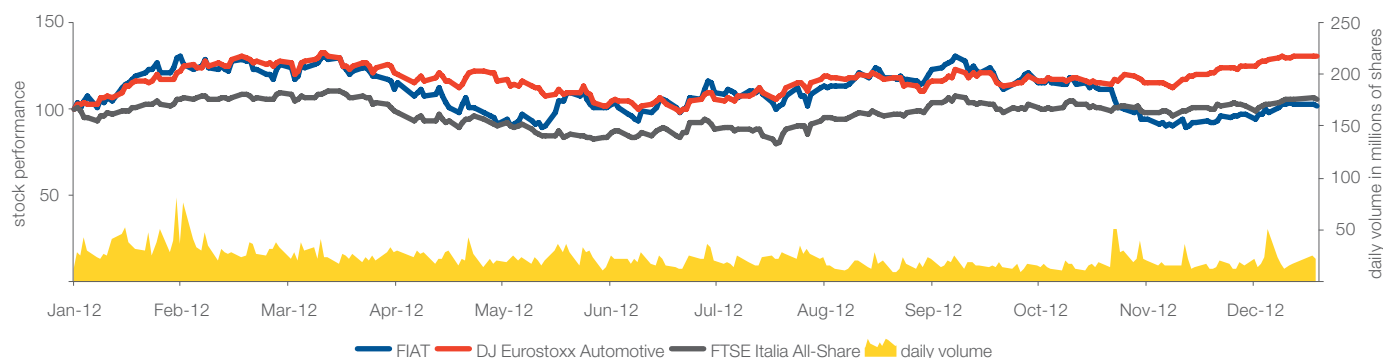
Toll-free number in Italy: 800-804027  
E-mail: [serviziotitoli@fiatspa.com](mailto:serviziotitoli@fiatspa.com)  
[investor.relations@fiatspa.com](mailto:investor.relations@fiatspa.com)

### 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](http://www.adr.db.com)



### Fiat Ordinary Shares – 1/1/2012 to 31/12/2012 performance relative to the FTSE Italia All-Share and DJ Eurostoxx Automotive (rebased to 100: 1/1/2012) and daily trading volume



In 2012, the global financial crisis entered its fourth consecutive year, dogged by uncertainty for the economy and financial markets. The Euro-zone debt crisis moderated during the year, while America's economic recovery remained weak and emerging markets experienced declining growth. In the U.S., the Dow Jones Industrial Average ended the year with a 5.7% gain, while the S&P 500 increased by 11.7% year-over-year. In Italy, the national stock market index posted a modest 4% gain, reversing the previous year's negative trend (down ~25% vs. 2010) that resulted from the Euro-zone debt crisis.

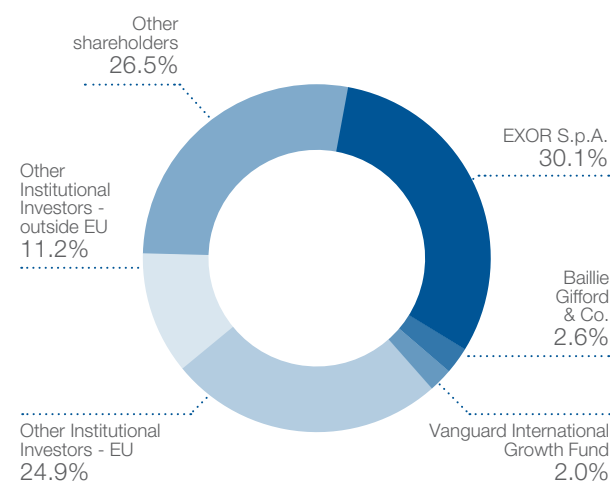
### Major Shareholders

At the date of this Report, Fiat had a total of 1,250,402,773 ordinary shares outstanding and the following institutions held more than 2% of ordinary shares:

#### Ordinary Shares: 1,250,402,773

|  |       |
|--|-------|
| EXOR S.p.A. (*)                            | 30.1% |
| Baillie Gifford & Co.                      | 2.6%  |
| Vanguard International Growth Fund         | 2.0%  |
| Other institutional investors – EU         | 24.9% |
| Other institutional investors – outside EU | 11.2% |
| Other shareholders                         | 26.5% |

(\*) In addition to 2.7% of ordinary shares held by Fiat S.p.A.



## Earnings per Share

| (figures in €)                             | 2012  | 2011 <sup>(1)</sup> |
|--|-------|---------------------|
| Basic earnings/(loss) per ordinary share   | 0.286 | 1.101               |
| Diluted earnings/(loss) per ordinary share | 0.284 | 1.093               |

(1) For 2011, the calculation assumes conversion of all Fiat S.p.A. preference and savings shares into ordinary shares on January 1st.

## Reference Price per Share <sup>(\*)</sup>

| (figures in €)  | 28.12.12 |
|-----------------|----------|
| Ordinary shares | 3.79     |

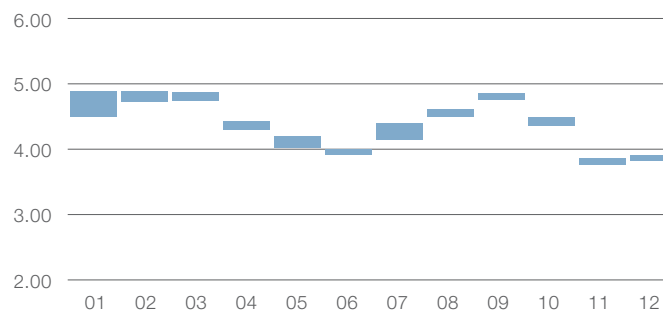
(Source: Reuters)

(\*) Equivalent to closing auction price.

## Monthly Minimum and Maximum Price in 2012

(figures in €)

### Fiat Ordinary



# Key Events in 2012

## JANUARY



Fiat announces achievement of “Ecological Event” (3rd Performance Event in the Chrysler Group Amended and Restated LLC Operating Agreement) and ownership interest in Chrysler increases a further 5% to 58.5%.



Dodge Dart included in *Kelley Blue Book's* list of “Top 10 Cars of the 2012 Detroit Auto Show” and receives *Autoweek* Editors' Choice Award as the “Most Significant Vehicle” of the auto show.



A preview of Maserati's luxury SUV, the Levante, makes its American debut at the Detroit Motor Show.

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## FEBRUARY



Fiat presents 2012 model year Punto, with TwinAir Turbo and MultiJet II engines, and introduces the Fiat Freemont AWD and Fiat Strada.

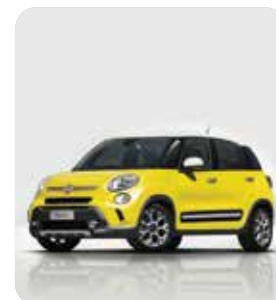
## MARCH

### FIAT

Fiat completes a CHF 425 million bond issue on March 7th (5%, due September 2015) and an €850 million bond issue on March 23rd (7%, due March 2017).



The latest addition to the 500 family, the new 500L, debuts at Geneva Motor Show. The 500L is launched in Q3, with a selection of advanced gasoline and diesel engines. Additional engine and transmission options are presented to the press in September. In November, the 500L receives 5 stars from Euro NCAP.



For 5th consecutive year, JATO recognizes Fiat brand for the lowest average CO<sub>2</sub> emissions among best selling cars in Europe (2011: 118.2 g/km). Fiat is also first in group ranking (average emissions down 2.6 g/km to 123.3 g/km).



At Geneva Motor Show, Ferrari presents the F12 Berlinetta, its most powerful street car ever. The new model receives accolades for its innovative design and engineering. The brand also debuts the 490 hp California, which is 30 kilos lighter and 30 hp more powerful than its predecessor.



At Geneva Motor Show, Maserati presents the new GranTurismo Sport with 460 hp engine and option of automatic and sequential transmissions.

## APRIL



On April 26th, S&P lowers Fiat S.p.A.'s long-term rating from 'BB' to 'BB-' with stable outlook. Short-term rating is confirmed at 'B'.



Dodge Dart named "Compact Car of Texas" by Texas Auto Writers Association.



At Beijing Auto Show, Ferrari presents latest evolution of the hybrid Hy-Kers system to be adopted on future models.

## MAY



On May 21st, Fiat S.p.A. completes mandatory conversion of all preference and savings shares into ordinary shares approved by shareholders on 4 April 2012.



Fiat and Tata agree to transfer Fiat brand commercial and distribution activities in India to a separate Fiat Group company to enable greater focus on brand development.

## JUNE



Inauguration of new GAC-Fiat plant in Changsha (China) and rollout of first Fiat model produced in China by the JV, the Fiat Viaggio.



Dodge Dart arrives at dealerships. The new model is included in *Kelley Blue Book's* kbb.com and *Consumer Guide® Automotive's* 10 Coolest Cars Under \$18,000, along with the Fiat 500.

## JULY



On July 3rd, Fiat notifies VEBA of intention to exercise option to purchase a portion of VEBA's ownership interest in Chrysler (equivalent to 3.3% of Chrysler equity). On September 26th, Fiat announces that Fiat North America (a wholly-owned subsidiary) is seeking judgment from Delaware Court of Chancery confirming purchase price for the stake, as parties had not reached agreement on the purchase price. On 3 January 2013, Fiat notifies VEBA of intention to purchase a 2nd tranche (a further 3.3% of Chrysler equity). Once purchase of the two tranches is complete, Fiat will hold 65.17% of Chrysler.



On July 16th, Fiat issues €600 million bond (7.75%, due October 2016).



Fiat Group Automobiles S.p.A. (FGA) and PSA Peugeot Citroën (PSA) sign agreement to transfer FGA shareholding in SevelNord JV to PSA on or before December 31st. SevelNord will continue to produce LCVs for both groups until 2016. All other collaboration agreements between FGA and PSA remain unaffected, including the SevelSud JV.

## SEPTEMBER



Fiat S.p.A. included in DJSI World and Europe for 4th consecutive year, with a score of 91/100 compared to average of 74/100 for the sector. Membership in the DJSI World and Europe is limited to companies judged best-in-class in economic, environmental and social performance.



On September 19th, Fitch confirms Fiat S.p.A.'s long-term rating of 'BB' and short-term of 'B'. The outlook is negative.



At Paris Motor Show, Fiat presents 4x4, Trekking and Natural Power versions of new Panda. The Natural Power version is equipped with all-new natural gas/gasoline TwinAir Turbo.



At Paris Motor Show, Ferrari presents entire line-up of current models and Formula 1 derived carbon fiber body shell for upcoming limited edition model.



At Paris Motor Show, Maserati presents the GranCabrio MC, the latest version of its successful convertible developed from the brand's years of experience in motor racing.



## OCTOBER

### Jeep RAM

The Ram 1500 is named “Truck of Texas” and the Jeep Grand Cherokee “SUV of Texas” by the Texas Auto Writers Association.

### FIAT

On October 10th, Moody’s lowers Fiat S.p.A.’s Corporate Family Rating from ‘Ba2’ to ‘Ba3’ and, in accordance with their methodology, also lowers ratings on notes issued by Fiat Finance & Trade Ltd. S.A. and Fiat Finance North America, Inc. from ‘Ba3’ to ‘B1’. The outlook is negative.

## NOVEMBER

### FIAT

On November 23rd, Fiat completes CHF 400 million bond issue (5.25%, due November 2016). On November 29th, following reopening of the €600 million 7.75% note issue due October 2016 (initially executed 16 July 2012), a further €400 million in notes is issued, increasing total principal amount to €1 billion.



Fiat’s Pomigliano d’Arco plant is awarded prestigious “Automotive Lean Production 2012” award in OEM category, based on evaluation of a panel of experts selected by German magazine *Automobil Produktion* and a leading consultancy firm.



Fiat features Panda Natural Power at the sustainability-focused H2Roma and Ecomondo expos.



## DECEMBER



The international press road tests the new Maserati Quattroporte before debut at 2013 Detroit Auto Show.



Ferrari receives “Supercar of the Year” from BBC’s *Top Gear* and “Golden Steering Wheel” from *Autobild/Bild am Sonntag* for F12 Berlinetta.



At annual Top Gear Awards, British magazine *Top Gear* names Panda 4x4 “SUV of the Year 2012”.



The Ram 1500 pickup is named *Motor Trend*’s 2013 “Truck of the Year”, “2013 North American Truck/Utility of the Year”, *AOL Autos* “Truck of the Year” and *Detroit Free Press* “Truck of the Year”.



At SATA Melfi, Fiat Chairman John Elkann and CEO Sergio Marchionne present plans for production of new Jeep brand vehicle and new Fiat brand vehicle beginning 2014. With more than €1 billion in investment, Melfi will be one of the world’s most advanced car assembly plants and managed according to World Class Manufacturing standards.

MI SMO ONO  
ŠTO STVARAMO



# A Responsible Global Group

“ Fiat S.p.A.,  
a recognized leader  
in sustainability,  
included in  
Dow Jones  
Sustainability  
Indexes World  
and Europe for  
fourth consecutive  
year ”



A commitment to operating responsibly and promoting sustainable development is intrinsic to Fiat Group's tradition and values.

Over time that commitment has led to a sustainability strategy that is integrated with the Group's business model and provides the impetus for initiatives that respond to the diverse and constantly evolving needs of stakeholders. Those initiatives range from developing solutions that will lead to increasingly sustainable mobility, conservation of the environment and natural resources by reducing the impact of production processes, safeguarding the health and safety of employees, encouraging the professional development of employees, and working continuously to ensure a mutually beneficial relationship with local communities and business partners.

Every year, the Sustainability Report and Sustainability Plan provide transparent and concrete communication of the Group's commitments to stakeholders.

The Plan, which is updated annually, presents the principal areas of action and measurable targets that guide the Group's daily operating activities.

Now in its 9th edition, for the second year the Sustainability Report also incorporates information on Chrysler Group's sustainability performance, as part of a joint commitment to integrating strategies, while at the same time preserving the unique identity of each organization.

Despite an increasingly competitive global landscape and unfavorable economic conditions in certain regions, the Group has maintained its commitment to responsible leadership and continued to invest in research and development activities aimed at the design, production and distribution of sustainable products and services. The Group considers its commitment to operate in a responsible manner essential to maintaining its competitiveness and, in so doing, creating long-term value for stakeholders.

The Group's efforts and the results achieved have been recognized by leading sustainability rating agencies and other international organizations.

For the fourth consecutive year, Fiat S.p.A. was named as a sustainability leader, maintaining its place in the prestigious Dow Jones Sustainability Indexes World and Europe that only admit companies judged best-in-class in terms of economic, environmental and social performance. Fiat received a score of 91/100 from RobecoSAM AG, specialists in sustainability investing, compared with an average of 74/100 for the pool of "Automobiles" sector companies analyzed.

The Group's leadership was also recognized by the Carbon Disclosure Project (CDP), an international not-for-profit organization, which operates on behalf of 655 institutional investors holding more than USD 78 trillion in assets. Every year companies around the world are scored using a methodology developed by CDP, in collaboration with PriceWaterhouseCoopers, which evaluates the quality of their disclosure and performance in relation to CO<sub>2</sub> emissions, risks and opportunities presented by climate change and actions taken to mitigate the effects of climate change.

Already recognized in 2011 as one of the global leaders for its commitment and results in combating climate change, in November 2012 Fiat S.p.A. was admitted to the Italy 100 Carbon Disclosure Leadership Index (CDLI) and the Italy 100 Carbon Performance Leadership Index (CPLI), receiving the highest score for transparency in disclosure (95/100) and the maximum score ("A") for its commitment to reducing carbon emissions. Both scores

confirm that reducing the environmental impact of its activities is an integral part of Fiat Group's overall business strategy. The CDLI includes companies from among the largest 100 in the FTSE Italia All-Share that demonstrate the greatest level of transparency in their disclosure to stakeholders of actions and strategies to combat climate change. The CPLI, on the other hand, includes companies that have demonstrated the greatest commitment in reducing carbon emissions.

Also in November, Oekom Research, one of the world's leading sustainability rating agencies, confirmed Fiat S.p.A.'s "Prime" status, which is awarded to companies that are sustainability leaders in their sector.

Fiat S.p.A. is also one of an elite group of companies included in the Advanced Sustainability Performance Eurozone Index (ASPI Eurozone®), which is recognized as one of the leading sustainability indexes. It is used by the growing community of Socially Responsible Investors (SRIs) to define sustainable investment universes, benchmark their investment performance or to create index-linked products.

Since November 2012, Fiat S.p.A. has also been a member of the Vigeo Europe 120 index, established in collaboration with NYSE Euronext, which includes companies rated highest in ESG performance based on an analysis of nearly 330 different indicators.

Fiat S.p.A. is also a member of several other major sustainability indexes, including: ECPI Euro Ethical Equity, ECPI EMU Ethical Equity, FTSE ECPI Italia SRI Benchmark, FTSE ECPI Italia SRI Leaders, Ethibel Excellence Europe, Ethibel Excellence Euro, STOXX® Global ESG Leaders, STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders, STOXX Global ESG Governance Leaders, MSCI ACWI Index (formerly Controversial Weapons Index) and related regional indexes.

In recent years, SRIs, who look at financial, social and environmental considerations as part of their investment strategy, have demonstrated increasing appreciation for the Group's sustainability achievements. As a consequence, as of November 2012 they held approximately 6% of Fiat S.p.A.'s free-float shares.

As a result of the increasing integration of sustainability-related issues in the Group's business model, this year's Annual Report includes a more expanded sustainability section. The objective is to further increase the level of information available to stakeholders and progressively move toward a fully-integrated reporting format.

More detailed information on Fiat Group's sustainability activities is available in the 2012 Sustainability Report, audited by the independent certification organization SGS Italia S.p.A.





# Report on Operations

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- 38 Main Risks and Uncertainties to which Fiat S.p.A. and its Subsidiaries are Exposed
- 46 Financial Review – Fiat Group
- 64 Commercial Performance by Segment
  - 65 Mass-Market Brands (NAFTA, LATAM, APAC, EMEA)
  - 73 Luxury and Performance Brands (Ferrari, Maserati)
  - 76 Components and Production Systems (Magneti Marelli, Teksid, Comau)
- 81 Sustainability
  - 81 Sustainability Governance and Stakeholders
  - 82 Research, Innovation and Sustainable Mobility
  - 90 Environmental Performance of Plants and Non-Manufacturing Processes
  - 94 Employees and Local Communities
- 104 Corporate Governance
- 111 Transactions between Group Companies and with Related Parties
- 112 Subsequent Events and Outlook
- 113 Financial Review – Fiat S.p.A.
- 117 Motion for Approval of the Statutory Financial Statements and Allocation of 2012 Net Result

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

Following is a brief description of the main risks and uncertainties that could potentially have a significant impact on the activities of Fiat S.p.A and its subsidiaries, which include Chrysler since June 2011. 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 the 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.

Beginning in 2008, global financial markets experienced severe disruptions, resulting in a material deterioration of the global economy. The global economic recession in 2008 and 2009, which affected essentially all regions and all business sectors, resulted in a sharp decline in demand for automobiles. Although 2010, 2011 and 2012 showed signs of a slow-paced global economic recovery, the overall global economic outlook remains uncertain.

In Europe, despite the measures taken by several governments, international and supranational organizations and monetary authorities to provide financial assistance to Euro-zone member states and to recapitalize certain European banks in economic difficulty and to prevent the possibility of default by certain European countries on their sovereign debt obligations, concerns persist regarding the debt burden of certain Euro-zone countries, including Italy, and their ability to meet future financial obligations, as well as the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual member states of the Euro-zone. These ongoing concerns could have a detrimental impact on the global economic recovery, as well as on the financial condition of European institutions, which could result in greater volatility, reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. In addition, widespread austerity measures in Europe and in any other countries in which the Group operates could continue to adversely affect consumer confidence, purchasing power and spending, which could adversely affect the Group's business prospects, earnings and financial position.

In addition, the lower pace of expansion is currently seen not only in advanced economies, but also in major emerging countries, such as China, Brazil and India. In addition to weaker export business, lower domestic demand also led to a slowing economy in these countries. All these potential developments could adversely affect the businesses and operations of the Group.

Following the acquisition of control of Chrysler in 2011, more than 50% of the Group's revenues are generated in the NAFTA region. A large portion of Chrysler's vehicle sales occur in North America (the 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 is expected 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 the Fiat Group's results of operations, financial position and cash flows.

In general, the sector in which the Group operates has historically been subject to highly cyclical demand and tends 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 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 financial position.

### **Risks associated with the high level of competition and cyclicity 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 and the Asia Pacific region. These markets are all 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 its 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 increased price competition, while offering vehicles that are perceived to be less desirable (whether in terms of price, quality, styling, safety, or other attributes) can exacerbate these risks.

Changes in vehicle sales volumes can have a disproportionately large effect on Fiat's profitability because of the high level of fixed costs. In addition, the Group generally receives payments from vehicle sales to dealers within a few days of shipment from the assembly plants, whereas there is a lag between the time when parts and materials are received from suppliers and when Fiat pays for such parts and materials. As a result, the Group tends to operate with working capital supported by these payment terms, and periods of decline in vehicle sales therefore have a significant negative impact on cash flow and liquidity as the Group continues to pay suppliers during a period in which it receives reduced proceeds from vehicle sales. If vehicle sales were to decline to levels significantly below expected levels due to financial crisis, renewed recessionary conditions, changes in consumer confidence, geopolitical events, limited access to financing or other factors, the Group's financial condition and results of operations would be substantially adversely affected.

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 product offerings through frequent launches of new models. A negative trend in the automobile business or the Group's inability to adapt effectively to external market conditions could have a material adverse impact on the business prospects, earnings and financial position of the Fiat Group.



**Main Risks and  
Uncertainties to  
which Fiat S.p.A.  
and its Subsidiaries  
are Exposed****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
- 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 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). In Brazil, the Group retains its position as the market leader, providing a key contribution to the Group's performance in terms of revenues and profitability. The Group's exposure to other emerging countries has increased in recent years, as have the number and importance of such joint ventures and cooperation agreements. Economic and political developments in Brazil and other 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 financial position.

**Risks associated with the ability to enrich the Group's product portfolio and 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. On 30 October 2012, the Group outlined its strategic direction in response to the continued crisis in the European car industry, which includes leveraging its historical premium brand heritage (Alfa Romeo and Maserati), re-aligning its product portfolio and repositioning the business for the future. In order to regain profitability in the EMEA region, the Group intends to shift a significant portion of its product portfolio towards higher margin vehicles and to utilize the EMEA production base to develop the Group's global brands (Alfa Romeo, Maserati, Jeep and the Fiat 500 Family).

A failure to develop and offer innovative products that compare favorably to those of the Group's principal competitors, with particular regard to the upper-end of the product range, in terms of price, quality, functionality and features, or delays in bringing strategic new models to the market, could impair the Group's strategy, which would have a material adverse effect on the Group's business prospects, earnings and 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 financial position.

### Risk associated with the integration with Chrysler

The acquisition of a controlling interest in Chrysler and the related integration of the two businesses 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 integration 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 market penetration.

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

As a result, any adverse development for Chrysler and the related integration could have a material adverse effect on the Group's business prospects, financial condition and results of operations. Therefore, if the integration does not bring the 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 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 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 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, rhodium and energy. 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 substantial increases in the prices for raw materials would increase the Group's operating costs and could reduce profitability if the increased costs cannot 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 the Group's control and the control of its suppliers. For instance, the earthquake and tsunami in Japan in 2011 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 the Group's ability to achieve growth in vehicle sales and improved profitability.

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

### 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 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 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 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 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 its 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, Fiat is currently rated below investment grade, with corporate credit ratings of Ba3 (being B1 the senior unsecured rating) with negative outlook from Moody's Deutschland GmbH ("Moody's"), BB- with a stable outlook from Standard & Poor's Credit Market Services Italy S.r.l. ("S&P"), and BB with negative outlook from Fitch Ratings España S.A.U. ("Fitch").

The rating agencies review their ratings at least annually and, as such, the assignment of new ratings to Fiat during 2013 cannot be excluded. It is not currently possible to predict the timing or outcome of any rating review. Any further downgrade may 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 results of operations.

Chrysler has been assigned a corporate credit rating of B1 (with a stable outlook) by Moody's Investors Service and B+ (with a stable outlook) by Standard & Poor's Ratings Services. Because Chrysler has a lower corporate credit rating than Fiat, it is possible that further integration between Fiat and Chrysler could result in a rating review of Fiat and potentially a lower credit rating.

### Risks associated with restrictions arising out of 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;
- transfer and 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 its 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's business prospects, financial condition and results of operations could be adversely affected.

**Main Risks and  
Uncertainties to  
which Fiat S.p.A.  
and its Subsidiaries  
are Exposed****Risks associated with fluctuations in currency and interest rates and credit risk**

The Group, which operates in numerous markets worldwide, is 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 sales denominated in currencies that differ from those associated with purchases or 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 is 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 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 depends 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 Operating Agreement" with Ally Financial Inc. (hereafter "Ally"); the agreement with Ally extends through 30 April 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. On 25 April 2012, Chrysler notified Ally of its election not to renew the above-mentioned agreement.

On 6 February 2013, Chrysler signed a 10-year private-label agreement, subject to early termination in certain circumstances, with Santander Consumer USA Inc. to provide a full range of wholesale and retail financing services to Chrysler and Fiat customers and dealers which will be provided under the Chrysler Capital brand name. The new financing service is scheduled to launch 1 May 2013. Under the agreement, Santander Consumer USA Inc. has also provided Chrysler with consideration in the form of a non-refundable upfront payment which is payable prior to the launch of the new financing service, as well as on-going revenue sharing opportunities and commitments with respect to available funding, approval and penetration rates, price competitiveness and certain exclusivity rights. Santander Consumer USA Inc. will bear the risk of loss on loans contemplated by the agreement and the parties will share in any residual gains and losses in respect of consumer leases, subject to specific provisions including caps on Chrysler's participation in gains and losses contained in the Master Agreement. Ally Financial Inc. will continue to provide financial services to Chrysler and Fiat customers and dealers until 30 April 2013.

To the extent that Chrysler Capital is unable or unwilling to provide sufficient financing at competitive rates to Chrysler's and Fiat's dealers and retail customers, and dealers and retail customers do not otherwise have sufficient access to such financing, Chrysler's and Fiat's vehicle sales and market share may suffer, which would adversely affect the Group's business prospects, earnings and financial position.

### 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 any increases in benefit payment obligations and Chrysler does not make additional contributions to offset these impacts. Mandatory funding obligations may increase based upon lower than anticipated returns on plan assets whether as a result of overall weak market performance or particular investment decisions, changes in the level of interest rates used to determine required funding levels, changes in the level of benefits provided for by the plans, 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 certain funds. Due to the complexity and magnitude of certain 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 the ability to quickly rebalance illiquid and long-term investments. To determine the appropriate level of funding and contributions to the 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 defined benefit pension plans. Interest rate increases generally will result in a decline in the value of investments in fixed income securities while reducing the present value of the obligations. Conversely, interest rate decreases will increase the value of investments in fixed income securities, partially offsetting the related increase in the present value of the obligations.

Chrysler is required to re-measure the discount rate annually and did so at 31 December 2012, resulting in an increase in the pension obligations. Any reduction in investment returns or the value of plan assets, or any increase in the present value of obligations may increase pension expenses and required contributions, and as a result constrain liquidity and materially adversely affect the financial condition and 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 any 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.

# Financial Review – Fiat Group

## Operating Performance

| (€ million)                               | 2012                     |              |                               | 2011 <sup>(*)</sup>      |              |                               |
|---|--------------------------|--------------|-------------------------------|--------------------------|--------------|-------------------------------|
|   | Fiat<br>with<br>Chrysler | Chrysler     | Fiat<br>excluding<br>Chrysler | Fiat<br>with<br>Chrysler | Chrysler     | Fiat<br>excluding<br>Chrysler |
| Net revenues                              | 83,957                   | 51,202       | 35,566                        | 59,559                   | 23,609       | 37,382                        |
| Cost of sales                             | 71,474                   | 43,187       | 31,098                        | 50,704                   | 20,003       | 32,133                        |
| Selling, general and administrative       | 6,731                    | 3,732        | 2,999                         | 5,047                    | 1,866        | 3,181                         |
| Research and development                  | 1,835                    | 798          | 1,037                         | 1,367                    | 385          | 982                           |
| Other income/(expense)                    | (103)                    | (26)         | (77)                          | (49)                     | (10)         | (39)                          |
| <b>TRADING PROFIT/(LOSS)</b>              | <b>3,814</b>             | <b>3,459</b> | <b>355</b>                    | <b>2,392</b>             | <b>1,345</b> | <b>1,047</b>                  |
| Result from investments                   | 107                      | (3)          | 110                           | 131                      | 1            | 130                           |
| Gains/(losses) on disposal of investments | (91)                     | -            | (91)                          | 21                       | -            | 21                            |
| Restructuring costs                       | 15                       | (48)         | 63                            | 102                      | (7)          | 109                           |
| Other unusual income/(expense)            | (138)                    | (31)         | (107)                         | 1,025                    | (152)        | 1,177                         |
| <b>EBIT</b>                               | <b>3,677</b>             | <b>3,473</b> | <b>204</b>                    | <b>3,467</b>             | <b>1,201</b> | <b>2,266</b>                  |
| Financial income/(expense)                | (1,641)                  | (816)        | (825)                         | (1,282)                  | (486)        | (796)                         |
| <b>PROFIT/(LOSS) BEFORE TAXES</b>         | <b>2,036</b>             | <b>2,657</b> | <b>(621)</b>                  | <b>2,185</b>             | <b>715</b>   | <b>1,470</b>                  |
| Income taxes                              | 625                      | 205          | 420                           | 534                      | 70           | 464                           |
| <b>PROFIT/(LOSS)</b>                      | <b>1,411</b>             | <b>2,452</b> | <b>(1,041)</b>                | <b>1,651</b>             | <b>645</b>   | <b>1,006</b>                  |

(\*) Includes Chrysler from 1 June 2011.

For 2012, Group **revenues** totaled approximately €84 billion, increasing 12% over the prior year on a pro-forma<sup>1</sup> basis (+8% at constant exchange rates). Strong year-over-year increases were reported in NAFTA (+29% or 19% at constant exchange rates) and APAC (+50%). LATAM remained strong, while EMEA declined 11% on the back of a continued deterioration in European demand, particularly in Italy. Luxury and Performance brands posted a 7% increase in revenues to €2.9 billion, mainly driven by growth in North America and Asia Pacific. For Components, revenues were substantially in line with 2011 at €8.0 billion.

**Trading profit** totaled €3,814 million, a year-over-year increase of 18% on a pro-forma basis (+11% at constant exchange rates). For the NAFTA region, trading profit improved by €1 billion to €2,693 million, driven by strong volume growth, positive pricing and favorable currency translation. LATAM performed to expectations, posting €1,063 million of trading profit maintaining double-digit trading margin despite a 25% decrease compared to the prior year, which principally stemmed from cost inflation, pricing pressure and unfavorable currency translation impacts, only partially offset by higher volumes and efficiency gains. APAC reported €260 million, nearly double the prior year. EMEA recorded a loss of €704 million, with cost containment actions only partially mitigating the impact of reduced volumes and pricing pressures. Growth for Luxury and Performance brands continued, with trading profit improving €40 million to €392 million. Components contributed €176 million.

(1) Includes Chrysler results as if consolidated from 1 January 2011.

**Income from investments** totaled €107 million down from €131 million for 2011. The figure primarily relates to the Group's share of the profit or loss of investees recognized using the equity method (€94 million in 2012 vs. €146 million in 2011). The item consisted of the following: investments in EMEA €160 million (€160 million in 2011); investment in RCS MediaGroup -€68 million (-€2 million in 2011); investments in the Components sector €2 million (-€15 million in 2011); other €13 million (-€12 million in 2011).

**Net losses on the disposal of investments** totaled €91 million (net gains of €21 million in 2011) and related to the write-down of the investment in the SevelNord joint venture.

**Restructuring costs** totaled €15 million for 2012 and mainly consisted of costs recognized for the EMEA region (€43 million), the Components sector (€7 million) and other companies (€13 million), net of the reversal of €48 million in restructuring charges previously recognized for the NAFTA region.

**Other unusual expense** totaled €138 million and primarily included provisions for disputes related to activities terminated in prior years and costs related to the resolution of the SevelNord JV and to the rationalization of relationships with certain suppliers. In 2011, the Group reported other unusual income (net) of €1,025 million. 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 excluding Chrysler was largely attributable to the impact on Fiat's businesses of the strategic realignment with Chrysler's manufacturing and commercial activities, and to one-off charges mainly related to the realignment of certain minor activities of the Group.

**EBIT** was €3,677 million. Net of unusual items, there was a year-over-year increase of 17% on a pro-forma basis. For mass-market brands, EBIT by region was as follows: NAFTA €2,741 million, LATAM €1,032 million, and APAC €255 million. EMEA reported a €738 million loss (€544 million net of unusual items), compared with an €897 million loss in 2011 (€353 million net of unusual items).

**Net financial expense** totaled €1,641 million. Excluding Chrysler, net financial expense was €825 million, compared with €796 million for 2011. Net of the impact of the mark-to-market of the Fiat stock option-related equity swaps (a €34 million gain for 2012 and €108 million loss for 2011), net financial expense increased by €171 million, mainly reflecting higher net debt levels.

**Profit before taxes** was €2,036 million. Excluding Chrysler, there was a loss of €621 million, compared with a profit of €1,470 million in 2011. Net of unusual items, the loss was €360 million, compared with a profit of €381 million in 2011; the €741 million reduction reflects a €692 million decrease in trading profit and a €29 million increase in net financial expense.

**Income taxes** totaled €625 million. Excluding Chrysler, income taxes were €420 million and related primarily to the taxable income of companies operating outside Europe and employment-related taxes in Italy.

**Net profit** was €1,411 million. Excluding Chrysler, there was a net loss of €1,041 million, compared with a €1,006 million profit for 2011; excluding unusual items, the loss totaled €780 million compared with a €106 million loss for 2011.

**Profit attributable to owners of the parent** amounted to €348 million (€1,334 million in 2011).



The components of EBIT by segment were as follows:

| (€ million)                       | Trading profit/(loss) |                     | Result from investments |                     | Unusual income/(expense) |                      | EBIT         |                     |
|-----------------------------------|-----------------------|---------------------|-------------------------|---------------------|--------------------------|----------------------|--------------|---------------------|
|                                   | 2012                  | 2011 <sup>(*)</sup> | 2012                    | 2011 <sup>(*)</sup> | 2012                     | 2011 <sup>(*)</sup>  | 2012         | 2011 <sup>(*)</sup> |
| NAFTA                             | 2,693                 | 1,008               | -                       | 4                   | 48                       | 75                   | 2,741        | 1,087               |
| LATAM                             | 1,063                 | 1,356               | -                       | -                   | (31)                     | (25)                 | 1,032        | 1,331               |
| APAC                              | 260                   | 88                  | (5)                     | (25)                | -                        | -                    | 255          | 63                  |
| EMEA                              | (704)                 | (557)               | 160                     | 160                 | (194)                    | (544)                | (738)        | (941)               |
| Luxury and Performance Brands     | 392                   | 352                 | -                       | -                   | -                        | 6                    | 392          | 358                 |
| Components and Production Systems | 176                   | 217                 | 2                       | (15)                | (11)                     | (312)                | 167          | (110)               |
| Other                             | (85)                  | (74)                | (52)                    | 5                   | (12)                     | (39)                 | (149)        | (108)               |
| Eliminations and adjustments      | 19                    | 2                   | 2                       | 2                   | (44)                     | 1,783 <sup>(1)</sup> | (23)         | 1,787               |
| <b>Total Fiat Group</b>           | <b>3,814</b>          | <b>2,392</b>        | <b>107</b>              | <b>131</b>          | <b>(244)</b>             | <b>944</b>           | <b>3,677</b> | <b>3,467</b>        |

(\*) Includes Chrysler from 1 June 2011.

(1) Includes €2,017 million unusual income from measurement of the stake in Chrysler upon acquisition of control, net of the related revaluation of Chrysler's inventories of €220 million which was recognized in the income statement in June.

## Results by Segment

Following is a summary of revenues, trading profit and EBIT by segment and a comparison with pro-forma figures for 2011 (i.e., assuming Chrysler consolidated from 1 January 2011).

### NAFTA

| (€ million)                    | 2012   | 2011   | Change | 2011<br>pro-forma | Change |
|--------------------------------|--------|--------|--------|-------------------|--------|
| Net revenues                   | 43,521 | 19,830 | 23,691 | 33,800            | 9,721  |
| Trading profit                 | 2,693  | 1,008  | 1,685  | 1,693             | 1,000  |
| EBIT                           | 2,741  | 1,087  | 1,654  | 1,770             | 971    |
| Shipments (units in thousands) | 2,115  | 1,033  | 1,082  | 1,783             | 332    |

Vehicle shipments in NAFTA totaled 2,115,000 units for 2012, representing a 19% increase over 2011, on a pro-forma basis. Vehicle shipments were 1,748,000 in the U.S. (up 20% over 2011 on a pro-forma basis), 255,000 in Canada, up 9%, and 98,000 in Mexico, up 22%.

The NAFTA region reported full-year 2012 net **revenues** of €43.5 billion, up 29% over the prior year on a pro-forma basis (+19% at constant exchange rates), due to higher volumes and positive pricing, partially offset by an unfavorable mix.

**Trading profit** for 2012 totaled €2,693 million, up 59% over the prior year on a pro-forma basis (+47% at constant exchange rates), with volume increases and positive net pricing partially offset by higher advertising expense and higher industrial costs, impacted by additional shifts at certain plants and higher capacity utilization. **EBIT** of €2,741 million reflected the strong trading profit performance.

### LATAM

| (€ million)                    | 2012   | 2011   | Change | 2011<br>pro-forma | Change |
|--------------------------------|--------|--------|--------|-------------------|--------|
| Net revenues                   | 11,062 | 10,562 | 500    | 11,068            | -6     |
| Trading profit                 | 1,063  | 1,356  | -293   | 1,410             | -347   |
| EBIT                           | 1,032  | 1,331  | -299   | 1,385             | -353   |
| Shipments (units in thousands) | 979    | 910    | 69     | 929               | 50     |

Vehicles shipments in the LATAM region totaled 979,000 units for 2012, representing an increase of 5% over the prior year (on a pro-forma basis) and the Group's all-time record for the region. The Brazilian market reacted positively to government stimulus measures introduced in May which remained in place through the end of 2012. These measures will be gradually phased out during the first half of 2013.

**Revenues** for the region totaled €11,062 million, substantially in line with the prior year (on a pro-forma basis) with the effect of increased volumes being offset by negative currency translation impacts. At constant exchange rates, revenues were 5% higher.

**Trading profit** was €1,063 million, compared with €1,410 million for 2011 (on a pro-forma basis). Higher volumes and increased manufacturing efficiencies were more than offset by cost inflation (mainly labor, advertising and SG&A), pricing pressure, higher expense related to new vehicle launches and currency translation impacts. At constant exchange rates, trading profit was €1,105 million. **EBIT** totaled €1,032 million, including €31 million in unusual charges, compared to €1,385 million for 2011 (on a pro-forma basis).

## APAC

| (€ million)                    | 2012  | 2011  | Change | 2011<br>pro-forma | Change |
|--------------------------------|-------|-------|--------|-------------------|--------|
| Net revenues                   | 3,128 | 1,513 | 1,615  | 2,086             | 1,042  |
| Trading profit                 | 260   | 88    | 172    | 144               | 116    |
| EBIT                           | 255   | 63    | 192    | 119               | 136    |
| Shipments (units in thousands) | 103   | 53    | 50     | 74                | 29     |

Vehicle shipments in the APAC region (excluding JVs) totaled approximately 103,000 units for 2012, up 39% over the prior year (on a pro-forma basis).

**Revenues** in the APAC region totaled €3,128 million, up 50% (+39% at constant exchange rates) over 2011 on a pro-forma basis, primarily driven by the strong performance of the Jeep brand.

**Trading profit** was €260 million, nearly double the prior year, benefiting primarily from volume growth and a favorable currency translation impact (approximately €30 million). **EBIT**, which also reflects the contribution from joint ventures, totaled €255 million compared to €119 million in 2011 (on a pro-forma basis).

## EMEA

| (€ million)                    | 2012   | 2011   | Change | 2011<br>pro-forma | Change |
|--------------------------------|--------|--------|--------|-------------------|--------|
| Net revenues                   | 17,800 | 19,591 | -1,791 | 20,078            | -2,278 |
| Trading profit/(loss)          | (704)  | (557)  | -147   | (512)             | -192   |
| EBIT                           | (738)  | (941)  | 203    | (897)             | 159    |
| Shipments (units in thousands) | 1,012  | 1,166  | -154   | 1,180             | -168   |

Passenger car and LCV shipments in the EMEA region totaled 1,012,000 units for the year, a decrease of 14% over 2011 (on a pro-forma basis).

EMEA closed the year with **revenues** of €17.8 billion, a decrease of 11% over 2011 (on a pro-forma basis) attributable primarily to the contraction in volumes.

There was a **trading loss** of €704 million (€512 million loss for 2011 on a pro-forma basis), with negative volume and price effects being only partially offset by industrial efficiencies, World Class Manufacturing synergies and benefits from cost containment actions. There was an **EBIT** loss of €738 million, including €194 million in unusual charges, compared to a loss of €897 million for 2011 on a pro-forma basis (including €544 million in unusual charges). Investments contributed net income of €160 million (€160 million in 2011).

## Luxury and Performance Brands (Ferrari, Maserati)

| (€ million)                          | 2012  | 2011  | Change |
|--------------------------------------|-------|-------|--------|
| <b>Ferrari</b>                       |       |       |        |
| Net revenues                         | 2,433 | 2,251 | 182    |
| Trading profit                       | 350   | 312   | 38     |
| EBIT                                 | 350   | 318   | 32     |
| <b>Maserati</b>                      |       |       |        |
| Net revenues                         | 634   | 588   | 46     |
| Trading profit                       | 42    | 40    | 2      |
| EBIT                                 | 42    | 40    | 2      |
| <b>LUXURY AND PERFORMANCE BRANDS</b> |       |       |        |
| Net revenues <sup>(*)</sup>          | 2,898 | 2,699 | 199    |
| Trading profit                       | 392   | 352   | 40     |
| EBIT                                 | 392   | 358   | 34     |

(\*) Net of eliminations.

### Ferrari

In 2012, Ferrari shipped a total of 7,318 street cars, representing a 5% increase over the prior year and an all-time record for the brand. For 8-cylinder models, there was a 3% year-over-year increase. Shipments of 12-cylinder models were up 11%, driven primarily by the new FF and the new F12 Berlinetta, which contributed in the fourth quarter.

Ferrari reported 2012 **revenues** of €2,433 million, increasing 8% over 2011 on the strength of higher volumes, a more favorable product mix and the contribution from the “personalization” program.

**Trading profit** and **EBIT** totaled €350 million for the year (trading margin: 14.4%). The increase in trading profit over 2011 (€312 million) reflected higher volumes, a more favorable product mix and positive contributions from licensing and financial services.

### Maserati

In 2012, Maserati shipped a total of 6,288 cars, a 2% increase over 2011. In the U.S., shipments totaled 2,904 vehicles, representing the best volume performance in 8 years and confirming the U.S. as the brand’s number one market.

**Revenues** totaled €634 million for the year, up 8% over 2011 primarily due to higher sales volumes.

Maserati closed the year with **trading profit** and **EBIT** of €42 million (trading margin: 6.6%), in line with 2011. The positive impact of higher volumes and continued improvements in operating costs were offset by significant costs incurred during the year in connection with the production start-up of new models in 2013.

## Components and Production Systems (Magneti Marelli, Teksid, Comau)

| (€ million)                              | 2012  | 2011  | Change |
|--|-------|-------|--------|
| <b>Magneti Marelli</b>                   |       |       |        |
| Net revenues                             | 5,828 | 5,860 | -32    |
| Trading profit                           | 140   | 181   | -41    |
| EBIT                                     | 130   | 9     | 121    |
| <b>Teksid</b>                            |       |       |        |
| Net revenues                             | 780   | 922   | -142   |
| Trading profit                           | -     | 26    | -26    |
| EBIT                                     | 4     | 1     | 3      |
| <b>Comau</b>                             |       |       |        |
| Net revenues                             | 1,482 | 1,402 | 80     |
| Trading profit                           | 36    | 10    | 26     |
| EBIT                                     | 33    | (120) | 153    |
| <b>COMPONENTS AND PRODUCTION SYSTEMS</b> |       |       |        |
| Net revenues <sup>(*)</sup>              | 8,030 | 8,122 | -92    |
| Trading profit                           | 176   | 217   | -41    |
| Unusual income/(expense)                 | (11)  | (312) | 301    |
| EBIT                                     | 167   | (110) | 277    |

(\*) Net of eliminations.

### *Magneti Marelli*

Magneti Marelli posted **2012 revenues** of €5,828 million, substantially in line with the prior year. The strong performance in the German market (although slowing in the fourth quarter), NAFTA and China largely compensated for difficult trading conditions in other European markets and a mixed performance in Brazil, which was particularly weak in the first half of the year.

Top-line performance was positive for Lighting (+13%), which benefited from strong demand from German customers and new technological content for products launched during the second half of 2011. Electronic Systems also reported robust performance (+21%) on the back of higher sales of telematic and body products to external customers. The After Market business line also posted a marginal improvement in revenues (+2%), with increases in the U.S. and Mercosur more than offsetting declines in Europe. The remaining business lines reported decreases.

**Trading profit** totaled €140 million for the year, compared to €181 million for 2011. The year-over-year decline was primarily attributable to lower volumes in Europe, costs associated with the significant number of production start-ups in the NAFTA region and cost inflation in Brazil, only partially offset by cost containment and efficiency gains achieved during the year. **EBIT** was €130 million compared to €9 million for 2011, which included €154 million in unusual charges.

## Teksid

**Revenues** for 2012 totaled €780 million, down 15% on the prior year. The Cast Iron business unit recorded a 16% decrease in volumes, attributable primarily to lower demand in the heavy vehicle segment in most core markets. For the Aluminum business unit, volumes were down 5% on the prior year.

Teksid closed the year with **trading result** at breakeven, compared with a €26 million profit in 2011. The decrease was primarily attributable to volume declines. **EBIT** was €4 million, compared with €1 million in 2011, which included €28 million in unusual charges.

## Comau

Comau posted **revenues** of €1,482 million for 2012, a 6% increase over 2011 primarily attributable to the Powertrain Systems activities.

Order intake for the period totaled €1,557 million, down 3% over 2011. At 31 December 2012, the order backlog totaled €876 million (+5% over year-end 2011).

**Trading profit** for the year totaled €36 million, compared to €10 million for 2011. The increase was principally attributable to the Body Welding and Powertrain Systems activities. **EBIT** totaled €33 million, compared with a loss of €120 million for 2011, which included unusual charges of €130 million.

## Consolidated 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)  | 2012           | 2011 <sup>(*)</sup>          |
|--|----------------|------------------------------|
| <b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> | <b>17,526</b>  | <b>11,967</b>                |
| <b>B) CASH FROM/(USED IN) OPERATING ACTIVITIES</b>       | <b>6,444</b>   | <b>5,195</b>                 |
| <b>C) CASH FROM/(USED IN) INVESTING ACTIVITIES</b>       | <b>(7,537)</b> | <b>(858) <sup>(**)</sup></b> |
| <b>D) CASH FROM/(USED IN) FINANCING ACTIVITIES</b>       | <b>1,643</b>   | <b>632</b>                   |
| Currency translation differences                         | (419)          | 590                          |
| <b>E) NET CHANGE IN CASH AND CASH EQUIVALENTS</b>        | <b>131</b>     | <b>5,559</b>                 |
| <b>F) CASH AND CASH EQUIVALENTS AT END OF YEAR</b>       | <b>17,657</b>  | <b>17,526</b>                |

(\*) Includes consolidation of Chrysler from 1 June 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 an additional 16% ownership interest.

**Operating activities** generated cash of €6,444 million, of which €5,730 million from income-related cash inflows (i.e., net profit plus amortization and sales and other non-cash items) and €714 million from the decrease in working capital.

**Investing activities** absorbed €7,537 million in cash. Expenditure on tangible and intangible fixed assets (including €2,138 million in capitalized development costs) totaled €7,534 million.

**Financing activities** generated €1,643 million in cash. During 2012, the €2.5 billion in proceeds from bonds issued by Fiat Finance and Trade Ltd. S.A. was partially offset by repayment of approximately €1.5 billion in bond maturities. In addition, repayment of medium-term borrowing totaling €1.5 billion was more than offset by €1.9 billion in new medium-term borrowings. Dividends of €58 million were paid during the year (on Fiat preference and savings shares and to minority shareholders of subsidiaries).

**Consolidated Statement of Financial Position for Fiat Group at 31 December 2012**

**Total assets** amounted to €82,119 million at 31 December 2012, increasing €2,088 million over the €80,031 million at the beginning of the year.

**Non-current assets** totaled €45,477 million, €2 billion higher than the prior year mainly due to the €3.2 billion increase in property, plant & equipment and intangible assets, net of depreciation and amortization, partially offset by negative currency translation differences (approximately €0.7 billion) and the decrease in investments and other financial assets of approximately €0.4 billion.

At year-end 2011, investments and other financial assets included €320 million representing the value of Fiat's right to receive an additional 5% stake in Chrysler upon achievement of the Ecological Event. At the beginning of 2012, the performance conditions set forth in the agreement were met and that amount was subsequently reversed to equity.

**Current assets** totaled €36,587 million, substantially in line with 31 December 2011 (€36,488 million). Net of currency translation differences, current assets were approximately €900 million higher due to increases in cash and cash equivalents (+€550 million) and inventory.

**Working capital** (net of items relating to vehicles sold under buy-back commitments) was a negative €9,931 million, representing a €238 million decrease over the negative €9,693 million at 31 December 2011.

| (€ million)   |     | 31.12.2012     | 31.12.2011     | Change      |
|---|-----|----------------|----------------|-------------|
| Inventory   | (a) | 8,340          | 7,729          | 611         |
| Trade receivables   |     | 2,702          | 2,625          | 77          |
| Trade payables  |     | (16,558)       | (16,418)       | -140        |
| Current taxes receivable/(payable) & Other current receivables/(payables) | (b) | (4,415)        | (3,629)        | -786        |
| <b>Working capital</b>  |     | <b>(9,931)</b> | <b>(9,693)</b> | <b>-238</b> |

(a) Inventory is reported net of the value of vehicles sold under buy-back commitments, which includes vehicles still in use by customers and those that have been repurchased and are held for sale.

(b) Other current payables, included under current taxes receivable/(payable) & other current receivables/(payables), are stated net of amounts due to customers in relation to vehicles sold under buy-back commitments, which consist of the repurchase amount payable at the end of the lease period, together with the value of any lease installments received in advance. The value at the beginning of the contract period, equivalent to the difference between the sale price and the repurchase amount, is recognized on a straight-line basis over the contract period.

At 31 December 2012, receivables 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 €3,631 million (€3,858 million at 31 December 2011). That amount includes €2,179 million in receivables (€2,495 million at 31 December 2011), primarily from the dealer network, that were sold to jointly-controlled financial services companies (FGA Capital Group).

At constant exchange rates, working capital decreased €0.7 billion, with Chrysler reporting a €1.3 billion decrease and Fiat excluding Chrysler reporting an approximately €0.6 billion increase that reflected reduced business volumes in Europe.

At 31 December 2012, consolidated **net debt** totaled €9,600 million, up €702 million over the beginning of the year. Excluding Chrysler, net debt increased by €2.3 billion over 31 December 2011 to €8,103 million, primarily as a result of €3.2 billion in capital expenditure and around €0.6 billion in working capital absorption, both of which were only partially offset by income-related cash inflows (€1.1 billion) and currency translation differences (€0.2 billion).

For Chrysler, net debt was down €1.6 billion, reflecting €5.9 billion in cash flow from operations net of €4.3 billion in capital expenditure for the period.

| (€ million)  | 31.12.2012         |                 |                         | 31.12.2011         |                 |                         |
|--|--------------------|-----------------|-------------------------|--------------------|-----------------|-------------------------|
|  | Fiat with Chrysler | Chrysler        | Fiat excluding Chrysler | Fiat with Chrysler | Chrysler        | Fiat excluding Chrysler |
| Debt:  | (27,889)           | (10,312)        | (17,586)                | (26,772)           | (10,537)        | (16,245)                |
| Asset-backed financing   | (449)              | -               | (449)                   | (710)              | (31)            | (679)                   |
| Other debt   | (27,440)           | (10,312)        | (17,137)                | (26,062)           | (10,506)        | (15,566)                |
| Current financial receivables from jointly-controlled financial services companies (a)                 | 58                 | -               | 58                      | 21                 | -               | 21                      |
| Intersegment financial receivables (b)   | -                  | 9               | -                       | -                  | 10              | -                       |
| <b>Debt, net of current financial receivables from jointly-controlled financial services companies</b> | <b>(27,831)</b>    | <b>(10,303)</b> | <b>(17,528)</b>         | <b>(26,751)</b>    | <b>(10,527)</b> | <b>(16,224)</b>         |
| Other financial assets (c)   | 519                | 45              | 474                     | 557                | 127             | 430                     |
| Other financial liabilities (c)  | (201)              | (42)            | (159)                   | (429)              | (100)           | (329)                   |
| Current securities   | 256                | -               | 256                     | 199                | -               | 199                     |
| Cash and cash equivalents  | 17,657             | 8,803           | 8,854                   | 17,526             | 7,420           | 10,106                  |
| <b>Net debt</b>  | <b>(9,600)</b>     | <b>(1,497)</b>  | <b>(8,103)</b>          | <b>(8,898)</b>     | <b>(3,080)</b>  | <b>(5,818)</b>          |
| <i>Industrial Activities</i>   | <i>(6,545)</i>     | <i>(1,497)</i>  | <i>(5,048)</i>          | <i>(5,529)</i>     | <i>(3,080)</i>  | <i>(2,449)</i>          |
| <i>Financial Services</i>  | <i>(3,055)</i>     | -               | <i>(3,055)</i>          | <i>(3,369)</i>     | -               | <i>(3,369)</i>          |
| Cash, cash equivalents and current securities  | 17,913             | 8,803           | 9,110                   | 17,725             | 7,420           | 10,305                  |
| Undrawn committed credit lines   | 2,935              | 985             | 1,950                   | 2,955              | 1,005           | 1,950                   |
| <b>Total available liquidity</b>   | <b>20,848</b>      | <b>9,788</b>    | <b>11,060</b>           | <b>20,680</b>      | <b>8,425</b>    | <b>12,255</b>           |

(a) Includes current financial receivables from FGA Capital Group.

(b) Includes value of intercompany agreements recognized as finance leases (IFRIC 4).

(c) Includes fair value of derivative financial instruments.

**Debt** increased €1.1 billion over year-end 2011 to €27.9 billion. Excluding Chrysler, debt amounted to €17.6 billion: the decrease in **asset-backed financing** (-€0.2 billion) only partially offset the increase in **other debt** (+€1.6 billion) resulting from the €2.5 billion in new bond issuances net of repayments totaling approximately €1.5 billion, in addition to net increases in bank loans and other financing of approximately €0.6 billion.

At 31 December 2012, **cash, cash equivalents and current securities** totaled €17.9 billion, of which €8.8 billion related to Chrysler. Excluding Chrysler, cash, cash equivalents and current securities totaled €9.1 billion. The decrease of approximately €1.2 billion over 31 December 2011 was due to operating requirements and capital expenditure for the year, only partially offset by the increase in external funding. For Chrysler, there was an increase of €1.4 billion, driven by strong cash flow from operations.

**Total available liquidity**, inclusive of undrawn committed credit lines (€1.95 billion for Fiat excluding Chrysler and around €1 billion for Chrysler), totaled €20.8 billion, of which €9.8 billion related to Chrysler (€8.4 billion at 31 December 2011) and €11.1 billion to Fiat excluding Chrysler (€12.3 billion at 31 December 2011).



### Industrial Activities and Financial Services – Results for 2012

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 companies that provide retail and dealer finance, leasing and rental services in LATAM, APAC, and EMEA and for Ferrari worldwide.

Financial Services also includes 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 activities of 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 Gestione Partecipazioni S.p.A., Fiat North America LLC and Fiat Partecipazioni S.p.A.) are classified under Industrial Activities.

The sub-consolidation of Industrial Activities also includes companies that provide centralized treasury services for Fiat excluding Chrysler (i.e., raising funds in the market and financing Group companies, with the exception of Chrysler Group LLC and its subsidiaries). Those 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 the rest of Fiat Group.

#### Operating Performance by Activity

| (€ million)                               | 2012         |                       |                    | 2011 <sup>(*)</sup> |                       |                    |
|---|--------------|-----------------------|--------------------|---------------------|-----------------------|--------------------|
|   | Consolidated | Industrial Activities | Financial Services | Consolidated        | Industrial Activities | Financial Services |
| Net revenues                              | 83,957       | 83,660                | 394                | 59,559              | 59,297                | 358                |
| Cost of sales                             | 71,474       | 71,300                | 271                | 50,704              | 50,545                | 255                |
| Selling, general and administrative       | 6,731        | 6,687                 | 44                 | 5,047               | 5,009                 | 38                 |
| Research and development                  | 1,835        | 1,835                 | -                  | 1,367               | 1,367                 | -                  |
| Other income/(expense)                    | (103)        | (114)                 | 11                 | (49)                | (56)                  | 7                  |
| <b>TRADING PROFIT/(LOSS)</b>              | <b>3,814</b> | <b>3,724</b>          | <b>90</b>          | <b>2,392</b>        | <b>2,320</b>          | <b>72</b>          |
| Result from investments <sup>(**)</sup>   | 107          | 24                    | 83                 | 131                 | 54                    | 77                 |
| Gains/(losses) on disposal of investments | (91)         | (91)                  | -                  | 21                  | 21                    | -                  |
| Restructuring costs                       | 15           | 15                    | -                  | 102                 | 102                   | -                  |
| Other unusual income/(expense)            | (138)        | (138)                 | -                  | 1,025               | 1,026                 | (1)                |
| <b>EBIT</b>                               | <b>3,677</b> | <b>3,504</b>          | <b>173</b>         | <b>3,467</b>        | <b>3,319</b>          | <b>148</b>         |
| Financial income/(expense)                | (1,641)      | (1,641)               | -                  | (1,282)             | (1,282)               | -                  |
| <b>PROFIT/(LOSS) BEFORE TAXES</b>         | <b>2,036</b> | <b>1,863</b>          | <b>173</b>         | <b>2,185</b>        | <b>2,037</b>          | <b>148</b>         |
| Income taxes                              | 625          | 596                   | 29                 | 534                 | 517                   | 17                 |
| <b>PROFIT/(LOSS)</b>                      | <b>1,411</b> | <b>1,267</b>          | <b>144</b>         | <b>1,651</b>        | <b>1,520</b>          | <b>131</b>         |
| Result from intersegment investments      | -            | 144                   | -                  | -                   | 131                   | -                  |
| <b>PROFIT/(LOSS)</b>                      | <b>1,411</b> | <b>1,411</b>          | <b>144</b>         | <b>1,651</b>        | <b>1,651</b>          | <b>131</b>         |

(\*) Includes Chrysler from 1 June 2011.

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

## Industrial Activities

**Net revenues** for Industrial Activities totaled €83.7 billion for 2012. Excluding Chrysler, revenues for Industrial Activities totaled €35.3 billion, a 5% decrease over 2011, mainly reflecting decline in demand in Europe, particularly in Italy. The Luxury and Performance brands contributed strongly, with revenues up 7% over the prior year. For Components, revenues were in line with 2011.

**Trading profit** totaled €3,724 million for the year. Excluding Chrysler, trading profit was €265 million, decreasing €710 million over the €975 million in 2011. The decrease was primarily attributable to difficult trading conditions in the EMEA region. Cost containment actions only partially mitigated the impact of reduced volumes and negative pricing pressures. Luxury and Performance brands were up €40 million to €392 million, while Components reported a trading profit of €176 million.

## Financial Services

**Net revenues** for Financial Services totaled €394 million for 2012, up 10% over 2011. **Trading profit** increased 25% over 2011 to €90 million.

| Revenues   |            |            |  | Trading Profit |           |           |
|------------|------------|------------|--|----------------|-----------|-----------|
| 2012       | 2011       | Change     | (€ million)                                    | 2012           | 2011      | Change    |
| 347        | 328        | 6%         | <b>Mass-market brands</b> (LATAM, APAC, EMEA)  | 75             | 62        | 13        |
| 47         | 30         | 57%        | <b>Luxury and performance brands</b> (Ferrari) | 15             | 10        | 5         |
| <b>394</b> | <b>358</b> | <b>10%</b> | <b>Total</b>                                   | <b>90</b>      | <b>72</b> | <b>18</b> |

### Mass-market brands (LATAM, APAC, EMEA)

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

In Europe, financial services activities are provided 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, retail financing and medium and long-term rental. The collaboration with Crédit Agricole continued to perform successfully throughout 2012, meeting the Group's performance expectations and commercial needs.

New loans to the dealer network totaled €13,292 million (€15,166 million in 2011). Retail financing was provided on 322,844 vehicles, representing a financed value of €4,874 million and a penetration rate of 23% on Group sales (2011: 349,983 vehicles, financed value of €5,008 million and 20% penetration rate for all Group brands).

There were new medium and long-term rental agreements on 53,643 vehicles, representing a financed value of €632 million and a penetration rate of 4.8% on Group sales (2011: 53,410 vehicle rentals, financed value of €629 million and 3.8% penetration rate for Group sales).

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, in China, their joint ventures.

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

The average managed portfolio of Fidis and its subsidiaries was €2,963 million (€2,627 million in 2011), of which €1,304 million related to dealer financing, essentially in Brazil (€1,305 million in 2011), and €945 million to end-customer financing (€805 million in 2011).

Financial Services for Fiat Group Automobiles reported net **revenues** of €347 million, a 6% increase over 2011 attributable to higher volumes financed in Italy, China and Argentina, while in Brazil volumes financed declined slightly.

**Trading profit** totaled €75 million, up €13 million on 2011, primarily due to improved margins on the financed portfolio.

**Luxury and Performance Brands (Ferrari)**

Ferrari Financial Services (“FFS”) provides car financing to customers in several European countries (Germany, the United Kingdom, Switzerland, France, Belgium, Austria and Italy) through its subsidiaries FFS S.p.A. and FFS AG, and in the United States and Canada through the subsidiary FFS Inc.

FFS Japan KK, a wholly-owned subsidiary of FFS S.p.A. incorporated in September 2011 and located in Tokyo, commenced operations in the third quarter of 2012 with dealer finance and intercompany factoring activities (financing to end customers will begin in the first quarter of 2013).

The Dealer Finance business line, launched in December 2009, currently serves the networks in Europe (Germany, Switzerland, Belgium, the UK and Italy), the U.S. and Japan.

FFS reported consolidated **revenues** of approximately €47 million for the year, up 57% over 2011, due to higher volumes financed in the U.S. and Europe. **Trading profit** was €15 million, up €5 million on 2011.

*Statement of Financial Position by Activity*

| (€ million)                            | 31.12.2012    |                       |                    | 31.12.2011    |                       |                    |
|--|---------------|-----------------------|--------------------|---------------|-----------------------|--------------------|
|  | Consolidated  | Industrial Activities | Financial Services | Consolidated  | Industrial Activities | Financial Services |
| Intangible assets                      | 19,284        | 19,279                | 5                  | 18,200        | 18,196                | 4                  |
| Property, plant and equipment          | 22,061        | 22,058                | 3                  | 20,785        | 20,781                | 4                  |
| Investments and other financial assets | 2,290         | 2,759                 | 789                | 2,660         | 3,097                 | 755                |
| Leased assets                          | 1             | 1                     | -                  | 45            | 45                    | -                  |
| Defined benefit plan assets            | 105           | 105                   | -                  | 97            | 96                    | 1                  |
| Deferred tax assets                    | 1,736         | 1,675                 | 61                 | 1,690         | 1,622                 | 68                 |
| <b>Total non-current assets</b>        | <b>45,477</b> | <b>45,877</b>         | <b>858</b>         | <b>43,477</b> | <b>43,837</b>         | <b>832</b>         |
| Inventory                              | 9,295         | 9,290                 | 5                  | 9,123         | 9,116                 | 7                  |
| Trade receivables                      | 2,702         | 2,690                 | 20                 | 2,625         | 2,619                 | 17                 |
| Receivables from financing activities  | 3,727         | 1,600                 | 3,643              | 3,968         | 1,681                 | 3,906              |
| Current taxes receivable               | 236           | 237                   | 6                  | 369           | 367                   | 4                  |
| Other current receivables              | 2,163         | 2,131                 | 32                 | 2,088         | 2,068                 | 22                 |
| Current financial assets:              | 807           | 724                   | 83                 | 789           | 739                   | 52                 |
| Current investments                    | 32            | 32                    | -                  | 33            | 33                    | -                  |
| Current securities                     | 256           | 173                   | 83                 | 199           | 147                   | 52                 |
| Other financial assets                 | 519           | 519                   | -                  | 557           | 559                   | -                  |
| Cash and cash equivalents              | 17,657        | 17,411                | 246                | 17,526        | 17,429                | 97                 |
| <b>Total current assets</b>            | <b>36,587</b> | <b>34,083</b>         | <b>4,035</b>       | <b>36,488</b> | <b>34,019</b>         | <b>4,105</b>       |
| Assets held for sale                   | 55            | 55                    | -                  | 66            | 66                    | -                  |
| <b>TOTAL ASSETS</b>                    | <b>82,119</b> | <b>80,015</b>         | <b>4,893</b>       | <b>80,031</b> | <b>77,922</b>         | <b>4,937</b>       |
| Equity                                 | 13,173        | 13,173                | 1,258              | 12,260        | 12,258                | 1,192              |
| Provisions:                            | 15,484        | 15,462                | 22                 | 15,624        | 15,587                | 37                 |
| Employee benefits                      | 6,694         | 6,689                 | 5                  | 7,026         | 7,022                 | 4                  |
| Other provisions                       | 8,790         | 8,773                 | 17                 | 8,598         | 8,565                 | 33                 |
| Debt:                                  | 27,889        | 25,933                | 3,472              | 26,772        | 24,796                | 3,595              |
| Asset-backed financing                 | 449           | 52                    | 397                | 710           | 213                   | 497                |
| Other debt                             | 27,440        | 25,881                | 3,075              | 26,062        | 24,583                | 3,098              |
| Other financial liabilities            | 201           | 198                   | 3                  | 429           | 428                   | 3                  |
| Trade payables                         | 16,558        | 16,546                | 20                 | 16,418        | 16,399                | 32                 |
| Current taxes payable                  | 231           | 223                   | 15                 | 230           | 228                   | 5                  |
| Deferred tax liabilities               | 802           | 796                   | 6                  | 760           | 753                   | 7                  |
| Other current liabilities              | 7,781         | 7,684                 | 97                 | 7,538         | 7,473                 | 66                 |
| Liabilities held for sale              | -             | -                     | -                  | -             | -                     | -                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>    | <b>82,119</b> | <b>80,015</b>         | <b>4,893</b>       | <b>80,031</b> | <b>77,922</b>         | <b>4,937</b>       |

### Net Debt by Activity

| (€ million)   | 31.12.2012      |                       |                    | 31.12.2011      |                       |                    |
|---|-----------------|-----------------------|--------------------|-----------------|-----------------------|--------------------|
|   | Consolidated    | Industrial Activities | Financial Services | Consolidated    | Industrial Activities | Financial Services |
| Debt:   | (27,889)        | (25,933)              | (3,472)            | (26,772)        | (24,796)              | (3,595)            |
| Asset-backed financing  | (449)           | (52)                  | (397)              | (710)           | (213)                 | (497)              |
| Other debt  | (27,440)        | (25,790)              | (1,650)            | (26,062)        | (24,503)              | (1,559)            |
| Intersegment financial payables   | -               | (91)                  | (1,425)            | -               | (80)                  | (1,539)            |
| Current financial receivables from jointly-controlled financial services companies (a)                                  | 58              | 58                    | -                  | 21              | 21                    | -                  |
| Intersegment financial receivables  | -               | 1,425                 | 91                 | -               | 1,539                 | 80                 |
| <b>Debt, net of intersegment and current financial receivables from jointly-controlled financial services companies</b> | <b>(27,831)</b> | <b>(24,450)</b>       | <b>(3,381)</b>     | <b>(26,751)</b> | <b>(23,236)</b>       | <b>(3,515)</b>     |
| Other financial assets (b)  | 519             | 519                   | -                  | 557             | 559                   | -                  |
| Other financial liabilities (b)   | (201)           | (198)                 | (3)                | (429)           | (428)                 | (3)                |
| Current securities  | 256             | 173                   | 83                 | 199             | 147                   | 52                 |
| Cash and cash equivalents   | 17,657          | 17,411                | 246                | 17,526          | 17,429                | 97                 |
| <b>Net debt</b>   | <b>(9,600)</b>  | <b>(6,545)</b>        | <b>(3,055)</b>     | <b>(8,898)</b>  | <b>(5,529)</b>        | <b>(3,369)</b>     |

(a) Includes current debt payable by FGA Capital to other Fiat Group companies.

(b) Includes fair value of derivative financial instruments.

### Net Debt by Activity for Fiat excluding Chrysler

| (€ million)   | 31.12.2012              |  |                    | 31.12.2011              |  |                    |
|---|-------------------------|--|--------------------|-------------------------|--|--------------------|
|   | Fiat excluding Chrysler | Industrial Activities excluding Chrysler | Financial Services | Fiat excluding Chrysler | Industrial Activities excluding Chrysler | Financial Services |
| Debt:   | (17,586)                | (15,630)                                 | (3,472)            | (16,245)                | (14,269)                                 | (3,595)            |
| Asset-backed financing  | (449)                   | (52)                                     | (397)              | (679)                   | (182)                                    | (497)              |
| Other debt  | (17,137)                | (15,487)                                 | (1,650)            | (15,566)                | (14,007)                                 | (1,559)            |
| Intersegment financial payables   | -                       | (91)                                     | (1,425)            | -                       | (80)                                     | (1,539)            |
| Current financial receivables from jointly-controlled financial services companies (a)                                  | 58                      | 58                                       | -                  | 21                      | 21                                       | -                  |
| Intersegment financial receivables  | -                       | 1,425                                    | 91                 | -                       | 1,539                                    | 80                 |
| <b>Debt, net of intersegment and current financial receivables from jointly-controlled financial services companies</b> | <b>(17,528)</b>         | <b>(14,147)</b>                          | <b>(3,381)</b>     | <b>(16,224)</b>         | <b>(12,709)</b>                          | <b>(3,515)</b>     |
| Other financial assets (b)  | 474                     | 474                                      | -                  | 430                     | 432                                      | -                  |
| Other financial liabilities (b)   | (159)                   | (156)                                    | (3)                | (329)                   | (328)                                    | (3)                |
| Current securities  | 256                     | 173                                      | 83                 | 199                     | 147                                      | 52                 |
| Cash and cash equivalents   | 8,854                   | 8,608                                    | 246                | 10,106                  | 10,009                                   | 97                 |
| <b>Net debt</b>   | <b>(8,103)</b>          | <b>(5,048)</b>                           | <b>(3,055)</b>     | <b>(5,818)</b>          | <b>(2,449)</b>                           | <b>(3,369)</b>     |

(a) Includes current debt payable by FGA Capital to other Fiat Group companies.

(b) Includes fair value of derivative financial instruments.

Debt, cash and other financial assets/liabilities pertaining to Financial Services entities are excluded from the computation of Net Debt of Industrial Activities. In addition to its other activities, the Group treasuries of Fiat excluding Chrysler, raises funds for consolidated Financial Services companies by incurring debt on their behalf which is on-lent to those Financial Services companies. These loans from Group treasuries of Fiat excluding Chrysler (which are included within Industrial Activities) to the consolidated Financial Services companies, are included under intersegment financial receivables and are deducted in the determination of net debt for Industrial Activities to reflect the third party borrowings underlying the Financial Services companies' debt.

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 liquidity deposited temporarily with the central treasury.

**Net debt for Financial Services** companies at 31 December 2012 was down €314 million over year-end 2011 to €3,055 million, primarily reflecting €119 million in cash from operating activities and positive currency translation differences of €205 million, which were partially offset by €14 million in dividends paid to industrial companies.

#### Change in Net Industrial Debt

| (€ million)  | 2012               |                |                         | 2011               |                     |                         |
|--|--------------------|----------------|-------------------------|--------------------|---------------------|-------------------------|
|  | Fiat with Chrysler | Chrysler       | Fiat excluding Chrysler | Fiat with Chrysler | Chrysler (7 months) | Fiat excluding Chrysler |
| <b>Net industrial debt at beginning of year</b>  | <b>(5,529)</b>     | <b>(3,080)</b> | <b>(2,449)</b>          | <b>(542)</b>       | <b>-</b>            | <b>(542)</b>            |
| Consolidation of Chrysler net debt   | -                  | -              | -                       | (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 US Treasury and UST rights under Equity Recapture Agreement | -                  | -              | -                       | (490)              | -                   | (490)                   |
| <b>Net industrial debt at beginning of year after Chrysler consolidation</b>   | <b>(5,529)</b>     | <b>(3,080)</b> | <b>(2,449)</b>          | <b>(4,892)</b>     | <b>(2,979)</b>      | <b>(1,913)</b>          |
| Profit/(loss)  | 1,411              | 2,452          | (1,041)                 | 1,651              | 645                 | 1,006                   |
| Depreciation and amortization  | 4,132              | 2,017          | 2,115                   | 3,356              | 1,123               | 2,233                   |
| Changes in provisions and other changes  | 102                | 145            | (43)                    | (1,240)            | (221)               | (1,019)                 |
| <b>Cash from/(used in) operating activities before change in working capital</b>   | <b>5,645</b>       | <b>4,614</b>   | <b>1,031</b>            | <b>3,767</b>       | <b>1,547</b>        | <b>2,220</b>            |
| Change in working capital  | 694                | 1,275          | (581)                   | 1,417              | 204                 | 1,213                   |
| <b>Cash from/(used in) operating activities</b>  | <b>6,339</b>       | <b>5,889</b>   | <b>450</b>              | <b>5,184</b>       | <b>1,751</b>        | <b>3,433</b>            |
| Investments in property, plant and equipment and intangible assets   | (7,530)            | (4,311)        | (3,219)                 | (5,525)            | (1,936)             | (3,589)                 |
| <b>Cash from/(used in) operating activities, net of capital expenditure</b>  | <b>(1,191)</b>     | <b>1,578</b>   | <b>(2,769)</b>          | <b>(341)</b>       | <b>(185)</b>        | <b>(156)</b>            |
| Change in consolidation scope and other changes  | 292                | 45             | 247                     | 68                 | 305                 | (237)                   |
| <b>Net industrial cash flow</b>  | <b>(899)</b>       | <b>1,623</b>   | <b>(2,522)</b>          | <b>(273)</b>       | <b>120</b>          | <b>(393)</b>            |
| Capital increases and dividends  | (36)               | -              | (36)                    | (140)              | (2)                 | (138)                   |
| Currency translation differences   | (81)               | (40)           | (41)                    | (224)              | (219)               | (5)                     |
| <b>Change in net industrial debt</b>   | <b>(1,016)</b>     | <b>1,583</b>   | <b>(2,599)</b>          | <b>(637)</b>       | <b>(101)</b>        | <b>(536)</b>            |
| <b>Net industrial debt at end of year</b>  | <b>(6,545)</b>     | <b>(1,497)</b> | <b>(5,048)</b>          | <b>(5,529)</b>     | <b>(3,080)</b>      | <b>(2,449)</b>          |

For 2012, net industrial debt increased by approximately €1 billion.

For Chrysler, there was a reduction of €1,583 million, with €5,889 million in cash from operations more than offsetting the €4,311 million in capital expenditure during the period.

For Fiat excluding Chrysler, net industrial debt increased by €2.6 billion. Operating activities generated approximately €0.5 billion in cash, which only partially offset capital expenditures of approximately €3.2 billion. The increase in Change in consolidation scope and other changes (€247 million) related primarily to changes in the fair value of hedging instruments.

## Statement of Cash Flows by Activity

| (€ million)  | 2012           |                       |                    | 2011 <sup>(*)</sup> |                       |                    |
|--|----------------|-----------------------|--------------------|---------------------|-----------------------|--------------------|
|  | Consolidated   | Industrial Activities | Financial Services | Consolidated        | Industrial Activities | Financial Services |
| <b>A) Cash and cash equivalents at beginning of year</b>   | <b>17,526</b>  | <b>17,429</b>         | <b>97</b>          | <b>11,967</b>       | <b>11,705</b>         | <b>262</b>         |
| <b>B) Cash from/(used in) operating activities:</b>  |                |                       |                    |                     |                       |                    |
| Profit/(loss)  | 1,411          | 1,411                 | 144                | 1,651               | 1,651                 | 131                |
| Amortization and depreciation (net of vehicles leased out)   | 4,134          | 4,132                 | 2                  | 3,358               | 3,356                 | 2                  |
| (Gains)/losses on disposal of non-current assets and other non-cash items (a)  | 152            | 41                    | (33)               | (1,106)             | (1,200)               | (37)               |
| Dividends received   | 89             | 103                   | -                  | 105                 | 149                   | -                  |
| Change in provisions   | 77             | 90                    | (13)               | (116)               | (89)                  | (27)               |
| Changes in deferred taxes  | (72)           | (73)                  | 1                  | (19)                | (10)                  | (9)                |
| Changes relating to buy-back commitments (b)   | (51)           | (51)                  | -                  | (62)                | (62)                  | -                  |
| Changes related to operating leases  | (10)           | (8)                   | (2)                | (28)                | (28)                  | -                  |
| Change in working capital  | 714            | 694                   | 20                 | 1,412               | 1,417                 | (5)                |
| <b>Total</b>   | <b>6,444</b>   | <b>6,339</b>          | <b>119</b>         | <b>5,195</b>        | <b>5,184</b>          | <b>55</b>          |
| <b>C) Cash from/(used in) investing activities:</b>  |                |                       |                    |                     |                       |                    |
| Investments in:  |                |                       |                    |                     |                       |                    |
| Property, plant and equipment and intangible assets (net of vehicles leased out)   | (7,534)        | (7,530)               | (4)                | (5,528)             | (5,525)               | (3)                |
| Subsidiaries and other equity investments  | (24)           | (26)                  | -                  | (142)               | (142)                 | -                  |
| 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   | 139            | 139                   | -                  | 449                 | 448                   | 1                  |
| Net change in receivables from financing activities  | (24)           | (27)                  | 3                  | (1,218)             | 50                    | (1,268)            |
| Change in current securities   | (64)           | (24)                  | (40)               | (14)                | 4                     | (18)               |
| Other changes  | (30)           | 11                    | (41)               | (29)                | (253)                 | 224                |
| <b>Total</b>   | <b>(7,537)</b> | <b>(7,457)</b>        | <b>(82)</b>        | <b>(858)</b>        | <b>206</b>            | <b>(1,064)</b>     |
| <b>D) Cash from/(used in) financing activities:</b>  |                |                       |                    |                     |                       |                    |
| Net change in debt and other financial assets/liabilities  | 1,679          | 1,536                 | 143                | (1,551)             | (2,446)               | 895                |
| Change in net financial receivables from Fiat Industrial Group   | -              | -                     | -                  | 2,761               | 2,759                 | 2                  |
| Increase in share capital  | 22             | 22                    | 2                  | 41                  | 41                    | -                  |
| (Purchase)/sale of ownership interests in subsidiaries   | -              | -                     | -                  | (438)               | (438)                 | -                  |
| Dividends paid   | (58)           | (58)                  | (14)               | (181)               | (181)                 | (44)               |
| <b>Total</b>   | <b>1,643</b>   | <b>1,500</b>          | <b>131</b>         | <b>632</b>          | <b>(265)</b>          | <b>853</b>         |
| Currency translation differences   | (419)          | (400)                 | (19)               | 590                 | 599                   | (9)                |
| <b>E) Net change in cash and cash equivalents</b>  | <b>131</b>     | <b>(18)</b>           | <b>149</b>         | <b>5,559</b>        | <b>5,724</b>          | <b>(165)</b>       |
| <b>F) Cash and cash equivalents at end of year</b>   | <b>17,657</b>  | <b>17,411</b>         | <b>246</b>         | <b>17,526</b>       | <b>17,429</b>         | <b>97</b>          |

(\*) For 2011, includes cash flows for Chrysler from date of consolidation (1 June 2011).

(a) For 2011, the item includes reversal of the net gain of €2,017 million recognized in relation to the Chrysler transaction and reversal of unusual non-cash expense items. The item also includes reversal of a €31 million gain (€110 million loss for 2011) in the fair value of 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 change in working capital.

### Industrial Activities

For 2012, Industrial Activities absorbed cash and cash equivalents of €18 million. Excluding Chrysler (which generated cash and cash equivalents of €1,383 million), Fiat absorbed €1,401 million in cash.

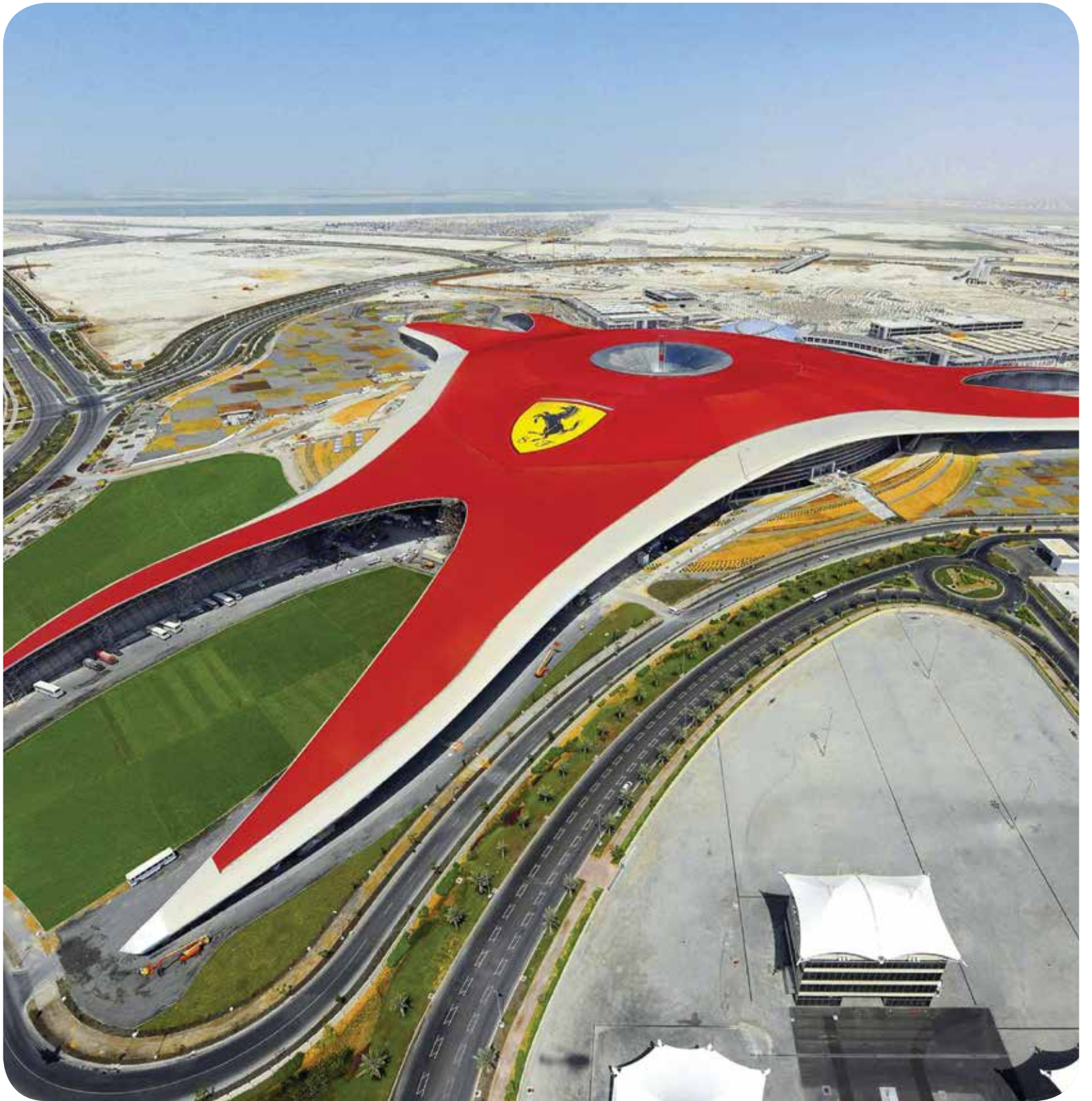
- **Operating activities** generated €6,339 million in cash, of which €5,889 million attributable to Chrysler and €450 million attributable to Fiat excluding Chrysler. Operating cash flow for Fiat excluding Chrysler was impacted by a €581 million increase in working capital.
- **Investing activities** absorbed a total of €7,457 million, primarily for investments in tangible and intangible assets (€7,530 million, of which €3,219 million attributable to Fiat excluding Chrysler).
- **Financing activities** generated €1,500 million in cash related primarily to a net increase in borrowings (approximately €1.1 billion in net bond proceeds and €0.5 billion in other debt), which was partially offset by dividend payments to Fiat S.p.A. shareholders and minorities in group subsidiaries (€58 million).

### Financial Services

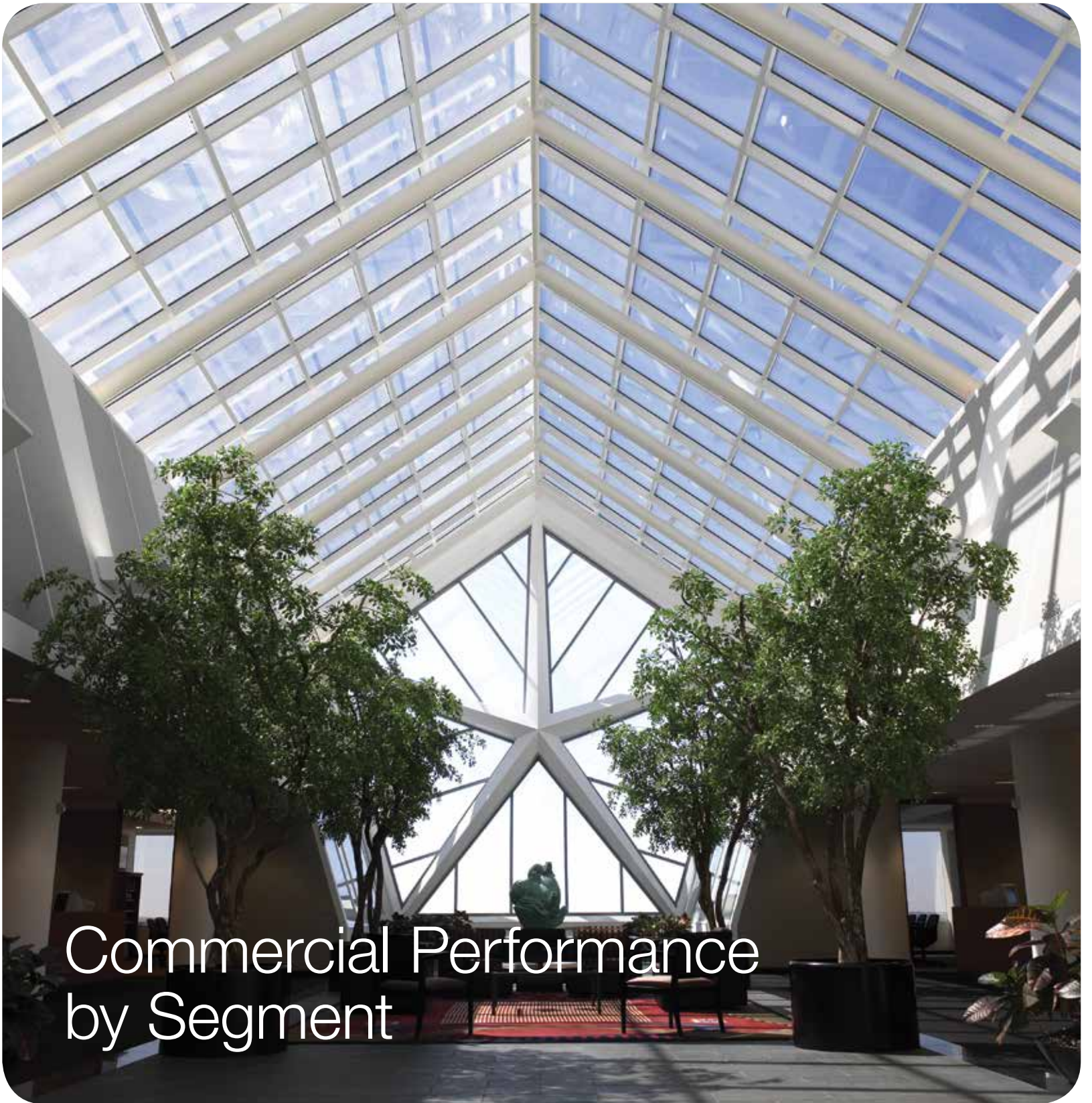
Cash and cash equivalents for Financial Services totaled €246 million at 31 December 2012, increasing €149 million over the beginning of the year.

Changes in cash were attributable to:

- **Operating activities**, which generated €119 million in cash (principally net profit plus amortization and depreciation).
- **Investing activities** (including changes in financial receivables from/debt payable to industrial companies), which absorbed €82 million in cash, primarily due to an increase in the lending portfolio, net of repayment of loans from treasury companies (included under other changes).
- **Financing activities**, which generated a total of €131 million in cash, consisting of €143 million of net inflows from new financing, net of dividends paid to companies included under Industrial Activities.







Commercial Performance  
by Segment

## MASS-MARKET BRANDS

### NAFTA

#### Commercial Performance

#### Passenger Car and Truck Shipments by Market

| (units in thousands)                             | 2012         | 2011 <sup>(*)</sup> | Change     |
|--|--------------|---------------------|------------|
| United States                                    | 1,748        | 1,453               | 20%        |
| Canada   | 255          | 233                 | 9%         |
| Mexico   | 98           | 81                  | 22%        |
| Contract Manufacturing <sup>(**)</sup> and other | 14           | 16                  | -13%       |
| <b>Total</b>                                     | <b>2,115</b> | <b>1,783</b>        | <b>19%</b> |

#### Passenger Car and Truck Shipments by Brand

| (units in thousands)                             | 2012         | 2011 <sup>(*)</sup> | Change     |
|--|--------------|---------------------|------------|
| Jeep   | 548          | 479                 | 14%        |
| Dodge  | 717          | 619                 | 16%        |
| Chrysler   | 347          | 280                 | 24%        |
| Ram  | 423          | 351                 | 21%        |
| Fiat   | 66           | 38                  | 74%        |
| Contract Manufacturing <sup>(**)</sup> and other | 14           | 16                  | -13%       |
| <b>Total</b>                                     | <b>2,115</b> | <b>1,783</b>        | <b>19%</b> |

(\*) Pro-forma calculation including Chrysler shipments as if consolidated from 1 January 2011.

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

Vehicle shipments in the NAFTA region totaled 2,115,000 units in 2012, representing a 19% increase over 2011 on a pro-forma basis. In the U.S., shipments totaled 1,748,000 vehicles (up 20% over 2011 on a pro-forma basis), in Canada 255,000 (+9%), and in Mexico 98,000 (+22%).

Sales<sup>2</sup> in the NAFTA region totaled 1,989,000 vehicles for the full year, an increase of 18% over 2011. In the U.S., sales grew 21% to 1,652,000 units and the Group closed the year with 33 consecutive months of year-over-year sales gains. In Canada, sales increased 6% to 244,000 vehicles, and in Mexico, sales were up 10% to 93,000 vehicles.

(2) "Sales" represent sales to end customers as reported by the Chrysler dealer network.



### Industry Sales by Market

| (units in thousands) | 2012   | 2011   | Change |
|----------------------|--------|--------|--------|
| United States        | 14,786 | 13,041 | 13%    |
| Canada               | 1,714  | 1,618  | 6%     |
| Mexico               | 1,024  | 937    | 9%     |

The **U.S. vehicle market** was up 13% in 2012 to 14.8 million vehicles. Group share increased to 11.2% from 10.5% for the prior year. The Jeep brand posted its best annual sales since 2007, gaining 13% over the prior year to 474,000 vehicles led by strong results for the Grand Cherokee (+21%) and Wrangler (+16%). Dodge, the Group's number one selling brand in the U.S., posted sales of 525,000 vehicles for the year, up 16% over 2011 driven primarily by the Avenger (+51%), Journey (+44%), Grand Caravan (+28%) and the new Dodge Dart (25,000 vehicles sold since launch). The Ram Truck brand posted a sales increase of 17% to 301,000 vehicles and the Ram pickup truck showed sales increases for both light-duty and heavy-duty models. Chrysler brand sales totaled 308,000 vehicles for 2012, an increase of 39% over the prior year with particularly strong performances from the Chrysler 300 (+95%) and 200 (+44%).

The **Canadian vehicle market** grew 6% in 2012 to 1.7 million vehicles. The Group's total market share was 14.2% for the year (14.3% in 2011). Key performers included the Chrysler 200 (+97%) and 300 (+89%), and the Jeep Wrangler (+21%).

Fiat 500 sales in the U.S. and Canada totaled 52,000 vehicles for the year, compared to 25,000 vehicles in 2011 when the vehicle was launched.

### Products and Awards

The Ram 1500 pickup was named *Motor Trend's* 2013 "Truck of the Year", "2013 North American Truck/Utility of the Year", *AOL Autos* "Truck of the Year" and *Detroit Free Press* "Truck of the Year". The Texas Auto Writers Association also named the Ram 1500 "Truck of Texas" and the Jeep Grand Cherokee "SUV of Texas". Overall, the Ram Truck and Jeep brands won eight of the 19 awards presented.

Launched in the second quarter, the Dodge Dart has already won numerous awards, including making *Kelley Blue Book's* list of "Top 10 Cars of the 2012 Detroit Auto Show", winning the *Autoweek* Editors' Choice Award as the auto show's "Most Significant Vehicle", and being named "Compact Car of Texas" by the Texas Auto Writers Association. *Kelley Blue Book's* kbb.com and *Consumer Guide® Automotive* also named the Dart one of the "10 Coolest Cars Under \$18,000", along with the Fiat 500.

Twelve Chrysler Group models made the Insurance Institute for Highway Safety's (IIHS) annual list of "Top Safety Picks" and five models received the 2013 *Consumer Guide® Automotive* "Best Buy" Award.

## LATAM

### Commercial Performance

#### Passenger Car and LCV Shipments

| (units in thousands) | 2012       | 2011 (*)   | Change    |
|----------------------|------------|------------|-----------|
| Brazil               | 845        | 778        | 9%        |
| Argentina            | 84         | 98         | -15%      |
| Venezuela            | 9          | 9          | -         |
| Other                | 41         | 43         | -5%       |
| <b>Total</b>         | <b>979</b> | <b>929</b> | <b>5%</b> |

(\*) Pro-forma calculation including Chrysler shipments as if consolidated from 1 January 2011.

#### Passenger Car and LCV Industry Sales

| (units in thousands) | 2012         | 2011         | Change    |
|----------------------|--------------|--------------|-----------|
| Brazil               | 3,635        | 3,426        | 6%        |
| Argentina            | 805          | 817          | -1%       |
| Venezuela            | 108          | 101          | 7%        |
| Other                | 1,295        | 1,243        | 4%        |
| <b>Total</b>         | <b>5,843</b> | <b>5,587</b> | <b>5%</b> |

In 2012, shipments in the LATAM region totaled 979,000 units, representing an increase of 5% over the prior year (on a pro-forma basis) and the Group's all-time record in the region. The Brazilian market reacted positively to government stimulus measures that were introduced in May and remained in place through the end of 2012. Those measures will be gradually phased out during the first half of 2013.

To encourage continued and disciplined growth of the domestic car industry, the Brazilian government launched a new automotive regime (Inovar Auto Program) for the period 2013 to 2017. This program provides a range of tax incentive schemes for investments dedicated to improvements in energy efficiency and localized R&D and engineering to promote the country's technological development. Fiat is well positioned to participate in and benefit from this program.

In **Brazil**, the passenger car and LCV market was up 6% over 2011 to 3,635,000 units. Group sales increased 11% to 845,000 units from 760,000 in 2011 (on a pro-forma basis), representing an all-time record for the Group in Brazil.

The Group marked its 11th consecutive year as market leader, outpacing sustained market growth with overall share up 1.1 p.p. to 23.3%, and demonstrating its ability to respond rapidly to increases in market demand. The Group's best-selling products continued to perform well, led by the continued success of the Palio and Novo Uno. Fiat retained its leadership in the A and B segments with a combined share of 30.2%. The Jeep, Chrysler, Dodge and Ram brands posted strong sales performance with a combined year-over-year increase of 32%.

The Group shipped a total of 845,000 passenger cars and LCVs in Brazil, representing a 9% year-over-year increase.



In **Argentina**, the market was down 1% over the prior year to 805,000 units. Group sales decreased 10% to 85,000 units, with market share at 10.6% (-1.0 p.p.). Shipments were down 15% over the prior year to approximately 84,000 units. Throughout the year, both sales and shipments were affected by the reduced product availability associated with customs delays for imported vehicles and components.

In other LATAM markets, shipments totaled approximately 50,000 units (-4% versus 2011).

During the fourth quarter, significant progress was made with the new plant in Goiana (Pernambuco, Brazil) that, once fully operational, will increase the Group's production capacity in Brazil by 250,000 units a year.

### *Products and Awards*

During the first quarter, Fiat launched the new Grand Siena in Brazil, which was received favorably by customers and the automotive press, and Chrysler Group introduced the new 3.6-liter Jeep Wrangler, the Chrysler 300C, the Ram 1500 pickup truck and the significantly refreshed Jeep Compass.

In the second quarter, Fiat launched the new Palio Weekend, the Strada and the significantly refreshed Siena EL. The Palio and Siena families together accounted for 20% of Fiat's total annual sales in Brazil and the Strada posted its 12th straight year as the best-selling small pickup.

In July, Fiat brand launched the new Punto in Brazil and Dodge launched the all-new 2013 Dodge Dart in Puerto Rico.

Brazil's leading car magazine, *Quatro Rodas*, named six Fiat brand cars and LCVs to its "Best Buy" list. The Punto and Bravo placed 1st and 2nd, respectively, in the domestic sports car category. Also named Best Buy in their respective categories were the Mille, new Palio, Grand Siena and Freemont.

## APAC

### Commercial Performance

#### Passenger Car and LCV Shipments

| (units in thousands) | 2012       | 2011 (*)  | Change     |
|----------------------|------------|-----------|------------|
| China                | 54         | 40        | 35%        |
| South Korea          | 4          | 3         | 33%        |
| Japan                | 15         | 11        | 36%        |
| Australia            | 23         | 15        | 53%        |
| Other                | 7          | 5         | 40%        |
| <b>Total</b>         | <b>103</b> | <b>74</b> | <b>39%</b> |

(\*) Pro-forma calculation including Chrysler shipments as if consolidated from 1 January 2011.

#### Passenger Car and LCV Industry Sales

| (units in thousands) | 2012            | 2011            | Change     |
|----------------------|-----------------|-----------------|------------|
| China                | 14,185.0        | 13,075.3        | 8%         |
| South Korea          | 1,306.8         | 1,316.3         | -1%        |
| Japan                | 4,572.3         | 3,524.8         | 30%        |
| Australia            | 1,056.4         | 954.8           | 11%        |
| Other                | 2,664.5         | 2,444.2         | 9%         |
| <b>Total</b>         | <b>23,785.0</b> | <b>21,315.4</b> | <b>12%</b> |

Vehicle shipments in the APAC region (excluding JVs) totaled approximately 103,000 units for 2012, up 39% over the prior year (on a pro-forma basis).

Demand increased in most of the Group's key markets (India, China, Japan, Australia), but contracted slightly in South Korea.

The Group's retail sales, including JVs, totaled approximately 115,500 units for the year, a 28% increase over 2011 (compared to 12% for the market), mainly driven by strong performance in China (+45%), Australia (+50%), Japan (+35%) and the ASEAN region (+60%). The Jeep brand accounted for 64% of APAC sales, almost doubling volumes over the prior year with particularly strong performances in China (+107%) and Australia (+93%). The Fiat Viaggio, launched in September, was well-received by customers in China and it accounted for nearly a third of total Group sales in China in the fourth quarter.



### *Products*

The Fiat Viaggio, the Group's latest product offering in the region, began appearing in Chinese dealerships in September following the world premiere at the Beijing Auto Show earlier in the year. The first C-class sedan to be produced locally by the Group, the Fiat Viaggio is assembled through the joint venture with Guangzhou Automobile Group in Changsha. Demand grew rapidly and by the end of the fourth quarter the Viaggio had already established itself as the Group's second best-selling vehicle in China (after the Jeep Compass). In terms of network development, plans are underway to double the number of Fiat dealerships in China by the end of 2013.

The Chrysler brand also returned to the Chinese and Japanese markets in 2012. Making its comeback appearance at the Beijing Auto Show in April, the all-new Chrysler 300C was launched in China in Q3 followed by the Chrysler Grand Voyager in Q4. In Japan, during the fourth quarter Chrysler launched the Ypsilon, the first small hatchback in the brand's lineup.

During the year, the SRT8 and Overland Summit versions of the Jeep Grand Cherokee were also launched across the region.

Other initiatives to strengthen the Group's presence in the APAC region included the formation of a new Fiat company to take over the commercial and distribution activities for the Fiat brand in India, previously managed through a JV with Tata. The distribution network is currently being reorganized under the new company. All activities relating to vehicle and powertrain production will continue to be conducted through the joint venture.

In Australia, 2012 saw the further integration of activities, with Chrysler Australia taking over distribution for the Fiat (cars and LCVs), Alfa Romeo and Abarth brands from May 1st. As a result, the existing Chrysler distribution network was expanded by 17 car dealerships and 22 commercial vehicle outlets.

On the industrial development side, agreements were reached in the first half of 2012 for the Indian JV to supply up to 328,000 1.3-liter diesel engines to Suzuki and Premier over a period of three years.

## EMEA

### Commercial Performance

#### Passenger Car and LCV Shipments by Market

| (units in thousands)      | 2012           | 2011 (*)       | Change      |
|---------------------------|----------------|----------------|-------------|
| France                    | 82.2           | 111.1          | -26%        |
| Germany                   | 109.6          | 123.8          | -11%        |
| UK                        | 71.2           | 65.8           | 8%          |
| Italy                     | 446.9          | 558.5          | -20%        |
| Spain                     | 27.3           | 30.6           | -11%        |
| Poland                    | 24.5           | 28.6           | -14%        |
| Rest of Europe            | 134.1          | 165.6          | -19%        |
| <b>Europe (UE27+EFTA)</b> | <b>895.8</b>   | <b>1,084.0</b> | <b>-17%</b> |
| Other                     | 115.8          | 95.6           | 21%         |
| <b>Total Sales</b>        | <b>1,011.6</b> | <b>1,179.6</b> | <b>-14%</b> |
| Associates and JVs        | 87.9           | 141.1          | -38%        |
| <b>Grand Total</b>        | <b>1,099.5</b> | <b>1,320.7</b> | <b>-17%</b> |

(\*) Pro-forma calculation including Chrysler shipments as if consolidated from 1 January 2011.

Vehicle shipments in the EMEA region totaled 1,012,000 units for the year, a decrease of 14% over 2011 (on a pro-forma basis). Passenger car shipments were down 14% to 810,000 vehicles and LCV shipments were down 15% to 202,000. For passenger cars, the decrease was primarily attributable to contractions in market demand. The impact on Group shipments was particularly significant in Italy (-80,200 units or -17%), Germany (-12,600 units or -17%) and France (-23,000 units or -30%). For other major markets, there was a modest decrease in Spain, but an increase in the UK (+5,100 units or +9%). For LCVs, the year-over-year drop in volumes was almost entirely attributable to the severe market contraction in Italy.

#### Passenger Car Industry Sales

| (units in thousands)      | 2012            | 2011            | Change     |
|---------------------------|-----------------|-----------------|------------|
| France                    | 1,898.8         | 2,204.2         | -14%       |
| Germany                   | 3,082.5         | 3,173.6         | -3%        |
| UK                        | 2,044.6         | 1,941.3         | 5%         |
| Italy                     | 1,402.1         | 1,749.7         | -20%       |
| Spain                     | 699.6           | 808.1           | -13%       |
| Poland                    | 273.6           | 277.4           | -1%        |
| <b>Europe (UE27+EFTA)</b> | <b>12,528.0</b> | <b>13,593.0</b> | <b>-8%</b> |





In **Europe** (EU27+EFTA), the **passenger car market** registered an 8% decrease over the prior year to 12.5 million vehicles, the lowest level since 1995. Year-over-year declines were registered in nearly all major markets, including Germany, which was down 3%. The Italian market contracted 20% to 1.4 million vehicles, representing the lowest level since 1979 and the worst annual percentage decrease since 1993. Double-digit declines were also recorded in France (-14%) and Spain (-13%). The only major market to register growth was the UK, with demand increasing 5% over the prior year.

Group brands recorded a 6.3% combined share of the European market, slipping 0.6 percentage points over 2011. That decrease was largely attributable to the unfavorable market mix, as Italy's weighting in the European total fell 1.7 p.p. for the year to 11.2% (12.9% in 2011). Notable performances included the Fiat Panda and 500, which remained the two best-selling models in the A segment with a combined 28.1% share. The Jeep brand also posted a 19% increase in sales over the prior year, despite the negative market trend, driving positive performance for the Group in the brand's reference segments.

In Italy, the Group increased share by 0.2 p.p. to 29.6%. That result was primarily driven by performance in the A segment, where share reached 60%, and the Small MPV segment, where after just one quarter of sales the 500L was already positioned among the top 5. The Group also further strengthened its leadership in the alternative fuel segment (CNG and LPG).

In other major markets, share was higher in Spain (+0.2 p.p.) and the UK (+0.1 p.p.), which in 2012 was the Group's third largest European market with 64,000 vehicles sold. Share was down in France (-0.3 p.p.) and Germany (-0.2 p.p.).

The **European light commercial vehicle market** (EU27+EFTA) registered a 12% contraction over 2011 to close the year with just 1,582,000 units sold. Performance was heavily affected by the 33% year-over-year contraction in demand in Italy.

Fiat Professional closed the year with an 11.7% share<sup>3</sup> of the European LCV market, a decline of approximately 0.8 percentage points that was entirely attributable to the unfavorable market mix. Excluding Italy, market share for other European markets was 0.2 percentage points higher at 9.2%. Group share of the Italian market was 42.7%, compared with 44.4% for 2011, when sales benefited from significant fleet renewal activity. The Fiat Ducato ranked among the best-selling commercial vehicles in its category for the 6th consecutive year and registered its highest ever segment share.

### *Products and Awards*

During the first quarter, the Fiat brand presented the 2012 model year Punto, now also available with TwinAir Turbo and MultiJet II engines. Also introduced were the AWD version of the Fiat Freemont and the new Fiat Strada.

At the Geneva Motor Show in March, Fiat premiered the new 500L, the latest addition to the 500 family of models which also includes the hatchback, Abarth and Cabrio versions. The model was officially presented in July and introduced in markets across Europe during the third quarter with a selection of advanced gasoline and diesel engines. In September, new engine and transmission options for the 500L were presented to the automotive press. In confirmation of Fiat's commitment to vehicle safety, the 500L was awarded the EuroNCAP 5 stars in November.

At the Paris Motor Show in September, Fiat presented the 4x4, Trekking and Natural Power versions of the new Panda. The Natural Power version is equipped with an all-new natural gas/gasoline TwinAir Turbo that is both highly responsive and eco-friendly. All three versions of the Panda were presented to the automotive press at a special media event in Balocco in October. Fiat also featured the Panda Natural Power at the sustainability-focused H2Roma and Ecomondo expos in November. At the prestigious annual Top Gear Awards, the British magazine *Top Gear* named the Panda 4x4 "SUV of the Year 2012".

During the second quarter, Fiat Professional began accepting orders for the new Doblò XL. With its long wheel-base and high roof, the Doblò XL has the largest interior volume in its class.

For the fifth consecutive year, JATO (the global leader in automotive intelligence) recognized the Fiat brand for having the lowest CO<sub>2</sub> emissions among the best selling cars in Europe in 2011, with an average of 118.2 g/km. Fiat was also first in the Group ranking, with average emissions down 2.6 g/km over the prior year to 123.3 g/km.

(3) Due to unavailability of official data for the LCV market since January 2011, figures reported beyond that date are an extrapolation and, therefore, marginal discrepancies with actual data may exist.

## LUXURY AND PERFORMANCE BRANDS

### Ferrari

#### *Commercial Performance*

Both commercially and financially, 2012 was a record year for Ferrari.

Several markets registered strong volume growth from the beginning of the year and, despite the overall economic uncertainty, that trend continued throughout the year.

The U.S. remained the brand's number one market, with positive performance for all models, in particular the California and FF. In Europe, the brand posted strong performances in Germany and the United Kingdom, but sales in Italy were severely impacted by general economic conditions and new tax measures introduced during the year.

Demand remained strong across the entire range with a more even mix between 8-cylinder and 12-cylinder models compared to 2011. The year-over-year increase for 12-cylinder models was driven by continued positive results for the FF and, towards the end of the year, the contribution of the new F12 Berlinetta that was launched at the Paris Motor Show in September.

Ferrari is present in 60 markets around the world with a complete range of recent models that are an average of 100 hp more powerful than the previous generation, but with fuel consumption and CO<sub>2</sub> emissions up to 30% lower.

During the year, the brand strengthened its presence in several markets, particularly China, where it marked the 20th anniversary since the sale of the first Ferrari. The occasion was celebrated with a permanent exhibit at the Shanghai Expo and an event in Guangzhou at the end of November during which 130 Ferraris paraded through the city streets. The event drew some 250,000 spectators.

On the sporting front, Team Ferrari returned to the top of the rankings in Formula 1 with Fernando Alonso being front-runner in the Drivers' Championship for most of the season and remaining a title contender right up to the final race.



Private Ferrari teams led their categories in the mixed brand GT championships winning the FIA World Endurance Championship (which includes the 24 Hours at Le Mans), the International GT Open and the Grand Am. It was a successful year also for the American, European and Asia mono-brand series, which all closed the season with final races in Valencia at the beginning of December.

Retail activities continued to expand with the opening of several new Ferrari Stores, including locations in Munich and Rio de Janeiro. In Abu Dhabi, the Ferrari Store at Ferrari World posted another year as the brand's top grossing store.

For sponsorship and licensing activities, the brand's partners PUMA and Hublot achieved optimum results throughout the year.

Web-based promotion also continued and the brand's following on social networks continued to increase steadily. Ferrari's official Facebook page now has more than 10 million fans.

A total of 7,315 street cars were **sold to end customers**, representing a 7% increase over 2011.

North America remained Ferrari's no. 1 market (accounting for 28% of worldwide sales), with 2,050 street cars sold to end customers (+13% over 2011). In Europe, a total of 3,121 street cars were sold to end customers, representing a 2% increase over the prior year. In Western Europe the strongest performances for the year were the UK, with 665 vehicles sold (+26%), Germany, with 756 vehicles sold (+11%), and Switzerland, with 369 vehicles sold (+23%). By contrast, sales in Italy contracted 40% to 341 units. France was substantially in line with the prior year at 331 vehicles. For Eastern Europe, the brand's most notable gain was in Russia, where sales were up 19%.

In the Middle East and Africa, a total of 540 street cars were sold to end customers (+4%). A solid 36% increase in South Africa (128 vehicles sold), more than offset the 23% decrease in the United Arab Emirates (the principal market in the region). The Asia-Pacific region continued its upward trend, with a total of 1,474 cars sold (+9% over 2011) on the back of excellent performance in Hong Kong, Taiwan, Indonesia and Japan. Those increases more than offset the volume decline in Australia (-27% to 109 vehicles). In China, sales to end customers were in line with the prior year at 454 vehicles.

In 2012, Ferrari **shipped** a total of 7,318 street cars to the network, representing a 5% increase over the prior year and an all-time record for the brand. For 8-cylinder models, there was a 3% year-over-year increase. Shipments of 12-cylinder models were up 11%, driven primarily by the new FF and the new F12 Berlinetta, which contributed in the fourth quarter.

### ***Innovation, Products and Awards***

During the year, Ferrari launched the F12 Berlinetta, the fastest street car to ever sport the Ferrari badge with a highly-efficient new 12-cylinder direct injection engine that delivers 740 hp. First unveiled at the Geneva Motor Show, where it was the undisputed star of the show, the F12 Berlinetta received accolades for its revolutionary but distinctive Ferrari styling and technical innovation. Compact on the exterior, yet spacious on the interior, the vehicle combines a sophisticated, ergonomic cockpit and a whole new level of on-board comfort with the ultimate in dynamic performance. The car's exceptional aerodynamic design, developed in the Ferrari wind tunnel, incorporates innovative solutions that maximize performance and minimize environmental impact.

Also in Geneva, Ferrari premiered the new 490 hp California, which is both 30 kilos lighter than its predecessor and 30 hp more powerful.

At the Beijing Auto Show in April, the marque presented the latest evolution of the Hy-Kers system, a hybrid solution that will be offered on future models.

At the Paris Motor Show in September, Ferrari presented its entire line-up of current models, as well as an all-new carbon fiber body shell developed from Formula 1 technology that will be used for an upcoming limited edition electric hybrid model to be released in 2013.

Awards and recognitions received during the year included: "Best Performance Engine of the Year", for the second consecutive year, for the 8-cylinder engine on the 458 and "Supercar of the Year" from *Top Gear* for the F12 Berlinetta, which was also awarded the "Golden Steering Wheel" by *Autobild/Bild am Sonntag*.

## Maserati

### *Commercial Performance*

Maserati closed 2012 with positive results as performance in the U.S. and Asia more than compensated for unfavorable market conditions in Europe. Shipments were up 2% over the prior year, in line with the market, while revenues increased 8%.

In motor sport, the 3rd season of the highly successful Trofeo Maserati kicked off on May 20th at the Jarama circuit in Madrid. The 2012 calendar included six races, two of which were held outside Europe for the first time (California in September and China in November).

During 2012, Maserati **shipped** 6,288 cars to the network, a 2% increase over 2011. In the U.S., shipments totaled 2,904 vehicles (+19%), representing the best volume performance in 8 years and confirming the U.S. as the brand's number one market. For the second consecutive year, China ranked as the brand's second largest market with shipments increasing more than 10% over the prior year to 930 vehicles. Excluding China, shipments in the Asia Pacific region were up 21% over the prior year to 861 units. The Middle East registered the highest percentage increase, with shipments up 37% to 417 vehicles (304 in 2011). Performance in those regions more than offset significant declines in Europe, where shipments were down 30% over the prior year to 1,071 vehicles.

With the contribution of the new Sport version, the Maserati GranTurismo was the top selling vehicle this year with a total of 3,172 units sold (+12% over 2011). Now in its final year of production, Maserati's luxury sport sedan, the Quattroporte sold 1,499 units. Performance for the GranCabrio was in line with the prior year (1,617 vehicles).



### *Products and Awards*

Maserati's future luxury SUV, the Levante, made its American debut at the Detroit Auto Show in January.

At the Geneva Motor Show in March, Maserati presented the new GranTurismo Sport, powered by a 460 hp engine and available with both automatic and sequential transmissions.

At the Paris Motor Show in September, Maserati officially presented the GranCabrio MC, the latest evolution of the successful convertible which incorporates technologies developed from the brand's many years of experience in motor racing.

During the first two weeks of December, the international press was given the opportunity to road test the new Maserati Quattroporte. The model was debuted in January at the 2013 Detroit Auto Show.





## COMPONENTS AND PRODUCTION SYSTEMS

### Magneti Marelli (Components)

In 2012, the auto market continued to suffer the effects of the weakening global economy, evident already in the second half of 2011, particularly in Europe, which is a key region for the sector. Performance in other areas was more positive and, overall, revenues were substantially in line with the prior year. Positive performance in Germany (although slowing in the fourth quarter), NAFTA and China largely compensated for difficult trading conditions in other European markets and a mixed performance in Brazil, which was particularly weak in the first half of the year.

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

In January, Magneti Marelli and Changchun Fudi Equipment Technology Development Co. Ltd., a Chinese producer of automotive components and systems, signed an agreement for the establishment of a joint venture to produce engine control systems for passenger cars. The joint venture company, Changchun Magneti Marelli Powertrain Components Co. Ltd., was established in May.

In June, Sistemi Sospensioni S.p.A. and Promatcor Inc. signed a joint venture agreement which resulted in the creation of Magneti Marelli Promatcor Sistemi Sospensioni Mexicana S. de R.L. de C.V. The new company will produce suspension systems for the Fiat Professional Ducato assembled in Mexico.

In July, production began at the new Magneti Marelli plant in Changsha (China), which supplies exhaust systems for the Fiat Viaggio produced by the GAC-Fiat JV, as well as the new plant in Kragujevac (Serbia), which supplies exhaust systems for the Fiat 500L.

In September, Magneti Marelli signed a 4-year agreement with Dorna (organizer of the MotoGP™) that will allow all MotoGP™ teams to use electronic control systems produced by Magneti Marelli beginning in 2013. Also in September, Magneti Marelli established Hefei Magneti Marelli Exhaust Systems Co. Ltd. in China with its JV partner JAC (a local parts manufacturer). The company will produce exhaust systems for GAC-Fiat, Daimler and JAC Automobile.

Performance for the principal business lines was as follows:

### *Lighting*

Revenues totaled €2,038 million in 2012, an increase of approximately 13% over the prior year. The growth was primarily attributable to strong demand from German customers and new technological content for products launched during the second half of 2011, in addition to performance in NAFTA, China and Russia.

Innovation development projects during the year included:

- LED AFS Module (LFX): a multi-functional modular lighting system that adjusts quantity and intensity to exterior conditions
- IRED – Radiator: a next generation system using infrared cameras for active night vision
- E-light 2.0 & 2.1: the second generation of this module provides customers greater freedom in design with electricity consumption below 20W
- Matrix Beam S: a system based on a new generation of optic elements using innovative new materials.

Major new orders included headlights for new Audi and Mercedes Benz models and for Fiat/PSA.



### *Engine Controls*

Revenues totaled €918 million for 2012, a decrease of approximately 4% over the prior year. Lower volumes in Europe and Brazil were only partially compensated for by positive performance in the U.S. (Chrysler) and India (Suzuki/Maruti).

Major orders received during the year included: the engine control system and other components for application on the Euro 6 8V FIRE and the 1.6 and 2.0 MultiJet engines for Fiat; the Freechoice AMT system for GM in Asia; the 725 Dual Clutch system for Fiat/Chrysler; and GDI injector pumps for BYD Auto (China).

### *Suspension Systems*

Revenues were €476 million, down 19% over 2011 on the back of contractions in demand in Italy and Poland for all brands of Fiat Group, the business line's principal customer. In Brazil, performance was substantially in line with the prior year.

Research and innovation activities continued in the areas of high-resistance metal (steel and iron) and alloy solutions (carbon steel) and variable thickness components.

Major new orders included orders from BMW (new Mini and 1 Series) and Opel. Through the JV in India, new orders were received from Tata, Suzuki Maruti and Bajaj.

### ***Shock Absorbers***

The business line recorded revenues of €354 million for 2012, a 13% decrease over the previous year (-9% at constant exchange rates). The reduction was primarily attributable to lower business volumes in Brazil and Poland, which were partially offset by a modest pickup in the U.S. associated with new products for Chrysler.

Principal new product developments during 2012 related to the Full Displacement technology currently used on the Fiat Viaggio and several Mitsubishi models, as well as the Power Shock technology (which offers enhanced comfort and stability at an attractive price) that will be used on a new Fiat model in Brazil beginning in 2013. Development also continued on regenerative shock absorbers and weight reduction through the use of alternative materials.

### ***Electronic Systems***

Revenues totaled €875 million for the year, an increase of 21% over the prior year driven by significant growth for “telematic and body” products for external customers (principally Ecotax telepass units for Società Autostrade). There was also an increase in business volumes with Chrysler (HFM, Blue&Me 500), PSA (RT6, RT6FF and SMEG A9 radio navigation systems) and Daimler (Car2go for the Smart).

Innovation projects included development of the integrated electronic xenon bulb (Fine X) and a new infotainment system for BMW.

### ***Exhaust Systems***

Revenues for 2012 totaled €598 million, down 14% over the prior year. The decrease was attributable to the overall contraction in demand in the business line’s core markets.

On the innovation front, the business line continued its focus on reductions in CO<sub>2</sub> emissions (through lighter systems and exhaust heat recovery solutions) and other activities related to future emissions standards, including NO<sub>x</sub> Storage Catalyst (NSC) and Selective Catalytic Reduction (SCR) technology for application on diesel engines and softscanning technology for application on Euro 6 gasoline engines.

### ***After Market***

Revenues totaled €340 million for 2012, up 2% over the previous year. Growth in the U.S. and Mercosur was partially offset by decreases in Europe. There were increases for the COFAP line and the Behr Hella thermal line. Volumes for rotary motors, batteries and brakes were down over the prior year, while lighting was substantially flat.

### ***Plastic Components and Modules***

Revenues totaled €419 million for 2012, down 20% over the previous year. The decrease was attributable to the overall contraction in demand in the business line’s core markets.

### Teksid (Metallurgical Products)

Although the Light Vehicle market registered a 5.7% increase globally in 2012, there was a significant drop in production in markets where Teksid's principal customers operate. Western Europe, in particular, was down 8.9% over the prior year with significant contractions in Italy (-16%), France (-14%) and Spain (-18%). Mercosur was slightly up over the prior year (+0.7%).

For the Heavy Vehicle market, globally there was a contraction of 8%. The core markets for Teksid's customers performed worse than average, declining 10% in Western Europe (Italy -17%, Germany -8%) and 26% in Mercosur (Brazil -29%). By contrast, NAFTA registered a robust increase (+19%) which was insufficient, however, to offset volume decreases for Teksid in other markets.

The Cast Iron business unit recorded a 16% decrease in volumes, attributable primarily to lower demand in the heavy vehicle segment. Revenues were also down 16% for the year (to €680 million in 2012 from €811 million in 2011).

The Aluminum business unit closed the year with volumes down 5% and revenues down 8% (to €104 million in 2012 from €114 million in 2011).

### Comau (Production Systems)

During 2012, Comau's core market posted positive performance, however, results varied by region.

In North America and Asia, demand remained high with minimal impact from the current uncertainty in financial markets.

Growth was particularly robust in the U.S. where the big three domestic automakers – Chrysler, General Motors and Ford – continued upgrade and modernization of their plants and development of new models and engines.

In Asia, activity levels in China and India remained substantially in line with 2011.

In Latin America, new order activity was weak, with a modest slowing during the year.

Activity in Europe was also generally weak, but with conditions varying from market to market. In the UK and Germany, investment levels were up over the prior year.

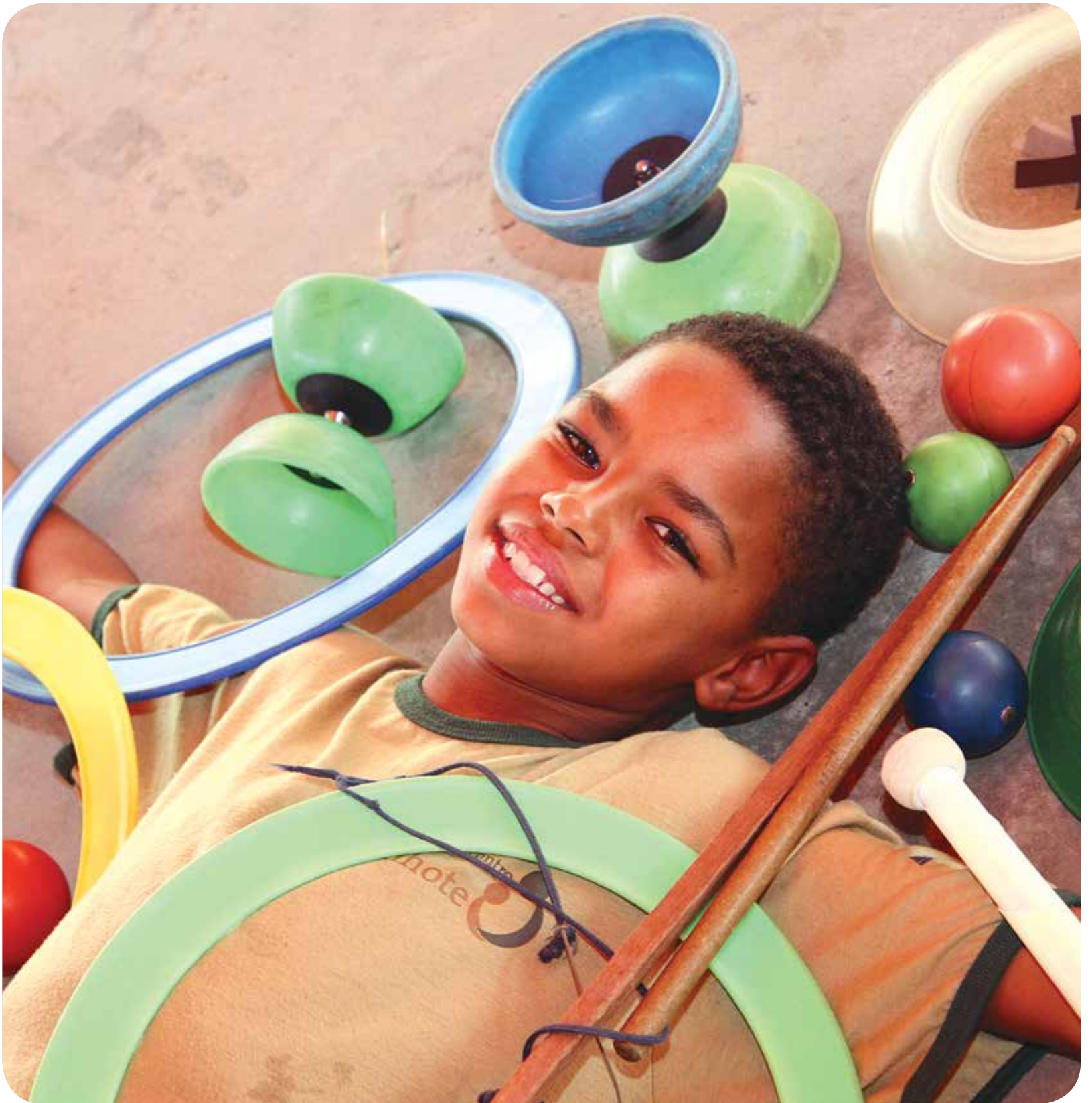
New contract orders were down 5% for the year to €1,234 million. The decrease was entirely attributable to the year-over-year comparison for Powertrain activities, which achieved very high new order levels in 2011.

Overall, 34% of new orders were generated in Europe and 37% in North America, with the remaining 29% coming from Latin America and Asia. By customer, 27% of orders came from Fiat Group companies and 73% from other manufacturers. At 31 December 2012, the order backlog totaled €876 million, a 5% increase over the previous year.

The Services operation maintained its position in Brazil and Argentina, with activity levels substantially unchanged over 2011.







# Sustainability<sup>4</sup>

## SUSTAINABILITY GOVERNANCE AND STAKEHOLDERS

### Sustainability Governance

All areas of the Group have an active role in addressing the goals and challenges of sustainability. In fact, the sustainability management process is based on a model of shared responsibility that, beginning with top management, involves every area and function within the organization. In each of the approximately 40 countries where the Group operates, all employees are expected to conduct their activities responsibly.

Several organizational entities are responsible for directing and coordinating the sustainable management of the Group's businesses.

The *Sustainability Unit* (SU) plays a key role in promoting a culture of sustainability within the Group, facilitating a process of continuous improvement and contributing to risk management, cost optimization, stakeholder engagement and enhancement of the Group's reputation. It interacts with individuals within each Region/Sector or central function that have operational responsibility for key areas (e.g., environment, energy, innovation, human resources, etc.), supporting them in identifying principal areas for action. The SU also manages the relationship with rating agencies, international sustainability organizations and investment analysts with the support and coordination of the Investor Relations team.

The SU is supported by top management through various bodies.

The *Cross-functional Sustainability Committee* (CSC) – consisting of the heads of the principal central functions, regions and sectors, who are also consulted individually – evaluates and facilitates operational decisions, as well as serving in an advisory capacity for proposals submitted by the SU to the Group Executive Council (GEC).

The *Group Executive Council* (GEC) – the decision-making body headed by the Group CEO and composed of the COOs of the regions and sectors and heads of various functions – defines the strategic approach, approves the guidelines and evaluates the alignment of the Sustainability Plan with business objectives. The GEC is periodically updated on the status of individual initiatives and the Group's sustainability performance.

In addition, the *Nominating, Corporate Governance and Sustainability Committee* (a sub-committee of the Board of Directors) evaluates proposals relating to strategic guidelines for sustainability-related issues, formulating proposals to the Board of Directors as appropriate. The Committee also reviews the annual Sustainability Report.

### Stakeholder Engagement

Fiat Group regularly engages with a broad range of stakeholders, both as part of its normal business activities and through specific initiatives to further enhance mutual understanding and trust. The interaction with internal and external stakeholders – including employees, customers, dealers, suppliers, trade unions, investors, public authorities, the environment, local communities and NGOs – is essential to understanding their expectations, needs and concerns and ensuring continued improvement in the Group's sustainability performance. Multiple instruments and channels are used to maintain that open dialogue, including meetings with specific groups, town halls, social media, surveys and other targeted initiatives.

During 2012 the Group conducted a materiality analysis to determine the relative importance of the individual issues covered in the Sustainability Report. The analysis looked at economic, environmental and social aspects and identified the issues of greatest importance from the point of view of both internal and external stakeholders.

(4) All information in the Sustainability section has been audited by the independent certification organization SGS Italia S.p.A. The scope, methodology, limitations and conclusions of the audit are provided in the Assurance Statement issued by SGS and published in the Fiat Group 2012 Sustainability Report.



## RESEARCH, INNOVATION AND SUSTAINABLE MOBILITY

Fiat Group is committed to meeting the mobility needs of its customers, while reducing the environmental and social impact of vehicles over their entire life cycle. As part of that commitment, the Group's research and innovation activities are focused on developing solutions for increasingly sustainable mobility, by reducing fuel consumption and emissions, as well as improving recyclability and safety. Continuous innovation is essential to the development of environmentally and socially sustainable products that are also affordable.

### Global Innovation

As part of the collaboration between Fiat and Chrysler, activities have expanded from development of common models and platforms to also include plans for shared research and innovation. In 2012, the Group launched the Global Innovation Process (GIP), which establishes a single framework for the coordination of all innovation activities worldwide. Developed by representatives from each of the Group's Regions and coordinated by Fiat's research center (CRF), the GIP covers all phases of the innovation process, from idea generation to pre-competitive development. On the basis of that framework, targets and guidelines were established at the global level and formalized in two strategic agendas:

- the Strategic Innovation Agenda, which sets short- and medium-term objectives for product innovation and identifies related objectives and technological challenges
- the Strategic Research Agenda, which sets long-term innovation objectives and priorities for collaborative research

At year-end 2012, the Group's Research and Innovation activities involved some 17,900 individuals worldwide at 77 centers located across the four Regions (EMEA, NAFTA, LATAM and APAC).

During the year, the Group invested approximately €3.3 billion in R&D<sup>5</sup>, equivalent to around 4% of net revenues from Industrial Activities.

Testimony to the significant results achieved over the years is the Group's intellectual property portfolio, which at year-end 2012 included more than 8,000 active patents.

### Patents – Fiat Group worldwide

|  |       |
|--|-------|
| Patents registered at 31 December 2012                 | 8,299 |
| <i>of which: registered in 2012</i>                    | 427   |
| Patents pending at 31 December 2012                    | 2,622 |
| <i>of which: new patent applications filed in 2012</i> | 444   |

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



### Fiat's research center, CRF

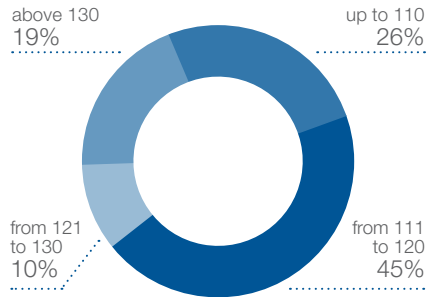
CRF – established in 1978 with headquarters in Orbassano (Turin) as a focal point for research and innovation – is a recognized center of excellence at the international level. Its mission is to improve the Group's competitiveness through the development of innovative products, processes and methodologies. All research activities are carried out in coordination with the Group's technical areas and operating regions. CRF draws on a broad array of technical skills, covering all automotive engineering disciplines, together with state-of-the-art laboratories for testing powertrain systems, analyzing materials and electromagnetic compatibility, conducting noise and vibration analyses and driving simulations.

#### CRF in numbers

|   | 2012 |
|---|------|
| Employees at year end   | 927  |
| Co-funded research programs, approved under the EU's 7th Framework Program <sup>(*)</sup> (2007-2013) | 151  |
| of which: approved in 2012  | 18   |

(\*) The Framework Programs are funding instruments established by the European Union to support and encourage research and development. Each program is put forward by the European Commission and adopted by the European Council and Parliament. The 7th Framework Program runs from 2007 to 2013.

New registrations by CO<sub>2</sub> emissions level (g/km)  
Fiat Group Automobiles — Europe



### Innovative Products for Ecological Mobility

Fiat's product strategy is driven by the objective of achieving sustainable mobility by reducing the environmental impact of vehicles over their entire life cycle. Innovation activities in support of that objective include improving the efficiency of conventional engines, increasing the use of alternative fuels, developing alternative propulsion systems and encouraging drivers to play an active role in reducing emissions.

### Strategy to Minimize Emissions

The results achieved in terms of reduced fuel consumption and CO<sub>2</sub> emissions provide a concrete demonstration of the Group's level of commitment to increasingly sustainable mobility, particularly in EMEA and NAFTA where, in 2012, the Group generated more than 70% of global revenues.

In Europe, Fiat Group Automobiles (FGA) has reduced average CO<sub>2</sub> emissions of Fiat, Alfa Romeo, Lancia and Abarth brand vehicles by 21% over the past 10 years. Approximately 71% of FGA brand cars registered in Europe in 2012 had CO<sub>2</sub> emissions at or below 120 g/km – and 81% at or below 130 g/km<sup>6</sup>.

In the United States – where miles per gallon (mpg) is the standard measure of vehicle efficiency – the average weighted mpg for Chrysler Group vehicles sold in the U.S. market improved 4% over the prior year, corresponding to an 8% reduction in CO<sub>2</sub> emissions.

This trend of decreasing CO<sub>2</sub> emissions for Group vehicles is the result of strategic choices based on a process of continuous innovation.

Following are some of the main technological innovations introduced on Group vehicles during 2012.

### Innovative Powertrains

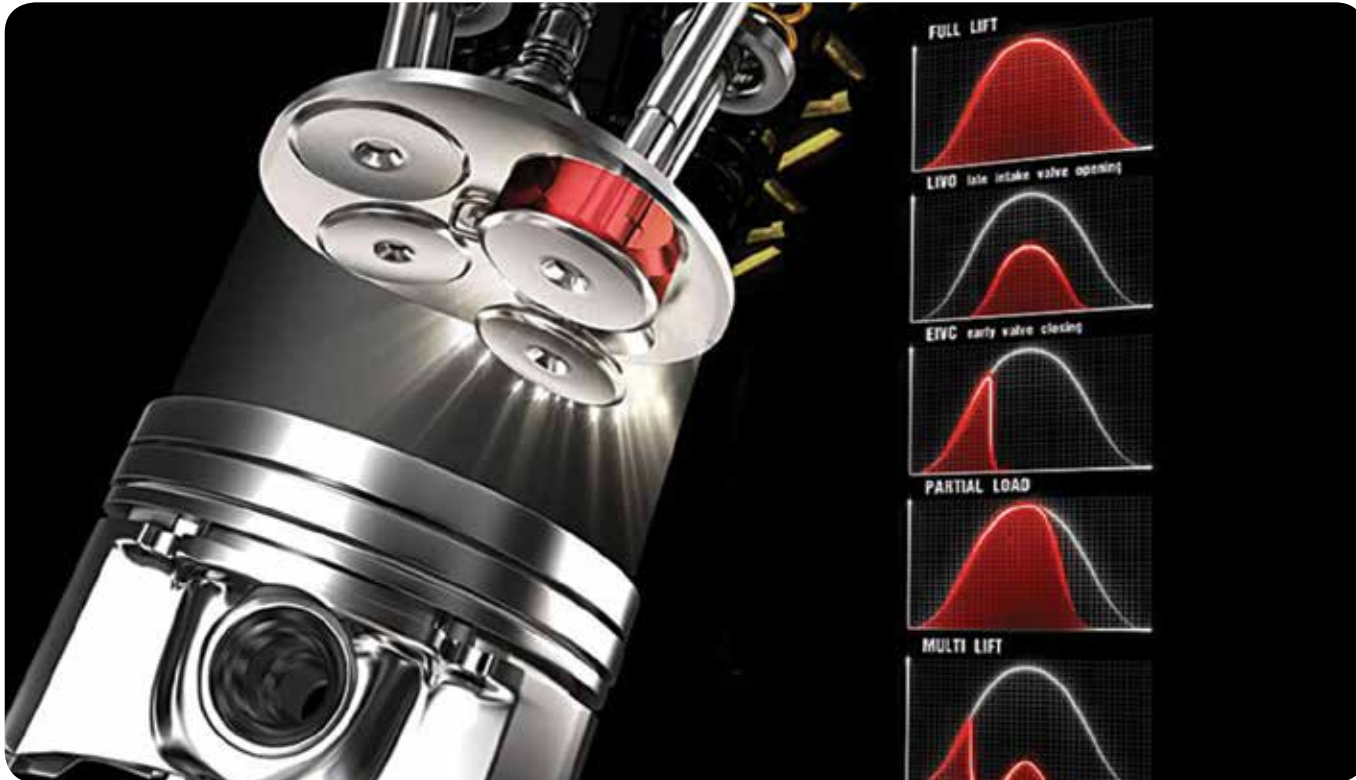
In Europe, the Group launched a 65 hp naturally-aspirated version and a 105 hp turbo version of the **TwinAir** engine family. Now available on the new Fiat 500L, the 105 hp has CO<sub>2</sub> emissions of just 112 g/km, the lowest in its class. Both engines use second generation MultiAir technology (MultiAir II) which, due to its advanced air intake valve and combustion management systems, offers further reductions in CO<sub>2</sub> emissions without compromising performance or drivability.

In the United States, Chrysler Group launched the new **Dodge Dart**, its first vehicle based on a Fiat-derived architecture. In addition to the Tigershark engine family, the Dart is also available with a 160 hp 1.4L MultiAir turbo gasoline engine, which delivers 41 mpg on the highway.

Chrysler Group also expanded the availability of the highly-efficient **Pentastar V-6** engine to the **Ram 1500** pickup, resulting in a 20% improvement in fuel economy over the V-6 engine it replaced. With its exceptionally low fuel consumption, reduced emissions and optimum performance, the engine (currently available on 13 vehicles) was named one of *Ward's* "10 Best Engines" for the third consecutive year. The Pentastar V-6 combined with an all-new 8-speed automatic transmission helped the Ram 1500 achieve best-in-class fuel economy in its segment.

Over the medium-to-long term, Group research in gasoline engine technology will continue to focus on **downsizing** displacement in parallel with further development of MultiAir and other technologies that optimize consumption and performance, while reducing emissions. Integration of direct injection technologies is one example of how that objective can be achieved.

(6) CO<sub>2</sub> data based on New European Driving Cycle (NEDC) measurement standard.



For **diesel engines**, the MultiJet II's Injection Rate Shaping (IRS) technology, which proved highly successful on the Fiat Punto and Alfa Romeo MiTo, is now also available on the Fiat 500L with the new **85 hp 1.3-liter MultiJet II** equipped with eco-Turbo. The principal advantage of MultiJet II engines is that they offer reductions in fuel consumption (up to 3%) and polluting emissions (up to 20% NO<sub>x</sub><sup>(7)</sup>), while maintaining performance through the use of advanced combustion control strategies.

Research in diesel engine technology is primarily focused on achieving further reductions in polluting emissions, NO<sub>x</sub> in particular, surpassing the minimum Euro6 emissions requirements through the optimization of engine control strategies for injection and combustion processes.

In the area of **transmissions**, the Dual Dry Clutch Transmission (DDCT) already available on the Alfa Romeo MiTo and Giulietta was adapted for application on the Dodge Dart and Fiat Viaggio launched, respectively, in the North American and Asian markets during 2012.

Research activities in this area are focused on optimizing dual clutch transmission systems through the development of integrated engine, transmission and vehicle control strategies that will bring benefits in terms of drivability and fuel economy.

(7) Nitrogen Oxides.



### Alternative Fuels and Propulsion Systems

A key element in the Group's strategy to reduce emissions is to increase the use of alternative fuels.

Fiat believes **natural gas** is the most effective and affordable solution currently available for reducing CO<sub>2</sub> emissions and vehicle-related air pollution in urban areas. A car running on natural gas produces 23% less CO<sub>2</sub> emissions than with gasoline.

In addition, natural gas has the potential to become a renewable fuel source in the form of biomethane.

With 10 natural gas/gasoline models now available, Fiat Group is the first and only automaker to offer a complete range of bi-fuel passenger cars and commercial vehicles. During 2012, versions of the Fiat Panda and Lancia Ypsilon were launched with the new 80 hp TwinAir Turbo Natural Power engine, which has CO<sub>2</sub> emissions of just 86 g/km.

In 2012, Fiat reconfirmed its undisputed leadership in this market sector in Europe with over 54,000 natural gas vehicles sold (+30% versus 2011).

Building on Fiat's considerable experience in natural gas technology, in 2012 Chrysler Group launched the Ram 2500 Heavy Duty CNG, making it the first automaker in North America to produce a natural gas pickup.

The Group also continued development of innovative solutions to transfer gasoline engine technologies to natural gas engines. This will yield further reductions in CO<sub>2</sub> emissions. Other areas of activity will include development of new architectures and technologies for on-board storage of natural gas, as well as promoting development of a biomethane distribution network so that it can become a widely available fuel alternative.

Fiat maintained its long-standing leadership in **biofuel** vehicles in Brazil with more than 798,000 Flexfuel and TetraFuel vehicles sold in 2012, accounting for approximately 96% of total vehicles sold. Flexfuel technology enables use of varying blends of gasoline and bioethanol, while the TetraFuel engine is the first in the world capable of running on four different fuels: bioethanol, Brazilian gasoline (refined crude oil and 22% anhydrous ethanol), standard gasoline and natural gas.

The Group is also working on development of **alternative propulsion systems**, particularly for vehicles that are primarily driven in urban areas. During 2012, the Group began production of the **Fiat 500e** in the U.S., its first zero-emission electric vehicle for the mass market. The U.S. Environmental Protection Agency (EPA) has given the vehicle a "miles-per-gallon-equivalent" rating of 108 MPGe<sup>(8)</sup> highway – the best highway rating ever recorded by the agency. The EPA testing also determined that, fully charged, the car has a range of around 87 miles (about 140 km). That range is higher than any other electric vehicle produced by a major automaker for the U.S. market.

As the center of expertise for hybrid and electric propulsion technologies within the Group, Chrysler's research is focused on overcoming the technological and cost barriers that still limit the mass-market potential of electric vehicles. CRF supports Chrysler Group in specific areas related to the principal systems and components for electrification (e.g., electric motors and accumulator systems), as well as safety applications for those systems.

(8) MPGe is the EPA-devised measure for determining how many miles an electric vehicle can travel on a quantity of battery-generated electricity that has the same energy content as a gallon of gasoline.

### Innovative Vehicle Architectures

Solutions to achieve an optimal balance between vehicle safety, comfort and emissions levels are focused on minimizing vehicle weight, aerodynamic drag, rolling resistance and the energy demands of auxiliary systems.

In 2012, the Group introduced the most advanced architectural solutions on the new Fiat 500L and Dodge Dart. The use of **High-Strength Steels (HSS)** – which account for over 73% of the weight of the 500L and approximately 68% of the weight of the Dart – enabled minimization of vehicle weight, while at the same time ensuring a strong, rigid structure. In addition, optimization of the 500L's aerodynamic profile enabled an 8% reduction in the drag coefficient compared with the Lancia Musa. Similarly, a 6% improvement in the drag coefficient of the 2013 Ram 1500 Regular Cab 4x2 over its predecessor was achieved through the use of features like active grille shutters in the engine's air cooling system.

### Promoting Eco-Sustainable Driving

Driving behavior is a significant contributing factor in the environmental impact of vehicles. Aware of the real difference drivers can make, Fiat Group has continued to invest in the **eco:Drive** system, which provides personalized tips to help drivers improve their driving style and, as a consequence, reduce fuel consumption and vehicle emissions. The eco:Drive system is now available on the majority of Fiat and Fiat Professional models sold in Europe, Brazil, the U.S. and Canada. An analysis of driver results revealed that the system can contribute to reducing fuel consumption by as much as 16%. By the end of 2012, eco:Drive had been used by more than 85,000 customers yielding savings of some 4,900 tons of CO<sub>2</sub> emissions in 2012.

On the Fiat 500L, eco:Drive Live, the latest version of this application, enables drivers to view all tips and suggestions on-screen with the new Uconnect multimedia system. Real-time feedback on driving style enables immediate reductions in fuel consumption and emissions.

### Sustainable Materials

Research and innovation for materials used in Group vehicles are concentrated in three areas:

- research on new materials and structures to reduce vehicle weight (e.g., plastic glazing for rear windows, new high-strength steels, composite materials)
- analysis of biomaterials suitable for automotive applications (e.g., recycled polypropylene reinforced with wood fibers for use in vehicle interiors)
- identification of alternative uses for materials recovered at end of vehicle life (e.g., use of scrap tires to produce rubberized asphalt)





### Mobility and Safety

Improving safety for drivers, passengers and other road users is a key ingredient in Fiat Group's approach to sustainable mobility. Identifying new solutions that improve both active and passive vehicle safety and promoting initiatives that encourage responsible driving behavior are fundamental to a philosophy that, over the years, has produced significant results.

In 2012, for example, the new Fiat 500L, designed to meet the latest international standards and ensure customers the maximum level of safety, was awarded the prestigious Euro NCAP 5-star safety rating. The vehicle achieved an overall rating of 83/100, with a score of 94% for adult protection, 78% for child protection, 65% for pedestrian protection and 71% for safety assist systems.

In the U.S., the Insurance Institute for Highway Safety (IIHS) included 12 Chrysler Group models on its "Top Safety Pick 2013" list, including the new Dodge Dart. To be selected as Top Safety Pick, vehicles must receive the highest possible ratings in front, side, rear and rollover tests conducted by the Institute. They also have to be equipped with Electronic Stability Control (ESC) as standard, which Chrysler Group began introducing on its models in 2003.

In its "Best-in-Class Cars of 2012", Euro NCAP named the Fiat 500L as one of the two safest cars in the Small MPV category. The ranking is based on the test results for 36 vehicles available in the European market.

The Dodge Dart also achieved 5 stars in the NCAP tests conducted by the National Highway Traffic Safety Administration (NHTSA) in the U.S. The Fiat Viaggio was also recently awarded 5 stars in the C-NCAP crash tests using the new 2012 standards. These results are further evidence of the level of attention given to safety by the Group, irrespective of local market requirements.



Among the safety challenges to be addressed in the near term are reducing driver distraction and improving the ability of vehicles to recognize potentially dangerous situations. Through Vehicle-to-Vehicle (V2V) and Vehicle-to-Infrastructure (V2I) communication that depend on wireless technologies, safety can be enhanced by assisting drivers at critical moments.

### A Customer-focused Approach

Customer satisfaction is a key focus around which the Group centers a variety of activities and processes: from the concept and design phase of new models, to the experience at the dealer and the quality of after-sales service and support.

### Product Quality

Continuous improvements in product quality to meet the increasing expectations of the market are essential to ensuring the satisfaction of customers. Through direct interaction with customers – including tools for customer feedback and research into evolving market trends – the Group strives to ensure its product offering meets the expectations of even the most demanding customer. The Group constantly monitors the quality of its products to ensure they are competitive.

All aspects of a vehicle's performance are analyzed from the customer viewpoint and engineered to achieve benchmarks of excellence in various markets.

For each product line, there is a team of specialized personnel, operating on a cross-functional basis, that monitors processes during the production phase and defines areas for improvement and related action plans.



### Interaction with Customers

To ensure continuous improvement in customer satisfaction and loyalty, the Group has oriented its activities – including marketing, sales and technical support – around the needs of the customer. As part of that process, dedicated Customer Care organizations have been established in each of the four Regions (NAFTA, LATAM, APAC and EMEA).

Together with dealers, the Customer Contact Centers (CCC) represent an essential channel of communication with customers. The 25 Contact Centers and around 1,000 customer care professionals located around the world manage some 10 million contacts a year. They offer a variety of services ranging from information, to complaint management and coordination of roadside assistance, where offered.

To measure the level of satisfaction of customers using the Customer Contact Centers and improve the quality of service, the Group monitors and analyzes a number of indicators, such as total number of contacts managed, satisfaction indexes for information and complaints, average response times and vehicle downtimes.

Innovation and experimentation with new customer contact channels continue to be an important part of the Customer Care process. During 2012, the Group further developed the mobile channel with applications for all brands now also available for Android and Google Play (iPhone application launched in 2011). Several pilot projects were also launched on the leading social network sites and, on the basis of the results, those projects will be further developed.



## ENVIRONMENTAL PERFORMANCE OF PLANTS AND NON-MANUFACTURING PROCESSES<sup>9,10</sup>

The Group sees its commitment to the environment and conservation of natural resources as essential to the process of sustainable development. That commitment includes research dedicated to ecological mobility and initiatives to minimize the environmental impact of manufacturing processes. Measurement of the Group's environmental footprint and continuous improvement in environmental performance are an integral part of its overall industrial strategy.

### Environmental Management System and World Class Manufacturing

Fiat Group's **Environmental Management System (EMS)** formalizes its commitment to responsible management of the environment. Applied at all plants worldwide, the EMS consists of a system of methodologies and processes designed to prevent or reduce the environmental impact of the Group's manufacturing activities through, for example, reduced emissions of greenhouse gases, conservation of energy and raw materials, and reduced water consumption and waste generation.

The **Environmental Guidelines** set out the correct approach to environmental management and provide clear instructions on setting environmental targets, developing new products, and conducting normal operating activities. During

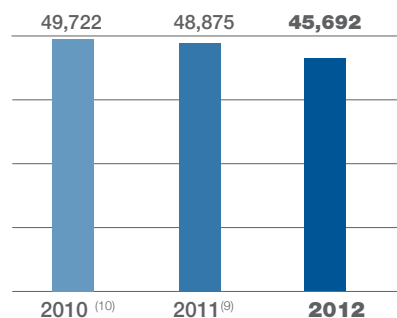
2012, the Guidelines were expanded to integrate Chrysler Group's Environmental Policies and to emphasize the importance of water management in conserving this increasingly scarce and precious resource.

The Group's focus on environmental and sustainability issues is also reflected through the **World Class Manufacturing (WCM)** program, a structured, integrated and rigorous manufacturing methodology that involves the entire organization in areas ranging from safety to the environment, maintenance, logistics and quality. Through the Environmental Pillar, in particular, WCM requires development of tools and methodologies to reduce waste and optimize the use of natural resources.

During 2012, more than 1,950 projects were implemented under WCM targeted at reducing the environmental impact of manufacturing processes. Those initiatives yielded a significant reduction in energy consumption, which generated cost savings of **€51 million** and avoided **420,000 tons of CO<sub>2</sub> emissions**.

### Direct and indirect energy consumption<sup>(1)</sup>

Fiat Group worldwide (TeraJoules)



(\*) Data for 2011 and 2010 has been recalculated based on the scope of reporting applied for 2012.

### Energy Consumption and Emissions

The Group is continually looking for new solutions to reduce the use of fossil fuels and emission of greenhouse gases in response to increasingly stringent regulations, while at the same time yielding energy-related cost savings.

As a result of the numerous energy efficiency initiatives in place, in 2012 the Group achieved a **6.5% reduction in total energy consumption** over the prior year. In addition, utilization of **renewable energy** at plants increased to **20.5% of total energy consumed<sup>(1)</sup>**.

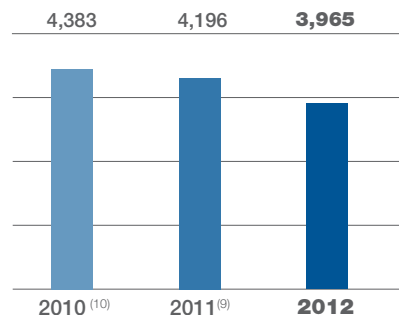
(9) Includes Chrysler Group for the full year.

(10) Restated to include Chrysler Group and exclude companies transferred to Fiat Industrial S.p.A. on 1 January 2011.

(11) Includes all plants of Fiat Group Automobiles, FGA Engines and Transmissions, Ferrari, Maserati, Comau, Magneti Marelli and Teksid.

### Total CO<sub>2</sub> emissions<sup>(1)</sup>

Fiat Group worldwide (thousands of tons of CO<sub>2</sub>)



In 2012, the Group also cut CO<sub>2</sub> emissions by 5.5% over the prior year through reductions in energy consumption and use of cleaner sources of energy.

### Direct emissions of NO<sub>x</sub>, SO<sub>x</sub> and Dust

Fiat Group worldwide (tons)

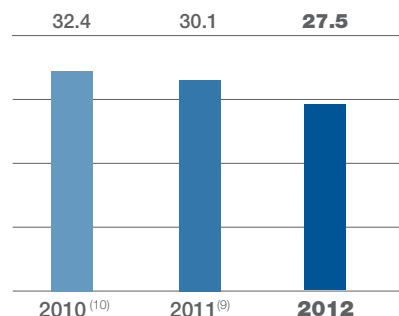
|                                | 2012  | 2011 <sup>(9)</sup> | 2010 <sup>(10)</sup> |
|--------------------------------|-------|---------------------|----------------------|
| NO <sub>x</sub> <sup>(1)</sup> | 1,235 | 1,335               | 1,349                |
| SO <sub>x</sub> <sup>(1)</sup> | 189   | 249                 | 200                  |
| Dust <sup>(1)</sup>            | 70    | 77                  | 72                   |

(\*) Data for 2011 and 2010 has been recalculated based on the scope of reporting applied for 2012.

In addition, the Group achieved a reduction in total NO<sub>x</sub>, SO<sub>x</sub> and dust emissions produced by plants with on-site energy generation facilities.

### Emissions of Volatile Organic Compounds

Fiat Group worldwide (g/m<sup>2</sup>)



Other measures implemented by the Group to address climate change related to Volatile Organic Compounds (VOC), chemical compounds emitted into the atmosphere by paint shops that can indirectly contribute to the greenhouse effect. Through the implementation of technical and operational measures, the Group achieved an **8.6% decrease in VOC emissions over 2011 levels** and **57% over 2007<sup>(12)</sup>**. Measures implemented at Group plants included introduction of advanced technologies and migration to paints with lower solvent levels.

(12) Excludes Chrysler Group, which was not part of Fiat Group in 2007.

### Water Management

Water conservation has become an issue of critical importance. As a result of population growth, water is becoming an increasingly scarce and precious resource. Fiat Group is aware that, to effectively address this issue, action needs to be taken to reduce total water consumption and ensure the highest quality of discharged water.

During 2012, the Group's **Water Management Guidelines** were extended to Chrysler Group. The guidelines establish methodologies and procedures oriented toward maximizing water recycling and reuse.

For 2012, Group plants worldwide achieved 98.8% **reuse of water utilized in the manufacturing cycle**, resulting in total **water savings in excess of 2 billion m<sup>3</sup>**.

#### Water withdrawal and discharge

| Fiat Group worldwide (thousands of m <sup>3</sup> ) | 2012   | 2011 <sup>(9)</sup> | 2010 <sup>(10)</sup> |
|---|--------|---------------------|----------------------|
| Total water withdrawal                              | 25,874 | 29,862              | 34,198               |
| Total water discharge                               | 17,321 | 18,839              | 22,365               |

The Group **reduced water withdrawal by 13.4% over 2011** and discharge by 8.1%, continuing the trend of reductions in both areas.

Measures implemented at the Cassino plant in Italy, for example, led to an increase in the recycling index with water consumption being reduced by 62.5% over two years. In addition, at the assembly plant in Kragujevac (Serbia), a treatment plant for discharged water was installed, making water recycling and reuse simpler and more economical and, thereby, reducing the quantity of water withdrawn.



### Waste Management

One of the Group's priorities is to prevent the level of waste generated in order to minimize consumption of raw materials. Efficient waste management practices, formalized in the Group's **Waste Management Guidelines**, are oriented toward maximizing reuse and recovery for the production of new base materials. Where neither reuse nor recovery is possible, materials are disposed of using the method having the least environmental impact (waste-to-energy conversion or treatment) with landfills only being used as a last resort.

#### Waste

| Fiat Group worldwide (tons) | 2012      | 2011 <sup>(9)</sup> | 2010 <sup>(10)</sup> |
|-----------------------------|-----------|---------------------|----------------------|
| Total waste generated       | 1,760,737 | 1,855,312           | 1,712,011            |
| of which hazardous          | 40,327    | 50,614              | 61,754               |
| Total waste disposed        | 489,514   | 607,881             | 580,979              |
| Total waste recovered       | 1,271,223 | 1,247,431           | 1,131,032            |

In 2012, rigorous waste management led to a **5.1% reduction in waste generated compared with the prior year**. Due to the continuous improvement that has been achieved in this area, the percentage of total waste recovered has increased to 72.2% and waste sent to landfills reduced to 24.9%.



The Group seeks to reduce the quantities of hazardous waste generated. In 2012, the Group successfully reduced hazardous waste by 20.3% over 2011 and 34.7% over 2010. Those results were attributable to a number of initiatives implemented during the year, in particular at the Teksid foundry at Ingrandes-sur-Vienne (France), where an advanced sand regeneration plant was installed.

### Logistics

Efficient and environmentally sustainable logistics processes are key factors in value creation.

In addition to minimizing cost and optimizing transport flows, the Group has also been working to reduce logistics-related emissions throughout the supply chain and minimize the use of non-reusable packaging. In 2010, the Group published the Green Logistics Principles as part of a process to coordinate the approach and methods of interaction with logistics partners. The Principles provide guidelines on reducing environmental impacts with a focus on four main areas: low-emissions transport, intermodal transport solutions, reduced use of packaging and protective materials, and optimized use of available transport capacity.

Specific measures taken by the Group to contribute to reducing CO<sub>2</sub> emissions include: promoting the use of low-emission road vehicle; use of alternative modes of transport such as rail and sea; increased use of reusable containers; and optimizing utilization of available transport capacity, which increases efficiency and also lowers shipping costs.

Through the Streamlined Delivery Project, inbound transport flows have been contracted to a pool of logistics providers who coordinate material pickups from a number of suppliers. This project now covers around 71% of total inbound volumes shipped in Europe and, in 2012 for FGA, it resulted in a significant reduction in CO<sub>2</sub> emissions (-7,135 tons), kilometers traveled (-7,180,000 km) and operating costs (-€8.7 million).

## EMPLOYEES AND LOCAL COMMUNITIES

### Employees

Human capital is a crucial factor in the Group's ability to compete, both in terms of maintaining its position among the global leaders in the automobile sector and also in creating value that is sustainable over the long-term.

During 2012, the Group operated through companies located in approximately 40 countries and sold its products and services to customers in more than 140 countries.

At 31 December 2012, the Group had a total of 214,836 employees, a 9% increase over year-end 2011 attributable in part to changes in the scope of operations.

#### Employees by region and category

Fiat Group worldwide

| <b>31 December 2012</b> | <b>Total</b>   | <b>Hourly</b>  | <b>Salaried</b> | <b>Professional</b> | <b>Manager</b> |
|-------------------------|----------------|----------------|-----------------|---------------------|----------------|
| Europe                  | <b>88,625</b>  | 57,576         | 14,526          | 15,392              | 1,131          |
| North America           | <b>73,713</b>  | 54,356         | 8,406           | 9,959               | 992            |
| South America           | <b>46,949</b>  | 38,695         | 5,309           | 2,794               | 151            |
| Asia                    | <b>5,360</b>   | 2,161          | 2,364           | 809                 | 26             |
| Rest of World           | <b>189</b>     | 25             | 65              | 97                  | 2              |
| <b>Total</b>            | <b>214,836</b> | <b>152,813</b> | <b>30,670</b>   | <b>29,051</b>       | <b>2,302</b>   |

Fiat Group worldwide<sup>(\*)</sup>

| <b>31 December 2011</b> | <b>Total</b>   | <b>Hourly</b>  | <b>Salaried</b> | <b>Professional</b> | <b>Manager</b> |
|-------------------------|----------------|----------------|-----------------|---------------------|----------------|
| Europe                  | <b>87,723</b>  | 56,765         | 14,733          | 15,012              | 1,213          |
| North America           | <b>60,348</b>  | 43,143         | 7,485           | 8,835               | 885            |
| South America           | <b>44,668</b>  | 36,967         | 5,155           | 2,408               | 138            |
| Asia                    | <b>4,156</b>   | 1,833          | 1,905           | 401                 | 17             |
| Rest of World           | <b>126</b>     | 24             | 31              | 70                  | 1              |
| <b>Total</b>            | <b>197,021</b> | <b>138,732</b> | <b>29,309</b>   | <b>26,726</b>       | <b>2,254</b>   |

(\*) For year-over-year comparability, data for 2011 has been reclassified using a geographic aggregation which differs from the figures presented in the 2011 Sustainability Report.

During the year, the Group hired 33,361 new employees, of which 52.6% were in North America, where there was a significant increase in production levels. Of those new hires, 71.6% were employed under unlimited term contracts, reflecting the Group's continued commitment to the long-term stability of the workforce.

#### Employee turnover

|                                |                |
|--------------------------------|----------------|
| Fiat Group worldwide           | <b>2012</b>    |
| <b>Employees at 31/12/2011</b> | <b>197,021</b> |
| New Hires                      | <b>33,361</b>  |
| Departures                     | <b>22,839</b>  |
| Δ scope of operations          | <b>7,293</b>   |
| <b>Employees at 31/12/2012</b> | <b>214,836</b> |



### Management and Development

Recognizing merit, encouraging professional development and creating equal opportunity for individuals to compete for key positions within the organization are all an essential part of the Group's commitment toward its employees.

Through a structured global personnel management process, Fiat Group identifies and develops talent and fosters the motivation of employees.

The **Performance and Leadership Management** (Performance and Leadership Management, PLM, for managers and professionals and Performance and Behavior Feedback, PBF, for salaried employees) process implemented worldwide is used to evaluate the performance of employees and set specific objectives to orient their results, professional development and behavior.

Performance and leadership mapping, which in 2011 was also extended to Chrysler Group employees, involves around 57,200 Group employees, including all managers and professionals, as well as a subset of salaried personnel. In addition to the PLM process, the Group also uses other performance evaluation processes to determine individual variable compensation.

Talent management and succession planning also form part of the HR management model and are designed to ensure alignment of processes and objectives worldwide. In 2012, 25 **Talent Reviews** were conducted for various professional families/companies/functions. The objective of the reviews is to identify talented individuals that merit additional investment in their professional development due to their leadership potential.

During 2012, the Group continued to invest significantly in **training** and skill building initiatives with a total of €83.7 million invested for the year, representing a 4.2% increase over 2011.

The Group's extensive training offer was further expanded with new initiatives aimed at strengthening individual skills and communicating the Group's strategy and values. Approximately 4.2 million hours of training were provided during the year (+3.4% over 2011) to around 135,400 employees.

The Group took advantage of production stoppages necessary for installation of new product platforms at the Melfi, Pomigliano and Grugliasco plants in Italy to conduct intensive training programs, which gave workers the opportunity to acquire skills that would be immediately applicable once production recommenced.

During the year, the Group introduced a pilot project based on the World Class Manufacturing (WCM) **Cost Deployment** methodology to evaluate the benefits of training initiatives.

During 2012, the training initiatives monitored as part of this project (cost of €0.4 million) were targeted at providing workers additional skills and resulted in an overall improvement in processes and working. The potential cost savings are estimated at around €2.4 million.

### Training

| Fiat Group worldwide                   | 2012  | 2011 <sup>(1)</sup> | 2010 <sup>(2)</sup> |
|--|-------|---------------------|---------------------|
| Spending on training (€ million)       | 83.7  | 80.3                | 65.4                |
| % of total personnel costs             | 1.0   | 1.1                 | 0.9                 |
| Hours of training provided (thousands) | 4,206 | 4,048               | 3,196               |
| No. employees benefiting (thousands)   | 135   | 139                 | 132                 |

(1) Includes Chrysler Group figures for the full year.

(2) Includes Chrysler Group and excludes activities transferred to Fiat Industrial S.p.A. on 1 January 2011.

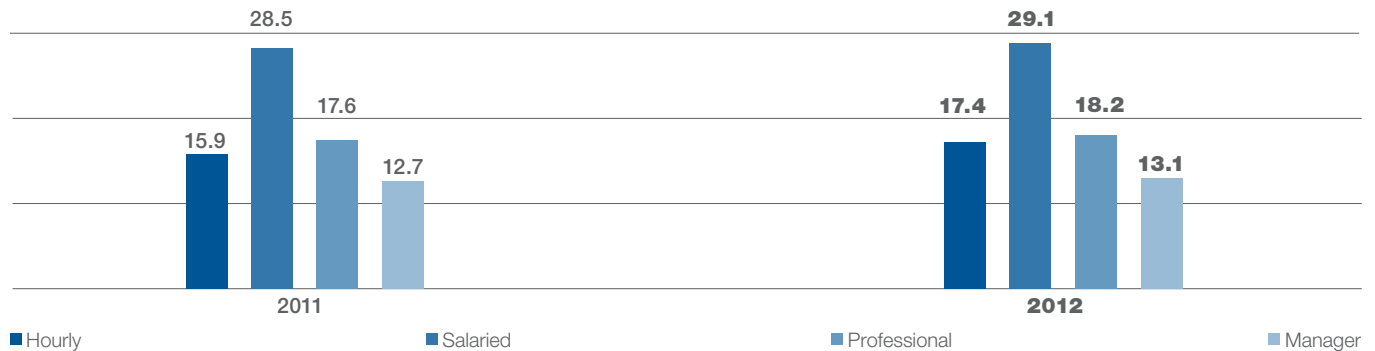


### Diversity and Equal Opportunity

Fiat Group considers diversity fundamental to success and seeks to foster a work environment where employees feel respected, valued and included. In addition, in the hiring process it seeks to attract personnel that are highly motivated and can contribute innovation and diversity to the organization.

Diversity, including gender diversity, enriches the potential and experience that exists within the organization and, as a result, contributes to increasing the Group's competitiveness. With respect to gender diversity, the percentage of female employees at Fiat Group continued to grow, reaching 19.2% at year-end 2012. For management personnel, women accounted for approximately 13.1% (+0.8% over 2010).

Female employees by category  
Fiat Group worldwide (%)



The ability to innovate is closely correlated to the diversity of views and experiences brought to the development of new solutions. At Fiat Group, generation of innovative ideas is stimulated by the co-existence of different perspectives in an environment that values diversity and encourages collaboration. This is particularly evident with the Fiat-Chrysler alliance, which has brought significant results in terms of technological innovation and positioning in the global marketplace.

The Group is committed to offering all employees equal opportunities in every area, creating career and advancement opportunities in a culture that is free from discrimination and values diversity. That responsibility has been formally set out in Fiat S.p.A.'s Code of Conduct, Human Capital Management Guidelines and Human Rights Guidelines.

Through its Discrimination and Harassment Prevention Policy, Chrysler Group ensures application of those same standards in compliance with federal, state and local law. The Code of Conduct and a set of specific guidelines have been put in place to ensure uniform application of those standards worldwide. As stated in the Code of Conduct, company standards take precedence in countries and jurisdictions where legislation is less stringent.

To further promote a culture that respects and values diversity, the Group creates employment opportunities for disabled workers and monitors employment of national and ethnic minorities. Fiat Group also recognizes a responsibility to individuals who may have difficulty re-entering the workforce, and has initiatives in place around the world to promote their inclusion.

### Work-life balance and employee-focused initiatives

Fiat Group recognizes that helping employees achieve a better work-life balance is not only essential for the well-being of the organization, but also enables employees to deliver a high standard of professional performance, resulting in fulfillment in their professional activities and personal lives. The Group supports the professional and personal goals of employees by offering flexible solutions, such as: flexible working hours, job sharing, part-time or reduced hours, telecommuting, reduced working week/summer hours, and parental leave.

Equal treatment of maternity, paternity and adoption leave again highlights the Group's commitment to encouraging solutions – for both men and women – that enable them to achieve a balance between their parental responsibilities and their careers.

The Group has a series of programs and initiatives to promote achievement of a healthy work-life balance with support ranging from direct health and well-being services — which at Italian plants, for example, is available through a team of specialist consultants — to Employee Assistance Programs and the Work-Life Resource & Referral Program at Chrysler Group, which provides information and advice on a variety of issues.

Fiat Group also has a number of initiatives to **recognize the ability and merit** of young people, which, over the years, have become increasingly global in scope. Children of Fiat Group employees who achieve excellent scholastic results may be eligible for grants and scholarships to support their studies. In 2012, the Fiat Awards Program, a highly successful international initiative, was extended to Chrysler Group. The first Chrysler Group award recipients will be announced in early 2013.

A total of **2,982 grants and scholarships** were awarded during the year, totaling approximately **€2.5 million** (+48% over 2011). Recipients were located in Argentina, Belgium, Brazil, Canada, China, France, Italy, Mexico, Poland, Portugal, Spain, the UK and the U.S.

### Health and Safety in the Workplace

Fiat Group is committed to ensuring a safe and healthy working environment for all employees, in every area of activity and in every country. That commitment also extends to suppliers, service providers and customers.

The Group's strategy for **safeguarding and promoting health and safety in the workplace** addresses several areas: application of uniform procedures for the identification and evaluation of risks; the highest standards of safety and ergonomics in plant and machinery design; promotion of safe behavior through training initiatives and awareness campaigns; assurance of a healthy work environment; and promotion of a healthy lifestyle.

For several years, the Group has been tracking and analyzing monthly performance data in each of these areas to ensure that objectives are being met. Health and safety performance indicators are, in fact, an integral component of the Group's industrial performance measures.

A commitment to achieving 'zero accidents' is formalized in the Health and Safety Guidelines – which form the basis for policies in each area of activity – and global adoption of an Occupational Health and Safety Management System (OHSMS) certified to the **OHSAS 18001 standard**.

At year-end 2012, a total of 107 plants (including two operated through JVs), accounting for 123,000 employees had an OHSMS in place and were OHSAS 18001 certified.





The actions taken by Fiat Group over the years have resulted in a significant **improvement in all accident indicators**. For 2012, the Frequency Rate was down 21.4% over the prior year (with 0.22 accidents per 100,000 hours worked) and the Severity Rate was down 12.5% (with 0.07 days of absence due to accidents per 1,000 hours worked).

Effective safety management is also implemented through World Class Manufacturing tools and methodologies, active involvement of employees, development of specific know-how and **appropriate investment**, which in 2012 totaled **€168 million** worldwide.

Investment in health and safety during 2012 delivered further improvements in results and a progressive reduction in the level of risk attributed to Group plants in Italy by INAIL (the national accident and disability agency). This has resulted in a reduction in insurance premiums payable to INAIL. The **total saving** was more than **€17.5 million in 2011** and approximately **€16 million in 2012**. Continued commitment in this area has also led to the expansion of a culture of safety throughout the organization. This has shaped the attitudes and awareness of employees who play a vital role in health and safety, not only for themselves but also for those working with and around them (e.g. co-workers, suppliers, consultants, etc.).

In addition to activities dedicated to safety in the workplace, significant emphasis is also given to initiatives to **promote the physical and psychological health and well-being** of employees. For example, investments and initiatives for the prevention of ergonomic injury are focused not only on how processes are organized, but also work station design, choice of machinery and instrumentation, and definition of production methods that are adaptable to workers of various ages, genders and physical characteristics.

### Industrial Relations and Social Dialogue

As stated in the Fiat S.p.A. Code of Conduct, the Group recognizes and respects the right of its employees to be represented by trade unions or other representatives elected in accordance with local legislation and practice.

Fiat Group maintains relationships with trade unions and employee representatives that are based on mutual respect, dialog and constructive engagement with trade union organizations and employee representatives. During 2012, the dialogue continued with trade unions to achieve shared solutions to attain high standards of competitiveness and reduce the impact on workers of measures adopted in response to market conditions in Europe, which were particularly critical in Italy.

In **Italy**, Fiat Group companies applied the new contractual system (CCSL) signed at the end of 2011 with FIM-CISL, UILM-UIL, FISMIC, UGL Metalmeccanici and the Associazione Quadri e Capi Fiat. Negotiations for renewal of the contract began in October 2012.

The Fiat CCSL represents a change in the collective bargaining system in Italy with Fiat S.p.A.'s withdrawal from Confindustria opening the way for direct negotiations between the company and trade unions, effectively replacing the national collective bargaining agreement. The structure of the contract more adequately reflects the characteristics of a major multinational industrial group such as Fiat.

The Group CEO met with the signatory trade unions during the year to present the interim results. Despite the extremely challenging economic conditions in Europe which have had grave consequences for the auto market, particularly in Italy, the Group gave unions confirmation of its commitment to maintain existing production capacity in Italy and its intention not to reduce headcount, as long as there is continued availability of the temporary layoff benefits provided under law. Fiat also confirmed that it would resume investments at all Italian plants where production based on the Group's global platforms is to be allocated. At the SATA Melfi plant on December 20th, Fiat Chairman John Elkann and CEO Sergio Marchionne presented plans for the production of a Jeep brand Utility vehicle and the new Fiat 500X beginning in 2014. Following an investment program of more than €1 billion, Melfi will be one of the most advanced car assembly plants in the world equipped with the very latest technologies and managed according to World Class Manufacturing standards. Activities to ready the plant for production of the two new models have already begun.

The plan selected by Invitalia (advisor to the Ministry for Economic Development) to ensure continuation of industrial activities at the Termini Imerese plant (Italy) – where, as announced in 2009, production ceased at year-end 2011 – did not go ahead. The Ministry for Economic Development is still seeking an alternative solution. At the European level, European Works Councils (EWCs) function as a supranational representative body whose purpose is to inform and consult workers at Community-scale undertakings. The Fiat Group EWC was established in 1997, on the basis of the implementing agreement signed in 1996 and subsequently revised and amended. The latest agreement renewing Fiat S.p.A.'s EWC was signed on 28 June 2011, although the membership of the EWC has not yet been fully appointed.





### Collective Bargaining

**Collective bargaining** at various levels resulted in major agreements being reached with trade unions on both wage and employment conditions in several countries. The principal agreements include:

- Italy: Fiat S.p.A. and the signatory trade unions of the CCSL, together with Fiat Industrial S.p.A., reached an agreement to merge the FASIFIAT and FASIQ supplementary healthcare plans for non-management employees into the new FASIF plan effective 1 January 2013. Under the agreement, the new fund guarantees free basic healthcare for all Fiat Group and Fiat Industrial Group employees, including cardiovascular check-ups and Long Term Care (LTC) coverage where assisted care is required
- France: company-level collective bargaining in 2012 resulted in pay increases in line with inflation
- Serbia: for the Fiat Automobile Serbia d.o.o. plant in Kragujevac, an agreement was signed with trade unions in November which established pay increases, as well as the Christmas bonus linked to the achievement of company targets and individual absenteeism for employees covered by the agreement. The company and trade unions also agreed a mechanism to compensate for production stoppages attributable to organizational factors
- Canada: in September 2012 Chrysler Group reached an agreement with the National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW) on a new four-year contract. Also, CpK Interior Products Inc. (a company owned by Chrysler Canada Inc.) and the CAW union negotiated a new 4-year Collective Agreement for the CpK Guelph manufacturing facility
- Mexico: Chrysler Group and the Sindicato Nacional de Trabajadores de la Industria Automotriz Integrada Similares y Conexos de la Republica Mexicana successfully completed the annual bargaining process, reaching an agreement in advance of the May 9th deadline

In 2012, the level of **labor unrest** at Fiat Group companies in **Italy** was **significantly lower than previous years**, both in terms of the number of instances and the number of employees taking part, despite appearances based on the level of public attention given to certain issues.

**Outside Italy**, the overall level of labor unrest was negligible with isolated incidents limited to individual plants.

### Management of Production Levels

During 2012, auto markets in both North and South America showed significant signs of improvement. In Europe, by contrast, demand contracted for the fifth consecutive year with particularly negative consequences for Fiat Group manufacturing activities in Italy.

In **Brazil**, the Group made use of overtime and also reached an agreement with trade unions to establish shift rotas that were adequate to meet the needs of certain production areas.

For Chrysler Group, vehicle production continued to expand in 2012 in response to strong customer demand and in line with the 2010–2014 Business Plan announced in 2009. The increase was facilitated by the implementation of additional shifts at the Belvidere and Jefferson North assembly plants in the **U.S.**, as well as increases in production rates and overtime hours at most manufacturing facilities. Correspondingly, the Chrysler Group hourly workforce across North America also increased by more than 6,000 employees compared with the previous year.

With the exception of Italy, there was a year-over-year decrease in production stoppages – implemented through the use of temporary benefit schemes, where possible, or mechanisms established through collective bargaining or company policies – as well as in the level of restructuring and reorganizations.

In **Italy**, extensive use of temporary layoff benefit schemes enabled the Group to manage production declines and to undertake restructuring and reorganization activities related to investment in new production without resorting to permanent redundancies.

The persisting crisis in the European auto market resulted in a realignment of production levels in **Poland**. During the year, Fiat Group companies in Poland continued to use flexibility schemes initiated in 2011. The significant drop in production volumes associated with the negative trading conditions and outlook had a direct impact on the Fiat Auto Poland plant in Tychy, where in 2013 it will be necessary to scale back from three to two shifts and realign the distribution network to current demand levels. This resulted in the announcement of 1,450 redundancies and the Group reached an agreement with trade unions on December 20th that established the conditions for selecting which employees would be affected, in addition to determining incentives for voluntary redundancy that vary based on years of service.

In **other European countries**, there were no significant restructurings or reorganizations and no significant production stoppages were required.

### Suppliers

Suppliers make an important contribution to the strategic development and competitiveness of the business. Fiat Group maintains a continuous and active dialogue with suppliers to ensure a strong, mutually beneficial partnership. The Group actively promotes responsible behavior and sustainable development throughout the supply chain and seeks to establish long-term relationships with suppliers who meet the highest standards in quality, price and reliability, as well as sharing the Group's values and approach to sustainability.

Group Purchasing, which oversees purchasing activities for the Group worldwide, managed approximately €44 billion in purchases in 2012 through a supplier base of approximately 2,700 companies.

The process for screening, selecting and managing suppliers is based on objective assessment criteria that ensure impartial treatment and equal opportunity.

To ensure the selection of suppliers is aligned with the Group's sustainability policies, the procedures also require verification that prospective suppliers conform to specific standards for environmental and social sustainability. New contracts with suppliers contain clauses requiring adherence to the Fiat Group Code of Conduct and specific Sustainability Guidelines relating to human rights and working conditions, respect for the environment and ethical business practices.





Fully aware of the impact that its activities have on local communities and suppliers, the Group endeavors, where possible, to purchase direct materials from local suppliers. This supports the development of the local economy and enhances the competitiveness of companies throughout the supply chain.

As part of the process of continuous improvement, the Group's World Class Manufacturing Purchasing function, in collaboration with the World Class Manufacturing (WCM) organization, continued to work in an advisory capacity with suppliers intending to apply WCM methods. During the year, the number of supplier plants implementing WCM, one of the highest production standards in the world, increased to 216. In NAFTA, employees from some 450 supplier plants participated in training programs with the objective of extending the WCM methodology to the entire supply chain.

#### **Dealer and Service Network**

Development of the expertise and know-how of salespeople, technicians and after-sales personnel in the dealer network is an essential element in the Group's commitment to constructing an open, interactive dialogue with customers. Dealers and their staff represent one of the most important channels for establishing and building customer trust and satisfaction. The aim of the Group's extensive and diversified training program is both to support the professional development of personnel in the sales network and enable them to play an even greater role in building the image and reputation of the Group.

As part of the process of continuous improvement in the quality of services provided by the dealer network, during 2012 Fiat Group provided over 6.2 million hours of training to more than 165,000 technicians and sales staff.

#### **Local Communities**

The Group operates with the conviction that it has a moral responsibility to contribute positively to the development and wellbeing of local communities. During 2012, the Group committed an estimated €21 million<sup>13</sup> in resources to local communities.

In addition to direct financial contributions and donations in kind – where permitted by company policy – Fiat Group also supports local communities by encouraging employees to participate directly in volunteer activities during working hours.

(13) Based on non-accounting data and calculation methods. Also includes estimates. Amounts in currencies other than euros were converted at the average exchange rate for the year to 30 November 2012. Excludes initiatives whose sole purpose is promoting brand image. Includes all Fiat Group companies worldwide.

The Group's Guidelines on Investment in Local Communities provide indications on how to manage activities to benefit local communities and establish commitments that are consistent with the characteristics and positioning of each brand. Each initiative is managed at plant, company or brand level, except where the level of financial commitment requires approval and management at Group level.

During 2012, the Group's local community initiatives covered a variety of areas, including: 53.1% to promote education, culture and art; 21.7% to develop social welfare projects (support for the disabled, assistance for the elderly, etc.); 5.7% for emergency relief efforts; and 19.5% for other areas, including healthcare.

By region, Group investment in local community initiatives was primarily concentrated in Latin America, which accounted for 54.2% of total resources committed, followed by North America (24%), Europe (17.3%) and Rest of World (4.5%).

Specific indicators are used to measure the benefits of all major local community initiatives and regularly assess whether the Group's activities are in line with the needs of those communities. On the basis of those assessments, programs may be further developed, extended to other areas, and even converted into a long-term commitment.





# Corporate Governance

## Foreword

Fiat Group adheres to the Corporate Governance Code for Italian Listed Companies issued in December 2011, with modifications that take into account the specific characteristics of the Group. During February 2012, the Board of Directors, at the proposal of the Compensation Committee, formulated a Compensation Policy which incorporates the recommendations of the Corporate Governance Code and regulations issued by Consob that took effect on 31 December 2011. The Policy (which, in accordance with statute, forms the first section of the Compensation Report) was submitted to the non-binding vote of shareholders who voted in favor at the General Meeting of 4 April 2012.

In addition, with support from the respective Committees, the Board undertook a comparative review of the principles and criteria in the Corporate Governance Code that have been amended or revised and their effective implementation by the Group. On the basis of that review, at the General Meeting called for approval of the 2011 financial statements and election of the new Boards of Directors and Statutory Auditors, Shareholders were asked to consider the benefits of gender diversity in determining the composition of the new Board of Directors and, accordingly, they voted to elect two women, resulting in early application of the legal requirements that will apply from 2015. The Board also introduced changes to the Guidelines for the Internal Control and Risk Management System, including redefinition of the role of the Internal Control Committee (which was renamed Internal Control and Risk Committee) and other entities and individuals having an involvement.

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 ownership structure and adherence to the Corporate Governance Code, including key governance practices and the principal characteristics of the system of internal control and risk management, including with reference to financial reporting. The Report, which is available in the Corporate Governance section of the Group website ([www.fiatspa.com](http://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 with reference 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 how Fiat has applied 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](http://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 operating 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, 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 realize 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.

Subsidiaries headquartered outside Italy generally benefit from those activities. However, Chrysler Group LLC, which has a board of directors composed of a majority of members not affiliated with Fiat S.p.A., relies directly on capital markets funding for its operations and for those of its subsidiaries and manages its financial resources independently. The board of directors of Chrysler Group LLC, in addition to ensuring maintenance of Chrysler Group's standalone financial integrity, also reviews and approves any transactions above de minimis levels between Fiat and Chrysler Group LLC and has oversight responsibilities for Chrysler Group operations, including approval of capital expenditures above certain levels.

## Board of Directors

The By-laws establish that the Company's Board of Directors may be composed of between nine and fifteen members. With due consideration given to the Company's increased focus in the automobiles sector following the demerger of the capital goods activities to Fiat Industrial and the benefits of gender diversity on the Board, on 4 April 2012 Shareholders elected a total of nine members to the Board of Directors – whose term of office expires at the General Meeting called for approval of the 2014 financial statements – including two women. 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 in the fourth quarter of the last financial year of the Board's mandate. Each list must indicate at least one candidate that satisfies the legal requirements for independence.

The voting list system was utilized for the first time for the election of the Board of Directors at the General Meeting of 27 March 2009 and was used for the renewal of the Boards of Directors and Statutory Auditors at the General Meeting of 4 April 2012. 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 2011) to submit lists of candidates – indicated in numerical order and who satisfied the requirements of law and the Company's By-laws – to the Company at its registered office at least 25 days prior to the General Meeting. Two lists of candidates for the Board of Directors were presented: one list was presented by EXOR S.p.A., holder of 30.465% of ordinary shares, and the other by a group of Italian and international asset managers and institutional investors, holders of a combined 1.86% of ordinary shares.

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 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 and Chrysler, on 1 September 2011 a new Group Executive Council was formed which is composed of 4 main groupings: regional operations, brands, industrial processes, and support/corporate functions. Certain functions that are fundamental to the governance structure of individual companies (such as Legal and Internal Audit) remain independent within the ambit of the operating companies (Fiat and Chrysler Group).

Effective 1 January 2011, the Company adopted 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, 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 58/1998.

As established in the "**Guidelines for Significant Transactions**" (previously the "Guidelines for Significant Transactions and Transactions with Related Parties"), transactions having a significant impact on the Company's earnings and financial position are subject to prior examination and approval by the Board.

Accordingly, the powers attributed to the executive directors specifically exclude decision-making authority for significant transactions, pursuant to the criteria for significance established by Consob. A reasonable period in advance of the Company undertaking a significant transaction, the executive directors are to provide the Board a summary report on their analysis of the strategic compatibility, economic feasibility and expected return.

As provided under Articles 70 (8) and 71 (1-*bis*) of the Consob Issuer Regulations, on 30 October 2012 the Board of Directors approved the opt-out from the obligation to publish an information document for significant transactions (e.g., significant mergers, spin-offs, share capital increases by means of in-kind contributions of assets, acquisitions and disposals).

Pursuant to Article 12 of the By-laws, after consultation with the Board of Statutory Auditors, the Board of Directors appoints **one or more managers responsible for the Company's financial reporting**. If more than one manager is attributed that responsibility, it is to be carried out jointly and with joint responsibility. It is a requirement that the individual(s) appointed have several years of accounting and financial experience within a large company. In implementation of that provision, the Board of Directors appointed the Chief Financial Officer as the manager responsible for the Company's financial reporting, vesting him with the relevant powers.

At 31 December 2012, the Board of Directors was composed of three executive directors and six non-executive directors (i.e., directors without specific executive powers or responsibilities within the Company or the Group), four of whom qualified as independent on the basis of the criteria approved by Shareholders on 4 April 2012 and adopted for past elections. All of those independent directors (Joyce Victoria Bigio, René Carron, Gian Maria Gros-Pietro and Patience Wheatcroft) also meet the independence requirements established under 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 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, considering it to be significantly in the Company's interests to maintain adequate guarantees against potential conflicts of interest, in its proposal of 22 February 2012, the Board of Directors recommended that, in relation to re-election of the Board on 4 April 2012, Shareholders elect a significant number of independent directors. In consideration of the current legal requirement that at least two directors are independent and the provision of the Corporate Governance Code that at least one-third of the members of the Board of Directors are independent, Shareholders voted to elect four directors who meet the requirements 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 criteria also exclude directors as being considered independent if they were partners or directors of major competitors, rating agencies or audit firms engaged by the Company or Group companies in the previous three years, or are executive directors at other companies where the Company's directors are non-executive directors. The results of those assessments are published in the Annual Report on Corporate Governance.

On 4 April 2012, the Board of Directors verified that Joyce Victoria Bigio, René Carron, Gian Maria Gros-Pietro and Patience Wheatcroft satisfied the requirements of independence.

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

- Andrea Agnelli: Chairman of Juventus FC S.p.A., General Partner of Giovanni Agnelli e C. S.a.p.A., Director of EXOR S.p.A. and Vita Società Editoriale S.p.A.
- Joyce Victoria Bigio: Director of Simmel Difesa S.p.A.
- Tiberto Brandolini D'Adda: Chairman of Sequana S.A. and EXOR S.A., General Partner of Giovanni Agnelli e C. S.a.p.A., Vice Chairman of EXOR S.p.A. and Director of SGS S.A.
- Luca Cordero di Montezemolo: Chairman of Charme Management S.r.l., Vice Chairman of Unicredit S.p.A., Director of Poltrona Frau S.p.A., N.T.V. S.p.A., Tod's S.p.A., Pinault Printemps Redoute S.A., Montezemolo & Partners SGR and Delta Topco Ltd.
- John Elkann: Chairman and General Partner of Giovanni Agnelli e C. S.a.p.A., Chairman and Chief Executive Officer of EXOR S.p.A., Director of Fiat Industrial S.p.A., SGS S.A., Gruppo Banca Leonardo S.p.A. and The Economist Group
- Gian Maria Gros-Pietro: Chairman of ASTM S.p.A., Director of Edison S.p.A., Caltagirone S.p.A. and IVS Group S.A.
- Sergio Marchionne: Chairman of CNH Global N.V., Fiat Industrial S.p.A., Iveco S.p.A., FPT Industrial S.p.A. and SGS S.A., Director of EXOR S.p.A. and Philip Morris International Inc.
- Patience Wheatcroft: Member of the Advisory Board of Huawei Technologies (UK) and Director of St. James's Place PLC

## 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

In 2012, 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 to which the Company is exposed. 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 conducts independent evaluations of the System in its entirety. 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.

On 20 February 2013, the Board was presented Fiat S.p.A.'s revised Compliance Program and Guidelines for Adoption and Revision of the Compliance Program by Group companies in Italy, which incorporate new categories of offenses introduced in Italian legislation. With these amendments, new criminal offenses were included and the relevant sensitive processes were identified. Legislative Decree 109/2012 introduced as Article 25-*duodecies* of Legislative Decree 231/2001 the offense of "Employment of foreign nationals residing illegally in Italy" (Article 22 (12-*bis*) of Legislative Decree 286/98, which addresses immigration and legal status of foreign nationals). Law 190/2012 introduced the offense of being induced to give a bribe as Article 25 (3) and the offense of bribery between private individuals as Article 25-*ter* (1)(S-*bis*) with direct reference to Article 2635 (3) of the Civil Code which establishes penalties for giving or promising financial or other advantage to directors, managers, statutory auditors or employees of a company.

The Compliance Program Supervisory Body is composed of the head of Audit & Compliance, 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 application of the Compliance Program, the Code of Conduct, and the provisions of the Sarbanes-Oxley Act (to which the Company was subject while listed on the NYSE) on whistleblowing, the **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 **Procedures for the Engagement of Independent Auditors** regulate 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 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

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

In accordance with Legislative Decree 58/98, Article 17 of the Company's By-laws establishes the right for appropriately constituted **minority groups** to appoint one regular auditor, who serves as Chairman, and one alternate. 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. 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.

On 4 April 2012, the Board of Statutory Auditors was elected using a voting list system.

The Statutory Auditors are: Ignazio Carbone, Chairman; Lionello Jona Celesia and Piero Locatelli, regular auditors; and Lucio Pasquini, Fabrizio Mosca and Corrado Gatti, alternate auditors. The regular auditors Lionello Jona Celesia and Piero Locatelli were elected from the list presented by the majority shareholder EXOR S.p.A. and Ignazio Carbone, Chairman of the Board of Statutory Auditors, was elected from the minority list presented by a group of Italian and international asset managers and institutional investors holding 1.86% of ordinary shares (a complete list of those shareholders is provided in the Annual Report on Corporate Governance). 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 2011. Additional information provided to Shareholders on the candidates and lists presented are available in the Investor Relations section of the Group website ([www.fiatspa.com](http://www.fiatspa.com)).

The Board of Statutory Auditors' current term of office expires on the date of the General Meeting called for approval of the 2014 financial statements. Following is a list of the most significant positions held by the members of the Board of Statutory Auditors.

Ignazio Carbone is a director of Banca Popolare del Frusinate S.c.p.a. and Europrogetti & Strategie d'Impresa S.r.l.; Lionello Jona Celesia is Chairman of the Board of Statutory Auditors of Giovanni Agnelli e C. S.a.p.A., IBM Italia S.p.A., Lazard S.r.l. and Chairman of the Board of Directors of Banca del Piemonte S.p.A.; Piero Locatelli is a statutory auditor of Giovanni Agnelli e 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 29 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. Those activities confirmed that legislative requirements relating to the protection of personal data processed by Group companies had been substantially complied with.

With the conversion of Law Decree 5 of 9 February 2012 through the enactment of Law 35 of 4 April 2012, the obligation to prepare and maintain an updated Program Security Document — for controllers of sensitive or judicially relevant data processed in electronic format — was abolished.

However, given that other obligations under Legislative Decree 196/03 continue to exist, Group companies prepared the Program Security Document, enabling formal attestation of compliance with the obligations of Legislative Decree 196/03 by individual data controllers.



# Subsequent Events and Outlook

## Subsequent Events

- On 9 January 2013, Chrysler Group announced that it had received a demand from the VEBA, pursuant to the Shareholder Agreement, seeking registration of approximately 16.6% of Chrysler Group's outstanding equity interests currently owned by VEBA.
- On 18 January 2013, Fiat Group Automobiles S.p.A. (FGA) and Mazda Motor Corporation (Mazda) signed a final agreement for the development and manufacture of a new roadster for the Mazda and Alfa Romeo brands, based on Mazda's next-generation MX-5 rear-wheel-drive architecture. Each model will be powered by proprietary engines unique to the respective brands. Both vehicles will be manufactured at the Mazda plant in Hiroshima, Japan. Production of the Alfa Romeo model is scheduled to begin in 2015.
- On 6 February 2013, Chrysler signed a 10-year private-label agreement, subject to early termination in certain circumstances, with Santander Consumer USA Inc. to provide a full range of wholesale and retail financing services to Chrysler and Fiat customers and dealers which will be provided under the Chrysler Capital brand name. The new financing service is scheduled to launch 1 May 2013. Under the agreement, Santander Consumer USA Inc. has also provided Chrysler with consideration in the form of a non-refundable upfront payment which is payable prior to the launch of the new financing service, as well as on-going revenue sharing opportunities and commitments with respect to available funding, approval and penetration rates, price competitiveness and certain exclusivity rights. Santander Consumer USA Inc. will bear the risk of loss on loans contemplated by the agreement and the parties will share in any residual gains and losses in respect of consumer leases, subject to specific provisions including caps on Chrysler's participation in gains and losses contained in the Master Agreement. Ally Financial Inc. will continue to provide financial services to Chrysler and Fiat customers and dealers until 30 April 2013.

## Outlook

At the end of Q3 2012, the Group outlined its strategic direction in response to the continued crisis in the European car industry, which was brought to a head by the wider economic crisis. At the same time, the Group also gave an updated financial plan for 2013-2014. Market conditions in the NAFTA, LATAM and APAC regions continue to support the financial projections for 2013 and, while the European market still presents significant levels of uncertainty, the Group confirms its guidance for 2013 in line with the updated plan as follows:

- Revenues in the €88 - €92 billion range
- Trading profit in the €4.0 - €4.5 billion range
- Net profit in the €1.2 - €1.5 billion range
- Net industrial debt of ~€7.0 billion

# Financial Review – Fiat S.p.A.

The following information is based on the 2012 financial statements prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), as adopted by the European Union, and regulations implementing Article 9 of Italian Legislative Decree 38/2005.

## Operating Performance

For 2012, Fiat S.p.A. reported a loss of €152 million, compared with a profit of €99 million for 2011.

The principal components of the income statement were as follows:

| (€ million)  | 2012         | 2011      |
|--|--------------|-----------|
| Income from investments                            | 68           | 560       |
| Dividends  | 1,030        | 388       |
| Impairment (losses)/reversals on investments       | (962)        | 157       |
| Gains/(losses) on disposals                        | -            | 15        |
| Personnel and operating costs, net of other income | (35)         | (70)      |
| Financial income/(expense)                         | (216)        | (435)     |
| <b>PROFIT/(LOSS) BEFORE TAXES</b>                  | <b>(183)</b> | <b>55</b> |
| Income taxes                                       | 31           | 44        |
| <b>PROFIT/(LOSS) FOR THE YEAR</b>                  | <b>(152)</b> | <b>99</b> |

**Income from investments** totaled €68 million (€560 million for 2011) and consisted of dividends received for the year and net impairments:

- **Dividends** totaling €1,030 million were received from Fiat Gestione Partecipazioni S.p.A. (€1,000 million), Fiat Finance S.p.A. (€24 million) and Fiat Industrial S.p.A. (€6 million).

In 2011, 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).

- **Net impairments on investments** of €962 million consisted of a €933 million impairment recognized on the investment in Fiat Gestione Partecipazioni S.p.A., to realign the carrying amount of the investment with the book value of its equity following the distribution of reserves to Fiat S.p.A., as well as impairment losses recognized on the investments in RCS MediaGroup S.p.A. (€35 million) and in Teksid Aluminium S.r.l. (€15 million), net of a partial reversal for Fiat Powertrain Technologies S.p.A. (€21 million).

In 2011, net 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 holdings in Comau S.p.A. (€147 million) and Teksid Aluminum S.r.l. (€48 million).

- For 2012, there were no **gains/(losses) on disposals**. For 2011, 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 €35 million, compared with €70 million for 2011.

- **Personnel and operating costs** of €112 million were substantially in line with the prior year (€115 million in 2011). A reduction in costs for services and notional charges on stock options offset higher personnel costs attributable to an increase in headcount. For 2012, the Company had an average of 219 employees (104 for 2011). The increase of 115 was primarily due to the transfer of business units from the subsidiaries Fiat Revisione Interna S.c.p.A. and Fiat Finance S.p.A. at the end of 2011.

- **Other income** of €77 million (€45 million in 2011) principally related to services rendered, including by senior management personnel, to the principal Group companies. Compared to the prior year, the increase of €32 million was primarily due to the increase in services rendered to Group companies, including the activities of the business units acquired in 2011.

**Net financial expense** totaled €216 million, which included €250 million in financial charges, relating primarily to interest expense on debt, partially offset by income of €34 million arising from the fair value measurement of stock-option related equity swaps on Fiat and Fiat Industrial shares. For 2011, net financial expense totaled €435 million, which included €327 million in financial charges, relating primarily to interest expense on debt, in addition to a €108 million loss arising from the fair value measurement of the above equity swaps. The €219 million decrease in net financial expense over 2011 was attributable to the swing in value of the equity swaps (€142 million), as well as a reduction in costs associated with the lower average level of indebtedness (€77 million).

For **income taxes**, the Company recognized a €31 million credit for the year (€44 million in 2011), 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)                 | 31.12.2012    | 31.12.2011    |
|-----------------------------|---------------|---------------|
| Non-current assets          | 11,809        | 12,169        |
| of which: Investments       | 11,765        | 12,123        |
| Working capital             | (260)         | (253)         |
| <b>NET CAPITAL INVESTED</b> | <b>11,549</b> | <b>11,916</b> |
| <b>EQUITY</b>               | <b>8,902</b>  | <b>9,053</b>  |
| <b>NET DEBT</b>             | <b>2,647</b>  | <b>2,863</b>  |

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

The €358 million decrease in investments over 31 December 2011 was primarily attributable to the net effect of impairments and reversals on investments (€962 million) commented on above, net of the recapitalization of certain subsidiaries (€444 million) and acquisition of additional interests in subsidiaries (€131 million), in addition to the fair value revaluation of investments in other companies.

**Working capital** was a negative €260 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 €7 million decrease over 31 December 2011 mainly reflects the receivable/payable position with subsidiaries and tax receivables for consolidated IRES income taxes.

**Equity** totaled €8,902 million at 31 December 2012, a reduction of €151 million over year-end 2011 primarily due to the loss for the year (€152 million) and dividends (€40 million), partially offset by the fair value revaluation of investments in other companies.

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

**Net debt** totaled €2,647 million at 31 December 2012, a reduction of €216 million over year-end 2011, primarily attributable to dividends received, net of recapitalization and acquisition of additional interests in subsidiaries, as commented on previously, and other cash outflows. Net debt consisted of the following:

| (€ million)   | 31.12.2012   | 31.12.2011   |
|---|--------------|--------------|
| Current financial assets, cash and cash equivalents | (59)         | (375)        |
| Current financial liabilities                       | 1,294        | 1,075        |
| Non-current financial liabilities                   | 1,412        | 2,163        |
| <b>NET DEBT/(CASH)</b>                              | <b>2,647</b> | <b>2,863</b> |

Current financial assets at 31 December 2012 consisted mainly of receivables from the subsidiary 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 2012 consisted principally of the following items payable to the subsidiary Fiat Finance S.p.A.:

- a current account overdraft
- a short-term loan for €900 million provided at market rates
- liabilities representing the negative fair value of the remaining equity swaps on Fiat and Fiat Industrial ordinary shares

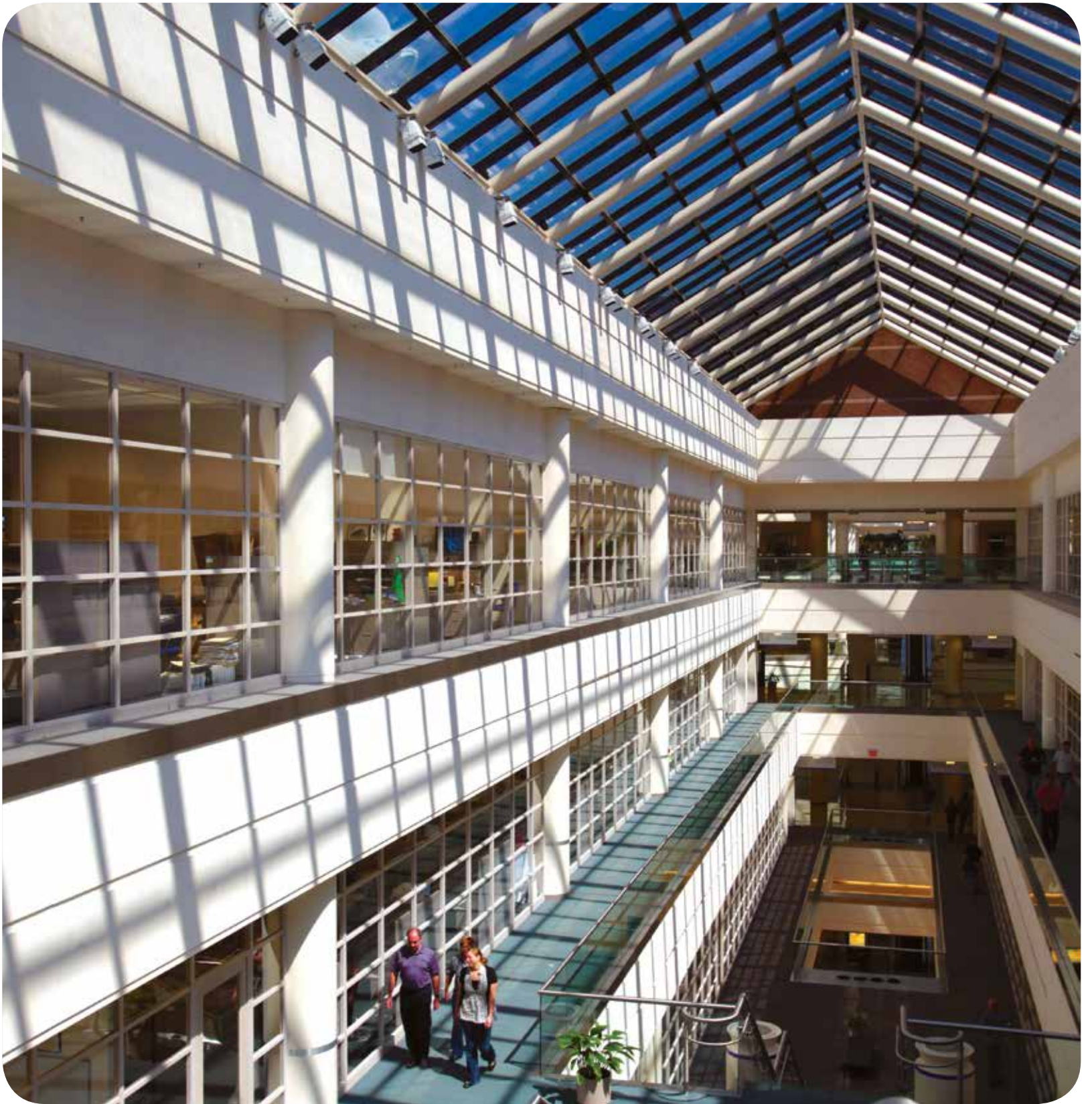
Non-current financial liabilities consisted almost entirely of loans from Fiat Finance S.p.A., at market rates of interest, which are repayable in 2013 and 2014.

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 result and equity of Fiat S.p.A. for the years ended 31 December 2012 and 2011 and the comparable items on a consolidated basis (portion attributable to owners of Fiat S.p.A.):

| (€ million)  | Equity at<br>31.12.2012 | 2012<br>Profit/(Loss) | Equity at<br>31.12.2011 | 2011<br>Profit/(Loss) |
|--|-------------------------|-----------------------|-------------------------|-----------------------|
| <b>FINANCIAL STATEMENTS OF FIAT S.P.A.</b>   | <b>8,902</b>            | <b>(152)</b>          | <b>9,053</b>            | <b>99</b>             |
| Elimination of carrying amount of interests in consolidated entities and related dividends   | (11,454)                | (1,024)               | (11,700)                | (388)                 |
| Elimination of impairment losses (net of reversals) on consolidated entities   | -                       | 962                   | -                       | (157)                 |
| Equity and profit/(loss) of consolidated entities  | 13,372                  | 615                   | 13,111                  | 1,805                 |
| Consolidation adjustments:   |                         |                       |                         |                       |
| Elimination of intercompany profit/loss on inventories and fixed assets, dividends paid between subsidiaries and other adjustments | (1,761)                 | (53)                  | (1,737)                 | (25)                  |
| <b>CONSOLIDATED FINANCIAL STATEMENTS<br/>(PORTION ATTRIBUTABLE TO OWNERS OF FIAT S.P.A.)</b>                                       | <b>9,059</b>            | <b>348</b>            | <b>8,727</b>            | <b>1,334</b>          |



# Motion for Approval of the Statutory Financial Statements and Allocation of 2012 Net Result

Shareholders,

We hereby submit for your approval the Statutory Financial Statements for the year ended 31 December 2012, which report a net loss of €152,349,998. We propose that the loss be allocated to the Retained Profit reserve, bringing the value of the reserve to €1,758,623,155.

20 February 2013

*On behalf of the Board of Directors*

/s/ John Elkann

John Elkann

**CHAIRMAN**



# Fiat Group Consolidated Financial Statements

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at 31 December 2012

- 120 Consolidated Income Statement
- 121 Consolidated Statement of Comprehensive Income
- 122 Consolidated Statement of Financial Position
- 124 Consolidated Statement of Cash Flows
- 125 Statement of Changes in Consolidated Equity
- 126 Consolidated Income Statement  
pursuant to Consob Resolution 15519 of 27 July 2006
- 127 Consolidated Statement of Financial Position  
pursuant to Consob Resolution 15519 of 27 July 2006
- 128 Consolidated Statement of Cash Flows  
pursuant to Consob Resolution 15519 of 27 July 2006
- 129 Notes to the Consolidated Financial Statements
- 219 Appendix I – Fiat Group Companies at 31 December 2012
- 242 Appendix II – Information required under  
Article 149-*duodecies* of the “Regolamento Emittenti”  
issued by Consob
- 243 Attestation of the Consolidated Financial Statements  
under Article 154-*bis* of Legislative Decree 58/98



# Consolidated Income Statement<sup>(\*)</sup>

| (€ million)   | Note | 2012         | 2011 <sup>(**)</sup> |
|---|------|--------------|----------------------|
| Net revenues  | (1)  | 83,957       | 59,559               |
| Cost of sales   | (2)  | 71,474       | 50,704               |
| Selling, general and administrative costs                                     | (3)  | 6,731        | 5,047                |
| Research and development costs  | (4)  | 1,835        | 1,367                |
| Other income/(expenses)   | (5)  | (103)        | (49)                 |
| <b>TRADING PROFIT/(LOSS)</b>  |      | <b>3,814</b> | <b>2,392</b>         |
| Result from investments:  | (6)  | 107          | 131                  |
| Share of the profit/(loss) of investees accounted for using the equity method |      | 94           | 146                  |
| Other income/(expenses) from investments                                      |      | 13           | (15)                 |
| Gains/(losses) on the disposal of investments                                 | (7)  | (91)         | 21                   |
| Restructuring costs   | (8)  | 15           | 102                  |
| Other unusual income/(expenses)   | (9)  | (138)        | 1,025                |
| <b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>                              |      | <b>3,677</b> | <b>3,467</b>         |
| Financial income/(expenses)   | (10) | (1,641)      | (1,282)              |
| <b>PROFIT/(LOSS) BEFORE TAXES</b>   |      | <b>2,036</b> | <b>2,185</b>         |
| Income taxes  | (11) | 625          | 534                  |
| <b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>                               |      | <b>1,411</b> | <b>1,651</b>         |
| Post-tax profit/(loss) from Discontinued Operations                           |      | -            | -                    |
| <b>PROFIT/(LOSS)</b>  |      | <b>1,411</b> | <b>1,651</b>         |
| <b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>   |      |              |                      |
| Owners of the parent  |      | 348          | 1,334                |
| Non-controlling interests   |      | 1,063        | 317                  |
| <b>PROFIT/(LOSS) FROM CONTINUING OPERATION ATTRIBUTABLE TO:</b>               |      |              |                      |
| Owners of the parent  |      | 348          | 1,334                |
| Non-controlling interests   |      | 1,063        | 317                  |
| <b>(in €)</b>   |      |              |                      |
| <b>BASIC EARNINGS/(LOSS) PER ORDINARY SHARE</b>                               | (13) | <b>0.286</b> | <b>1.071</b>         |
| <b>BASIC EARNINGS/(LOSS) PER PREFERENCE SHARE (A)</b>                         | (13) | -            | <b>1.071</b>         |
| <b>BASIC EARNINGS/(LOSS) PER SAVINGS SHARE (A)</b>                            | (13) | -            | <b>1.180</b>         |
| <b>DILUTED EARNINGS/(LOSS) PER ORDINARY SHARE</b>                             | (13) | <b>0.284</b> | <b>1.063</b>         |
| <b>DILUTED EARNINGS/(LOSS) PER PREFERENCE SHARE (A)</b>                       | (13) | -            | <b>1.063</b>         |
| <b>DILUTED EARNINGS/(LOSS) PER SAVINGS SHARE (A)</b>                          | (13) | -            | <b>1.172</b>         |

(\*) 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.

(a) Please note that the conversion of all preference and savings shares into Fiat S.p.A. ordinary shares took place in 2012.

# Consolidated Statement of Comprehensive Income

| (€ million)   | Note | 2012         | 2011 (*)     |
|---|------|--------------|--------------|
| <b>PROFIT/(LOSS) (A)</b>  |      | <b>1,411</b> | <b>1,651</b> |
| Gains/(Losses) on cash flow hedges  | (24) | 184          | (160)        |
| Gains/(Losses) on fair value of available-for-sale financial assets                   | (24) | 27           | (42)         |
| Gains/(Losses) on exchange differences on translating foreign operations              | (24) | (359)        | 452          |
| Share of other comprehensive income of entities accounted for using the equity method | (24) | 21           | (63)         |
| Income tax relating to components of Other comprehensive income                       | (24) | (24)         | 15           |
| <b>TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B)</b>                               |      | <b>(151)</b> | <b>202</b>   |
| <b>TOTAL COMPREHENSIVE INCOME (A)+(B)</b>   |      | <b>1,260</b> | <b>1,853</b> |
| <b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>                                    |      |              |              |
| Owners of the parent  |      | 321          | 1,203        |
| Non-controlling interests   |      | 939          | 650          |

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

# Consolidated Statement of Financial Position<sup>(\*)</sup>

| (€ million)   | Note | At 31 December<br>2012 | At 31 December<br>2011 |
|---|------|------------------------|------------------------|
| <b>ASSETS</b>   |      |                        |                        |
| Intangible assets   |      | 19,284                 | 18,200                 |
| Goodwill and intangible assets with indefinite useful lives | (14) | 12,947                 | 13,213                 |
| Other intangible assets                                     | (15) | 6,337                  | 4,987                  |
| Property, plant and equipment                               | (16) | 22,061                 | 20,785                 |
| Investments and other financial assets:                     | (17) | 2,290                  | 2,660                  |
| Investments accounted for using the equity method           |      | 1,510                  | 1,579                  |
| Other investments and financial assets                      |      | 780                    | 1,081                  |
| Leased assets   |      | 1                      | 45                     |
| Defined benefit plan assets                                 |      | 105                    | 97                     |
| Deferred tax assets   | (11) | 1,736                  | 1,690                  |
| <b>Total Non-current assets</b>                             |      | <b>45,477</b>          | <b>43,477</b>          |
| Inventories   | (18) | 9,295                  | 9,123                  |
| Trade receivables   | (19) | 2,702                  | 2,625                  |
| Receivables from financing activities                       | (19) | 3,727                  | 3,968                  |
| Current tax receivables                                     | (19) | 236                    | 369                    |
| Other current assets  | (19) | 2,163                  | 2,088                  |
| Current financial assets:                                   |      | 807                    | 789                    |
| Current investments   |      | 32                     | 33                     |
| Current securities  | (20) | 256                    | 199                    |
| Other financial assets                                      | (21) | 519                    | 557                    |
| Cash and cash equivalents                                   | (22) | 17,657                 | 17,526                 |
| <b>Total Current assets</b>                                 |      | <b>36,587</b>          | <b>36,488</b>          |
| Assets held for sale  | (23) | 55                     | 66                     |
| <b>TOTAL ASSETS</b>   |      | <b>82,119</b>          | <b>80,031</b>          |

(\*) 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.

# Consolidated Statement of Financial Position

(continued)

| (€ million)                                 | Note | At 31 December<br>2012 | At 31 December<br>2011 |
|---|------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>               |      |                        |                        |
| Equity:                                     | (24) | 13,173                 | 12,260                 |
| Equity attributable to owners of the parent |      | 9,059                  | 8,727                  |
| Non-controlling interests                   |      | 4,114                  | 3,533                  |
| Provisions:                                 |      | 15,484                 | 15,624                 |
| Employee benefits                           | (26) | 6,694                  | 7,026                  |
| Other provisions                            | (27) | 8,790                  | 8,598                  |
| Debt:                                       |      | 27,889                 | 26,772                 |
| Asset-backed financing                      | (28) | 449                    | 710                    |
| Other debt                                  | (28) | 27,440                 | 26,062                 |
| Other financial liabilities                 | (21) | 201                    | 429                    |
| Trade payables                              | (29) | 16,558                 | 16,418                 |
| Current tax payables                        |      | 231                    | 230                    |
| Deferred tax liabilities                    | (11) | 802                    | 760                    |
| Other current liabilities                   | (30) | 7,781                  | 7,538                  |
| Liabilities held for sale                   |      | -                      | -                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>         |      | <b>82,119</b>          | <b>80,031</b>          |

# Consolidated Statement of Cash Flows<sup>(\*)</sup>

| (€ million)   | Note | 2012           | 2011 <sup>(**)</sup> |
|---|------|----------------|----------------------|
| <b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>  | (22) | <b>17,526</b>  | <b>11,967</b>        |
| <b>B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:</b>   |      |                |                      |
| Profit/(loss) for the period  |      | 1,411          | 1,651                |
| Amortisation and depreciation   |      | 4,134          | 3,358                |
| (Gains)/losses on disposal of:  |      |                |                      |
| Property, plant and equipment and intangible assets   |      | 14             | 21                   |
| Investments   |      | 91             | (21)                 |
| Other non-cash items  | (31) | 47             | (1,106)              |
| Dividends received  |      | 89             | 105                  |
| Change in provisions  |      | 77             | (116)                |
| Change in deferred taxes  |      | (72)           | (19)                 |
| Change in items due to buy-back commitments   | (31) | (51)           | (62)                 |
| Change in operating lease items   | (31) | (10)           | (28)                 |
| Change in working capital   |      | 714            | 1,412                |
| <b>TOTAL</b>  |      | <b>6,444</b>   | <b>5,195</b>         |
| <b>C) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:</b>   |      |                |                      |
| Investments in:   |      |                |                      |
| Property, plant and equipment and intangible assets   | (31) | (7,534)        | (5,528)              |
| Investments in consolidated subsidiaries  |      | -              | (22)                 |
| Other investments   |      | (24)           | (120)                |
| 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   |      | 118            | 324                  |
| Investments in consolidated subsidiaries  |      | -              | 29                   |
| Other investments   |      | 21             | 96                   |
| Net change in receivables from financing activities   |      | (24)           | (1,218)              |
| Change in current securities  |      | (64)           | (14)                 |
| Other changes   |      | (30)           | (29)                 |
| <b>TOTAL</b>  |      | <b>(7,537)</b> | <b>(858)</b>         |
| <b>D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:</b>   |      |                |                      |
| New issuance of bonds   |      | 2,535          | 2,500                |
| Repayment of bonds  |      | (1,450)        | (2,448)              |
| Issuance of other medium-term borrowings  |      | 1,925          | 2,149                |
| Repayment of other medium-term borrowings   |      | (1,528)        | (3,895)              |
| Changes in net financial receivables from Fiat Industrial group   |      | -              | 2,761                |
| Net change in other financial payables and other financial assets/liabilities   |      | 197            | 143                  |
| Increase in share capital   |      | 22             | 41                   |
| Dividends paid  |      | (58)           | (181)                |
| (Purchase)/sale of ownership interests in subsidiaries  | (31) | -              | (438)                |
| <b>TOTAL</b>  |      | <b>1,643</b>   | <b>632</b>           |
| Translation exchange differences  |      | (419)          | 590                  |
| <b>E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS</b>   |      | <b>131</b>     | <b>5,559</b>         |
| <b>F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>  | (22) | <b>17,657</b>  | <b>17,526</b>        |
| of which: Cash and cash equivalents included as Assets held for sale  |      | -              | -                    |
| <b>G) CASH AND CASH EQUIVALENTS AT END OF THE YEAR AS REPORTED</b>  | (22) | <b>17,657</b>  | <b>17,526</b>        |

(\*) 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          |
|--|---------------|-----------------|------------------|------------------|-------------------------|---|---|--|---------------------------|----------------|
| <b>At 1 January 2011</b>   | <b>6,377</b>  | <b>(657)</b>    | <b>601</b>       | <b>4,145</b>     | <b>(45)</b>             | <b>1,111</b>                              | <b>(2)</b>                                  | <b>14</b>  | <b>917</b>                | <b>12,461</b>  |
| <b>Changes in equity for 2011</b>  |               |                 |                  |                  |                         |   |   |  |                           |                |
| Effects of the Demerger  |               |                 |                  |                  |                         |   |   |  |                           |                |
| Direct effects of the Demerger   | (1,913)       | -               | (457)            | (1,216)          | 23                      | (398)                                     | -   | (31)   | (724)                     | <b>(4,716)</b> |
| Effects of the Demerger on Treasury shares and on the Fiat S.p.A. Reserve for Share based payments | -             | 368             | -                | (185)            | -                       | -   | -   | -  | -                         | <b>183</b>     |
| Capital increase   | -             | -               | -                | -                | -                       | -   | -   | -  | 36                        | <b>36</b>      |
| Increase in share capital due to the exercising of stock option                                    | 2             | -               | 3                | -                | -                       | -   | -   | -  | -                         | <b>5</b>       |
| Dividends distributed  | -             | -               | -                | (152)            | -                       | -   | -   | -  | (29)                      | <b>(181)</b>   |
| Net Increase in the Reserve for share-based payments   | -             | -               | -                | 3                | -                       | -   | -   | -  | -                         | <b>3</b>       |
| Non-controlling interest arising from the consolidation of Chrysler                                | -             | -               | -                | -                | -                       | -   | -   | -  | 3,112                     | <b>3,112</b>   |
| Purchase and sale of shares in subsidiaries from/to non-controlling interests                      | -             | -               | -                | (83)             | -                       | -   | -   | -  | (426)                     | <b>(509)</b>   |
| Total comprehensive income   | -             | -               | -                | 1,334            | (148)                   | 121                                       | (41)  | (63)   | 650                       | <b>1,853</b>   |
| Other changes  | -             | -               | -                | 16               | -                       | -   | -   | -  | (3)                       | <b>13</b>      |
| <b>AT 31 DECEMBER 2011</b>   | <b>4,466</b>  | <b>(289)</b>    | <b>147</b>       | <b>3,862</b>     | <b>(170)</b>            | <b>834</b>                                | <b>(43)</b>                                 | <b>(80)</b>  | <b>3,533</b>              | <b>12,260</b>  |
| <b>Changes in equity for 2012</b>  |               |                 |                  |                  |                         |   |   |  |                           |                |
| Capital increase   | -             | -               | -                | -                | -                       | -   | -   | -  | 22                        | <b>22</b>      |
| Effect of the conversion of preference and savings shares into ordinary shares                     | 10            | -               | (10)             | -                | -                       | -   | -   | -  | -                         | <b>-</b>       |
| Share based payments   | -             | 30              | -                | (15)             | -                       | -   | -   | -  | -                         | <b>15</b>      |
| Dividends distributed  | -             | -               | -                | (40)             | -                       | -   | -   | -  | (18)                      | <b>(58)</b>    |
| Purchase and sale of shares in subsidiaries from/to non-controlling interests                      | -             | -               | -                | 35               | 1                       | 3   | -   | -  | (359)                     | <b>(320)</b>   |
| Total comprehensive income   | -             | -               | -                | 348              | 184                     | (257)                                     | 26  | 20   | 939                       | <b>1,260</b>   |
| Other changes  | -             | -               | -                | (3)              | -                       | -   | -   | -  | (3)                       | <b>(6)</b>     |
| <b>At 31 DECEMBER 2012</b>   | <b>4,476</b>  | <b>(259)</b>    | <b>137</b>       | <b>4,187</b>     | <b>(15)</b>             | <b>580</b>                                | <b>(17)</b>                                 | <b>(60)</b>  | <b>4,114</b>              | <b>13,173</b>  |

# Consolidated Income Statement

pursuant to Consob Resolution 15519 of 27 July 2006

| (€ million)   | Note | 2012         |   | 2011 <sup>(*)</sup> |   |
|---|------|--------------|---|---------------------|---|
|   |      | Total        | of which<br>Related<br>parties<br>(Note 37) | Total               | of which<br>Related<br>parties<br>(Note 37) |
| Net revenues  | (1)  | 83,957       | 2,793                                       | 59,559              | 2,970                                       |
| Cost of sales   | (2)  | 71,474       | 3,674                                       | 50,704              | 4,272                                       |
| Selling, general and administrative costs                                     | (3)  | 6,731        | 116   | 5,047               | 117   |
| Research and development costs  | (4)  | 1,835        | 7   | 1,367               | 2   |
| Other income/(expenses)   | (5)  | (103)        | 20  | (49)                | 35  |
| <b>TRADING PROFIT/(LOSS)</b>  |      | <b>3,814</b> |   | <b>2,392</b>        |   |
| Result from investments:  | (6)  | 107          | 107   | 131                 | 136   |
| Share of the profit/(loss) of investees accounted for using the equity method |      | 94           | 94  | 146                 | 146   |
| Other income/(expenses) from investments                                      |      | 13           | 13  | (15)                | (10)  |
| Gains/(losses) on the disposal of investments                                 | (7)  | (91)         | -   | 21                  | 12  |
| Restructuring costs   | (8)  | 15           | -   | 102                 | -   |
| Other unusual income/(expenses)   | (9)  | (138)        | -   | 1,025               | -   |
| <b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>                              |      | <b>3,677</b> |   | <b>3,467</b>        |   |
| Financial income/(expenses)   | (10) | (1,641)      | (25)  | (1,282)             | 40  |
| <b>PROFIT/(LOSS) BEFORE TAXES</b>   |      | <b>2,036</b> |   | <b>2,185</b>        |   |
| Income taxes  | (11) | 625          |   | 534                 |   |
| <b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>                               |      | <b>1,411</b> |   | <b>1,651</b>        |   |
| Post-tax profit/(loss) from Discontinued Operations                           |      | -            |   | -                   |   |
| <b>PROFIT/(LOSS)</b>  |      | <b>1,411</b> |   | <b>1,651</b>        |   |
| <b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>   |      |              |   |                     |   |
| Owners of the parent  |      | 348          |   | 1,334               |   |
| Non-controlling interests   |      | 1,063        |   | 317                 |   |
| <b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:</b>              |      |              |   |                     |   |
| Owners of the parent  |      | 348          |   | 1,334               |   |
| Non-controlling interests   |      | 1,063        |   | 317                 |   |

(\*) 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 2012 |  | At 31 December 2011 |  |
|---|------|---------------------|--|---------------------|--|
|   |      | Total               | of which<br>Related parties<br>(Note 37) | Total               | of which<br>Related parties<br>(Note 37) |
| <b>ASSETS</b>   |      |                     |  |                     |  |
| Intangible assets   |      | 19,284              | -  | 18,200              | -  |
| Goodwill and intangible assets with indefinite useful lives | (14) | 12,947              | -  | 13,213              | -  |
| Other intangible assets                                     | (15) | 6,337               | -  | 4,987               | -  |
| Property, plant and equipment                               | (16) | 22,061              | -  | 20,785              | -  |
| Investments and other financial assets:                     | (17) | 2,290               | 1,883                                    | 2,660               | 1,909                                    |
| Investments accounted for using the equity method           |      | 1,510               | 1,510                                    | 1,579               | 1,579                                    |
| Other investments and financial assets                      |      | 780                 | 373                                      | 1,081               | 330                                      |
| Leased assets   |      | 1                   | -  | 45                  | -  |
| Defined benefit plan assets                                 |      | 105                 | -  | 97                  | -  |
| Deferred tax assets   | (11) | 1,736               | -  | 1,690               | -  |
| <b>Total Non-current assets</b>                             |      | <b>45,477</b>       |  | <b>43,477</b>       |  |
| Inventories   | (18) | 9,295               | 2  | 9,123               | 1  |
| Trade receivables   | (19) | 2,702               | 384                                      | 2,625               | 411                                      |
| Receivables from financing activities                       | (19) | 3,727               | 201                                      | 3,968               | 197                                      |
| Current tax receivables                                     | (19) | 236                 | -  | 369                 | -  |
| Other current assets  | (19) | 2,163               | 49                                       | 2,088               | 70                                       |
| Current financial assets:                                   |      | 807                 | -  | 789                 | -  |
| Current investments   |      | 32                  | -  | 33                  | -  |
| Current securities  | (20) | 256                 | -  | 199                 | -  |
| Other financial assets                                      | (21) | 519                 | -  | 557                 | -  |
| Cash and cash equivalents                                   | (22) | 17,657              | -  | 17,526              | -  |
| <b>Total Current assets</b>                                 |      | <b>36,587</b>       |  | <b>36,488</b>       |  |
| Assets held for sale  | (23) | 55                  | 54                                       | 66                  | 60                                       |
| <b>TOTAL ASSETS</b>   |      | <b>82,119</b>       |  | <b>80,031</b>       |  |
| <b>EQUITY AND LIABILITIES</b>                               |      |                     |  |                     |  |
| Equity:   | (24) | 13,173              | -  | 12,260              | -  |
| Equity attributable to owners of the parent                 |      | 9,059               | -  | 8,727               | -  |
| Non-controlling interests                                   |      | 4,114               | -  | 3,533               | -  |
| Provisions:   |      | 15,484              | 158                                      | 15,624              | 168                                      |
| Employee benefits   | (26) | 6,694               | 145                                      | 7,026               | 144                                      |
| Other provisions  | (27) | 8,790               | 13                                       | 8,598               | 24                                       |
| Debt:   |      | 27,889              | 272                                      | 26,772              | 331                                      |
| Asset-backed financing                                      | (28) | 449                 | 61                                       | 710                 | 101                                      |
| Other debt  | (28) | 27,440              | 211                                      | 26,062              | 230                                      |
| Other financial liabilities                                 | (21) | 201                 | -  | 429                 | -  |
| Trade payables  | (29) | 16,558              | 969                                      | 16,418              | 1,139                                    |
| Current tax payables  |      | 231                 | -  | 230                 | -  |
| Deferred tax liabilities                                    | (11) | 802                 | -  | 760                 | -  |
| Other current liabilities                                   | (30) | 7,781               | 179                                      | 7,538               | 130                                      |
| Liabilities held for sale                                   |      | -                   | -  | -                   | -  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         |      | <b>82,119</b>       |  | <b>80,031</b>       |  |



# Consolidated Statement of Cash Flows

pursuant to Consob Resolution 15519 of 27 July 2006

| (€ million)   | Note | 2012           |  | 2011 <sup>(*)</sup> |  |
|---|------|----------------|--|---------------------|--|
|   |      | Total          | of which<br>Related Parties<br>(Note 37) | Total               | of which<br>Related Parties<br>(Note 37) |
| <b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>  | (22) | <b>17,526</b>  |  | <b>11,967</b>       |  |
| <b>B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:</b>   |      |                |  |                     |  |
| Profit/(loss) for the period  |      | 1,411          |  | 1,651               | -  |
| Amortisation and depreciation   |      | 4,134          |  | 3,358               | -  |
| (Gains)/losses on disposal of:  |      |                |  |                     |  |
| Property, plant and equipment and intangible assets   |      | 14             |  | 21                  | -  |
| Investments   |      | 91             |  | (21)                | -  |
| Other non-cash items  | (31) | 47             | 9  | (1,106)             | 12                                       |
| Dividends received  |      | 89             | 89                                       | 105                 | 105                                      |
| Change in provisions  |      | 77             | 1  | (116)               | 124                                      |
| Change in deferred taxes  |      | (72)           | -  | (19)                | -  |
| Change in items due to buy-back commitments   | (31) | (51)           | 2  | (62)                | 9  |
| Change in operating lease items   | (31) | (10)           | -  | (28)                | -  |
| Change in working capital   |      | 714            | (90)                                     | 1,412               | 225                                      |
| <b>TOTAL</b>  |      | <b>6,444</b>   |  | <b>5,195</b>        |  |
| <b>C) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:</b>   |      |                |  |                     |  |
| Investments in:   |      |                |  |                     |  |
| Property, plant and equipment and intangible assets   | (31) | (7,534)        | -  | (5,528)             | -  |
| Investments in consolidated subsidiaries  |      | -              | -  | (22)                | -  |
| Other investments   |      | (24)           | (20)                                     | (120)               | (76)                                     |
| 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   |      | 118            | -  | 324                 | -  |
| Investments in consolidated subsidiaries  |      | -              | -  | 29                  | 15                                       |
| Other investments   |      | 21             | -  | 96                  | 80                                       |
| Net change in receivables from financing activities   |      | (24)           | (7)                                      | (1,218)             | (74)                                     |
| Change in current securities  |      | (64)           | -  | (14)                | -  |
| Other changes   |      | (30)           | -  | (29)                | -  |
| <b>TOTAL</b>  |      | <b>(7,537)</b> |  | <b>(858)</b>        |  |
| <b>D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:</b>   |      |                |  |                     |  |
| Issuance of bonds   |      | 2,535          | -  | 2,500               | -  |
| Repayment of bonds  |      | (1,450)        | -  | (2,448)             | -  |
| Issuance of other medium-term borrowings  |      | 1,925          | -  | 2,149               | -  |
| Repayment of other medium-term borrowings   |      | (1,528)        | -  | (3,895)             | -  |
| Changes in net financial receivables from Fiat Industrial group   |      | -              | -  | 2,761               | 2,761                                    |
| Net change in other financial payables and other financial assets/liabilities   |      | 197            | (34)                                     | 143                 | 33                                       |
| Increase in share capital   |      | 22             | -  | 41                  | -  |
| Dividends paid  |      | (58)           | (11)                                     | (181)               | (40)                                     |
| (Purchase)/sale of ownership interests in subsidiaries  | (31) | -              | -  | (438)               | -  |
| <b>TOTAL</b>  |      | <b>1,643</b>   |  | <b>632</b>          |  |
| Translation exchange differences  |      | (419)          |  | 590                 |  |
| <b>E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS</b>   |      | <b>131</b>     |  | <b>5,559</b>        |  |
| <b>F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>  | (22) | <b>17,657</b>  |  | <b>17,526</b>       |  |
| of which: Cash and cash equivalents included as Assets held for   |      | -              |  | -                   |  |
| <b>G) CASH AND CASH EQUIVALENTS AT END OF THE YEAR AS REPORTED</b>  | (22) | <b>17,657</b>  |  | <b>17,526</b>       |  |

(\*) 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 40 countries. 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 Group’s presentation currency is Euro.

## Significant accounting policies

### Basis of preparation

The 2012 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 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 measurement of certain financial instruments, as well as on a going concern basis. In this respect, 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, also considering the ongoing operational integration between Fiat and Chrysler and the Group’s industrial and financial flexibility.

### Format of the financial statements

For presentation of the income statement, the Group uses a classification based on the function of expenses (otherwise known as the “cost of sales” method), rather than one based on their nature, as it is more representative of the format used for internal reporting and management purposes and is consistent with international practice in the automotive sector.

In addition to assessing the performance of its operating segments on the basis of Trading profit, beginning 2012, and following the progressive implementation of the new organizational structure, the Group also started assessing performance on the basis of Earnings before Interest and Taxes (EBIT) and has decided to report it as a separate line item in the income statement in place of Operating profit. The comparative amounts have been restated accordingly. EBIT consists of Trading profit/(loss), Result from investments, and other income/(expense) classified as unusual and was deemed more appropriate than Operating profit as an indicator of performance for the Group and its operating segments, since it also takes into account the Result from investments.

Trading profit, on the other hand, which remains unchanged, reflects the result from normal operating activities before taking account of the Result from investments and unusual items such as Gains/(losses) on the disposal of investments, Restructuring costs and Other income/(expense) classified as unusual. The definition “unusual” adopted by the Group differs from the definition provided in the Consob Communication of 28 July 2006, under which unusual and/or abnormal transactions are those which – because of their significance or

materiality, the nature of the counterparty, the object of the transaction, the method for determination of the transfer price or the timing of the event (e.g., close to year end) – could give rise to doubts regarding the accuracy/completeness of the information in the financial statements, conflicts of interest, the proper safeguarding of corporate assets or 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. More specifically, the Group's financial statements include both industrial companies and financial services companies. The investment portfolios of financial services companies are included in current assets, as the investments will be realised in their normal operating cycle. However, the financial services companies only obtain a portion of their funding from the market; the remainder is obtained from Fiat S.p.A. through the Group's treasury companies (included under industrial activities), which provide funding both to industrial companies and financial services companies in the Group, as the need arises. Chrysler, on the other hand, continues to remain separate from a financial management standpoint and manages its own treasury services, obtaining funding from the market and managing its 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 would not be meaningful. Suitable disclosure as to the due date of liabilities is however provided in the notes.

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

In connection with the requirements of Consob Resolution No. 15519 of 27 July 2006 relating 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 an overall reading of the statements.

### **Basis of consolidation**

#### *Subsidiaries*

Subsidiaries are enterprises controlled by the Group, as defined in IAS 27 – *Consolidated and Separate Financial Statements*. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are 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

The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the 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, the Group's presentation currency, are translated using the exchange rates in effect at the balance sheet date. Income and expenses are translated into Euro 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 2012 | At 31 December 2012 | Average 2011 | At 31 December 2011 |
|----------------|--------------|---------------------|--------------|---------------------|
| U.S. Dollar    | 1.285        | 1.319               | 1.392        | 1.294               |
| Pound Sterling | 0.811        | 0.816               | 0.868        | 0.835               |
| Swiss Franc    | 1.205        | 1.207               | 1.233        | 1.216               |
| Polish Zloty   | 4.185        | 4.074               | 4.121        | 4.458               |
| Brazilian Real | 2.508        | 2.704               | 2.327        | 2.416               |
| Argentine Peso | 5.836        | 6.478               | 5.742        | 5.561               |
| Serbian Dinar  | 113.120      | 113.718             | 101.978      | 104.858             |

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 acquired 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. Any changes in fair value after the measurement period are recognised in profit or loss.

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 the 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 (including Engines)      | 3 -12       |
| Components and Production Systems | 2 - 15      |

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:

|                                | <b>Depreciation rates</b> |
|--------------------------------|---------------------------|
| Buildings                      | 3% - 8%                   |
| Plant, machinery and equipment | 3% - 33%                  |
| Other assets                   | 5% - 33%                  |

Land is not depreciated.

**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 assesses at the end of each reporting period whether there is any indication that its intangible assets (including development costs) and its property, plant and equipment may be impaired. Goodwill and Intangible assets with indefinite useful lives are tested for impairment annually or more frequently, if there is an indication that an 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 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 of 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.

**Transfers of financial assets**

The Group derecognises financial assets when, and only when, the contractual rights to the cash flows arising from the assets no longer hold or if the Group transfers the financial activities. In case of a transfer of financial asset:

- if the Group transfers substantially all the risks and rewards of ownership of the financial asset, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer;
- if the Group retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the financial asset;
- if the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it determines whether it has retained control of the financial asset. In this case:
  - ▣ if the Group has not maintained control, it derecognises the financial asset and recognises separately as assets and liabilities any rights and obligations created or retained in the transfer;
  - ▣ if the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset.

On derecognition of a financial assets, the difference between the carrying amount of the asset and the consideration received or receivable for the transfer of the asset is recognised in profit or loss.

## 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

Assets and liabilities held for sale and Discontinued Operations are classified as such 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.

Assets 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 the 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

In accordance with IAS 20, 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 for accounting purposes 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 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 and financial instruments.

**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 persisting difficulties of the economic and financial environment in the Eurozone led to the need to make assumptions regarding future performance which are characterised by significant levels of 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 assets and liabilities, 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 IFRS 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.

#### *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 recognises 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 persisting difficult economic and financial situation in Europe as well as the remaining uncertainty for the other environments where the Group operates, the various regions and operating segments of the Group have taken into consideration the expected performance for 2013 and 2014 consistent with the updated financial plan communicated on 30 October 2012. Assumptions and results are consistent with the statements made in the section – Subsequent events and outlook. In addition, for the plans of subsequent years, prudent assumptions have been made considering the persistent difficult and uncertain trading environment. Future expected cash flows also consider the effects of the process for the continuing strategic realignment of the manufacturing and commercial activities of Fiat with those of Chrysler, which accelerated from 2011 following the acquisition of the control of Chrysler, and is progressing in line with expectations. On the basis of these considerations, the Group assessed the recoverability of the book value at 31 December 2012 for the Net Capital Employed pertaining to the EMEA car mass market operations. Given the strategy announced on 30 October 2012, to redeploy the industrial assets in EMEA to produce a renewed product portfolio focused on upper-end segments and international brands, it was considered reasonable to use cash flow projections for the period 2013-2018. These were discounted at a base 13.14% pre-tax Weighted Average Cost of Capital (WACC) and the long term growth rate was prudently assumed to be 0%. Sensitivities were performed simulating two different scenarios: a) WACC was increased by 1% for 2017 and 2% for 2018 and for Terminal Value; b) cash-flows were reduced by estimating the impact of a 10% decrease in the European car market demand for 2016-2018 as compared to the base assumptions. In all cases the recoverable amount of the net assets continue to be higher than their book value. Furthermore an analysis on specific classes of assets was also performed leading to the recognition of a €108 million write down in 2012 mainly related to Development costs and Tangible assets (see Notes 15 and 16). In 2011, a total of €713 million of impairment losses were recognised regarding Goodwill, Development costs and Tangible assets mainly in the car mass market operations in EMEA and the Components and Production Systems segments.

The estimates and assumptions used as part of this analysis reflect the current state of the Group's available knowledge as to the expected future development of the businesses of the various regions and operating segments 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 the industry. Although current Group estimates do not indicate any other business areas with possible impairment losses on non-current assets, any future developments in the economic environment or Group performance that result in actual performance that differs from the original estimates, could result in the need for the carrying amounts of certain non-current assets to be adjusted in future periods.

#### *Recoverability of deferred tax assets*

At 31 December 2012, the Fiat Group had deferred tax assets on deductible temporary differences and theoretical tax benefits arising from tax loss carry-forwards of €9,749 million, of which €4,918 million is not recognised in the financial statements. The corresponding balances at 31 December 2011 were €9,202 million and €4,363 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 plans for subsequent years 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 plans, taking into account the fact that the net deferred tax assets recognised relate both to temporary differences and to tax losses which, to a significant extent, may be recovered over an indefinite time period and are therefore recoverable even in a scenario where the time needed 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 together 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 rates of salary increases and the rates of health care cost increases and the likelihood of potential future events estimated by using demographic assumptions such as mortality rates, dismissal and retirement rates.

In particular, the discount rates selected are based on yield 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. Rates of salary increases 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*

The Group recognises the estimated cost of sales allowances in the form of dealer and customer incentives as a reduction of revenue at the moment revenue is recognised and later if new or changed incentives are subsequently announced to dealers. There are numerous types of incentives used in the Group, and these change frequently in response to market conditions; 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 status 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 2012

On 7 October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures*, adopted prospectively by the Group from 1 January 2012. The amendments allow 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. The application of these amendments had no significant effect on the disclosures presented in this Annual Report nor on the measurement of the related items. For further details see Note 19 *Current receivables and Other current assets-Transfer of financial assets*.

### Accounting standards, amendments and interpretations effective from 1 January 2012 but not applicable to the Group

The following amendment, effective from 1 January 2012, relates to matters that were not applicable to the Group at the date of this Annual Report, but may affect the accounting for future transactions or arrangements.

- On 20 December 2010, the IASB issued a minor 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 for annual periods beginning on or after 1 January 2012.

### Accounting standards and amendments not yet applicable and not early adopted by the Group

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, at the latest for annual reporting periods beginning on or after 1 January 2014. At the date of this Annual Report the Group is assessing any effects which may result from the adoption of the standard whose effective date for the Group will be communicated in the interim report for the first quarter of 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, at the latest for annual reporting periods beginning on or after 1 January 2014. 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). At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standard whose effective date for the Group will be communicated in the interim report for the first quarter of 2013.

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 at the latest for annual reporting periods beginning on or after 1 January 2014. At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standard whose effective date for the Group will be communicated in the interim report for the first quarter of 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. The application of this new standard is not expected to have any significant effects on the Group’s financial statement.



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. The application of this amendment is not expected to have any significant effects on the measurement of items in the Group's financial statement.

On 16 June 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits* applicable retrospectively for the year beginning 1 January 2013. The amendment modifies the requirements for recognising defined benefit plans and termination benefits. The main changes concerning defined benefit plans regard the recognition of the entire plan deficit or surplus in the balance sheet, the introduction of net interest expense and the classification of net interest expense arising from defined benefit plans. In detail:

- **Recognition of the plan deficit or surplus:** the amendment removes the previous option of being able to defer actuarial gains and losses under the off balance sheet “corridor method”, requiring these to be recognised directly in other comprehensive income. In addition, the amendment requires the immediate recognition of past service costs in profit or loss.
- **Net interest expense:** The concepts of interest expense and expected return on plan assets are replaced by the concept of net interest expense on the net plan deficit or surplus, which consists of:
  - ▣ the interest expense calculated on the present value of the liability for defined benefit plans,
  - ▣ the interest income arising from the valuation of the plan assets, and
  - ▣ the interest expense or income arising from any limits to the recognition of the plan surplus.

Net interest expense is calculated for all above components by using the discount rate applied for valuing the obligation for defined benefit plans at the beginning of the period.

- **Classification of net interest expense:** In accordance with the new definition of net interest expense set out in the standard, net interest expense on defined benefit plans will be recognised as Financial income/(expenses) in the income statement. In the application of the current version of IAS 19, the Group is recognising all the income and expense arising from the valuation of funded pension plan assets and liabilities in operating costs by functional area, while the financial cost relating to Other post-employment benefits (defined benefit plans), which are unfunded, are included in Financial income/(expenses).

In accordance with the transitional rules included in paragraph 173 of IAS 19, the Group will apply the standard retrospectively from 1 January 2013, adjusting the opening balance sheet at 1 January 2012 and the income statement for 2012 as if the amendments to IAS 19 had always been applied. At the date of this Annual report, the Group estimated that the adoption effect as of 1 January 2012 of the revised standard would lead to an increase in the liability for employee benefits of approximately €2.6 billion and approximately €4.8 billion at 31 December 2011 and 2012 respectively and a decrease in net equity (other comprehensive gains and losses) of approximately €2.6 billion and approximately €4.8 billion at the same dates. As a result of recognising a net interest expense and classifying it in financial charges, the Group estimates a decrease in the net income for 2012 of approximately €0.47 billion, of which approximately €0.23 billion lower trading profit and approximately €0.24 billion higher financial expense. Due to the tax position of the entities involved current or deferred tax impacts are expected to be negligible.

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 1 January 2013, and interim periods within those annual periods. The required disclosures should be provided retrospectively. The application of this interpretation is not expected to have any significant effects on the Group's financial statement.

In addition, at the date of this Annual report, the European Union had not yet completed its endorsement process for these standards and amendments:

- On 12 November 2009, the IASB issued a new standard IFRS 9 – *Financial Instruments* that was subsequently amended. The 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 the income statement.
- On 17 May 2012, the IASB issued a set of amendments to IFRSs (“*Annual Improvement to IFRS’s – 2009-2011 Cycle*”) that are applicable retrospectively from 1 January 2013; set out below are those that may lead to changes in the presentation, recognition or measurement of financial statement items, excluding those that only regard changes in terminology or editorial changes having a limited accounting effect and those that affect standards or interpretations that are not applicable to the Fiat Group.
  - IAS 1 – *Presentation of Financial Statements*: the amendment clarifies the way in which comparative information should be presented when an entity changes accounting policies or retrospectively restates or reclassifies items in its financial statements and when an entity provides comparative information in addition to the minimum comparative financial statements;
  - IAS 16 – *Property, plant and equipment*: the amendment clarifies that items such as spare parts, stand-by equipment and servicing equipment, shall be recognised in accordance with IAS 16 when they meet the definition of Property, plant and equipment, otherwise such items shall be classified as Inventory;
  - IAS 32 – *Financial instruments: Presentation*: the amendment eliminates an inconsistency between IAS 12 – Income Taxes and IAS 32 concerning the recognition of taxation arising from distributions to shareholders, establishing that these shall be recognised in profit or loss to the extent the distribution refers to income generated by transactions originally recognised in profit or loss.

## Scope of consolidation

### *Consolidated entities*

The consolidated financial statements of the Fiat Group at 31 December 2012 include Fiat S.p.A. and 297 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.

There were no significant changes in the scope of consolidation in 2012, although the following minor changes occurred:

- in early January 2012, Fiat announced that the “*Ecological Event*” (Third performance event established in the *Chrysler’s LLC Operating Agreement*, as amended) had been achieved, leading to a further 5% increase of its holding in Chrysler. At 31 December 2012 Fiat had a 58.5% ownership interest in Chrysler;
- AKAT Automotive Distribution Company Private Limited, whose name was subsequently changed to Fiat Group Automobiles India Private Limited, was established in India and will assume responsibility for all commercial, distribution and service related activities from the current joint Tata Motors-Fiat dealerships assigned to manage the Fiat brand. The investment was initially measured at cost and now is consolidated on a line by line basis;
- Some minor subsidiaries belonging to the Components and Production System operating segment and the company FGA Austro Car GmbH belonging to the EMEA region, whose total assets and revenues are not material for the Group, were consolidated on a line-by-line basis.

In addition, as part of the discussions which began in 2011 on the future of the Fiat-PSA Peugeot Citroën JVs, on 26 July 2012 the Group entered into an agreement with PSA Peugeot Citroën providing for the transfer of its shareholding in the Sevelnord Société Anonyme joint venture at a symbolic value. In accordance with IFRS 5, the Group has reclassified its investment in Sevelnord Société Anonyme within assets held for sale and measured it at fair value, by recognising an unusual loss of €91 million in the second quarter of 2012.

Amounts reported in the Consolidated income statement and statement of cash flows for 2011 include the operations of Chrysler which has been consolidated since 1 June 2011.

Excluded from consolidation are 68 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, 45 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 (50 companies, including 26 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 2012 | At 31 December 2011 |
|---------------------|---------------------|---------------------|
| Non-current assets  | 1,984               | 1,965               |
| Current assets      | 8,790               | 9,242               |
| <b>TOTAL ASSETS</b> | <b>10,774</b>       | <b>11,207</b>       |
| Debt                | 7,602               | 8,134               |
| Other liabilities   | 1,601               | 1,595               |

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)                | 2012  | 2011  |
|----------------------------|-------|-------|
| Net revenues               | 4,381 | 4,703 |
| Trading profit/(loss)      | 230   | 246   |
| EBIT                       | 225   | 234   |
| Profit/(loss) before taxes | 200   | 240   |
| Profit/(loss)              | 148   | 143   |

At 31 December 2012, 8 associates are accounted for using the equity method, while 24 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 2012 | At 31 December 2011 |
|--------------|---------------------|---------------------|
| Total assets | 294                 | 386                 |
| Liabilities  | 218                 | 240                 |

| (€ million)       | 2012 | 2011 |
|-------------------|------|------|
| Net revenues      | 182  | 208  |
| Net profit/(loss) | (38) | (4)  |

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

| (€ million)  | At 31 December 2012 | At 31 December 2011 |
|--------------|---------------------|---------------------|
| Total assets | 35                  | 22                  |
| Liabilities  | 16                  | 8                   |

| (€ million)       | 2012 | 2011 |
|-------------------|------|------|
| Net revenues      | 48   | 44   |
| Net profit/(loss) | 4    | 1    |

#### Investment in Chrysler

Chrysler has been consolidated on a line-by-line basis effective 1 June 2011 following acquisition of control as defined by IAS 27 – *Consolidated and Separate Financial Statements* due to increasing the ownership to 46% (on a fully-diluted basis) on 24 May 2011 (the “Acquisition date”) in addition to the potential voting rights associated with options that became exercisable on the same date. The acquisition of the control of Chrysler represents a business combination achieved in stages falling under the scope of IFRS 3 - *Business Combinations*. During 2011, Fiat recognised the following accounting treatment for the business combination (effects in US Dollars translated into Euros using the exchange rate of 1.4385 at 1 June 2011):

- The previously held 30% ownership interest in Chrysler initially recognised at zero by Fiat was remeasured at fair value at the Acquisition date and the resulting gain of €1,729 million (\$2,487 million) was 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.
- The identifiable assets acquired and identifiable liabilities assumed 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 was completed in December 2011.
- Non-controlling interests of 54% on a fully-diluted basis, were recognised at €3,112 million (\$4,477 million) at 1 June 2011, 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)      |
| <b>GOODWILL</b>   | <b>=</b>                | <b>12,401</b> | <b>8,621</b> |

- Fiat's contractual right to receive an additional 5% ownership interest in Chrysler with no monetary consideration 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 1 June 2011. The resulting gain of €288 million (\$415 million) was 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 for this transaction and the related net cash flows were as follows:

|   | (\$ million)   | (€ million)    |
|---|----------------|----------------|
| <b>CONSIDERATION PAID</b>                               | <b>1,268</b>   | <b>881</b>     |
| Net cash outflows/(inflows) on acquisition:             |                |                |
| Consideration paid                                      | 1,268          | 881            |
| Cash and cash equivalents acquired                      | (9,358)        | (6,505)        |
| <b>TOTAL NET CASH OUTFLOWS/(INFLOWS) ON ACQUISITION</b> | <b>(8,090)</b> | <b>(5,624)</b> |

In addition, in the third quarter of 2011, Fiat acquired additional interests in Chrysler from the U.S. Treasury and Canadian government (6.031% and 1.508% on a fully-diluted basis) for cash consideration of \$500 million and \$125 million respectively (€351 million and €87 million respectively) and 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, of which \$15 million was paid to the Canadian government pursuant to a separate arrangement between the U.S. Treasury and the Canadian government. As a result of these transactions, Fiat's ownership interest in Chrysler at 31 December 2011 was 53.5% (on a fully-diluted basis). The acquisition of these non-controlling interests was recognised to equity.

In January 2012, Fiat announced that the third performance event ("*Ecological Event*") established in *Chrysler's LLC Operating Agreement*, as amended through the date hereof, had been achieved, leading to a further 5% increase of its holding in Chrysler. At 31 December 2012 Fiat had a 58.5% ownership interest in Chrysler.

At the date of this Annual report, Fiat holds the following options and rights:

- VEBA Trust Call Option: the VEBA Trust 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, and covers up to 40% of the membership interests currently held by the VEBA Trust, less any membership interests previously transferred under the *Equity Recapture Agreement* described below, and may be exercised for no more than 8% of such membership interests in any six month period. The price of the membership interests acquired in connection with the exercise of the VEBA Trust Call Option is dependent on whether or not a Chrysler Group Initial Public Offering ("IPO") has been completed at the time the option is exercised. If a Chrysler Group IPO has not occurred, the exercise price for this option is 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 is equal to the Chrysler Group IPO price. Subsequent to a Chrysler Group IPO, the exercise price is determined by reference to a volume-weighted average price per share of Chrysler Group's common stock. On 3 July 2012, Fiat notified VEBA of Fiat's exercise of its option to purchase a portion of VEBA's ownership interest in Chrysler. That tranche represents approximately 3.3% of Chrysler's outstanding equity. On 26 September 2012, Fiat announced that Fiat North America (a wholly-owned subsidiary) was seeking a declaratory judgment from the Delaware Court of Chancery to confirm the price to be paid for the stake, since the parties had not reached an agreement on the purchase price. On 3 January 2013, Fiat notified VEBA of its exercise of its option to purchase a second tranche of the interest held in Chrysler Group LLC by VEBA, representing approximately 3.3% of Chrysler's outstanding equity. In the event that these pending transactions are completed as contemplated, Fiat will hold approximately 65.17% of the outstanding equity in Chrysler.

- 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 1 January 2010 ("Threshold Amount"). Once the VEBA Trust receives the Threshold Amount, any additional proceeds payable to the VEBA Trust for the Chrysler membership interests and any membership interests 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 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.

For a more detailed description of the acquisition of control of Chrysler reference should be made to the Note *-Investment in Chrysler* in the Consolidated Financial Statements at 31 December 2011.

#### Other acquisitions or disposals

No significant subsidiaries were acquired or disposed of in 2012. As discussed above during the year, the Group acquired additional interests in Chrysler with the following cash outflows:

|                    | Purchased interest<br>(in %) | Cash outflows<br>on acquisition<br>(€ million) |
|--------------------|------------------------------|--|
| Chrysler Group LLC | 5%                           | 0  |

During 2011, the Group, after having obtained a controlling interest, acquired additional non-controlling interests in Chrysler as well as the investment in the joint venture VM Motori with the following cash outflows:

|                    | Purchased interest<br>(in %) | Cash outflows<br>on acquisition<br>(€ million) |
|--------------------|------------------------------|--|
| Chrysler Group LLC | 7.5%                         | (438)  |
| VM Motori S.p.A.   | 50.0%                        | (34)   |

Finally, the Group has disposed of certain minor investments during 2011, including a minor subsidiary of the Ferrari sector that was been 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.

## Composition and principal changes

For comparative purposes it should be noted that the Income statement for 2011 includes the operations of Chrysler for the seven months period from 1 June 2011.

### 1. Net revenues

Net revenues may be analysed as follows:

| (€ million)   | 2012          | 2011 (*)      |
|---|---------------|---------------|
| Sales of goods  | 80,278        | 55,751        |
| Services provided   | 2,049         | 2,140         |
| Contract revenues   | 1,086         | 977           |
| Lease instalments for assets sold with a buy-back commitment and for operating leases     | 244           | 255           |
| Interest income from customers and other financial income of financial services companies | 277           | 235           |
| Other   | 23            | 201           |
| <b>Total Net revenues</b>   | <b>83,957</b> | <b>59,559</b> |

(\*) Amounts reported for 2011 include the consolidation of Chrysler from 1 June 2011.

### 2. Cost of sales

Cost of sales amounts to €71,474 million in 2012 (€50,704 million in 2011) and includes €158 million (€148 million in 2011) of interest cost and other financial expenses from financial services companies.

### 3. Selling, general and administrative costs

Selling costs amount to €4,339 million in 2012 (€3,264 million in 2011) and mainly consist of marketing, advertising, and sales personnel costs.

General and administrative costs amount to €2,392 million in 2012 (€1,783 million in 2011) and mainly consist of administration expenses which are not attributable to sales, manufacturing or research and development functions.

### 4. Research and development costs

The breakdown of Research and development costs is as follows:

| (€ million)   | 2012         | 2011 (*)     |
|---|--------------|--------------|
| Research and development costs not recognised as assets | 1,157        | 737          |
| Amortisation of capitalised development costs           | 621          | 626          |
| Write-down of costs previously capitalised              | 57           | 4            |
| <b>Total Research and development costs</b>             | <b>1,835</b> | <b>1,367</b> |

(\*) Amounts reported for 2011 include the consolidation of Chrysler from 1 June 2011.

During 2012 the Group capitalised development costs of €2,138 million (€1,438 million in 2011).

## 5. Other income/(expenses)

Other net expenses amounting to €103 million in 2012 (net expenses of €49 million in 2011) consists of miscellaneous operating costs not attributable to specific functional areas, such as accruals to miscellaneous provisions and indirect taxes and duties, net of other income which is not attributable to the typical sales and services operations of the Group.

## 6. Result from investments

In 2012 the net gain, amounting to €107 million (a net gain of €131 million in 2011), consists mainly of the Group's share of €94 million (€146 million in 2011) in the net profit or loss of investees accounted for using the equity method; the item also includes write-downs for impairment, reversals, accruals to provisions against investments and dividends.

In particular, in 2012, the item includes (amounts in € million): investments held by the EMEA region €160 million (€160 million in 2011), the investment in RCS MediaGroup in respect of the investee's loss -€68 million (-€2 million in 2011), investments held by the Components and Production System operating segment €2 million (-€15 million in 2011) and other investments €13 million (-€12 million in 2011).

## 7. Gains/(losses) on the disposal of investments

In 2012, this item includes the write-down of €91 million of the investment in Sevelnord Société Anonyme following its reclassification to Assets held for sale and subsequent measurement at fair value.

In 2011, Gains/(losses) on the disposal of investments amounted to a net gain of €21 million and included, among others, the gain of €8 million arising from the disposal of the investment in Fiat Switzerland to the Fiat Industrial group.

## 8. Restructuring costs

Restructuring costs, a net cost of €15 million in 2012, relates to the EMEA region for €43 million, the Component and Production System operating segment and Other Activities for €20 million. The item includes the release of restructuring provisions previously made by the NAFTA region for €48 million.

Restructuring costs in 2011 amounted to €102 million and mainly related to the EMEA region for €78 million and the Component and Production System operating segment for €16 million.

## 9. Other unusual income/(expenses)

In 2012 other unusual expense of €145 million consists mainly of costs arising from disputes relating to operations terminated in prior years, costs related to the termination of the joint venture Sevelnord Société Anonyme and to the process of rationalising relations with certain suppliers.

Other unusual income amounted to €2,100 million in 2011. Of this, €1,729 million related 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. In 2011, Other unusual income also included 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, included €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 of the same year as a result of the rapid turnover of inventories. The amount of €855 million arising from the other regions and operating segments (mainly the EMEA region) was 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. The above-mentioned amount included the write-down of Goodwill by €224 million, of Development costs by €161 million, and of certain Fixed assets by €302 million.



**10. Financial income/(expenses)**

In addition to the items included in the specific lines of the income statement, the following table also includes for information purposes the interest income from customers and other financial income of financial services companies otherwise included in Net revenues for €277 million (€235 million in 2011) and Interest cost and other financial charges from financial services companies otherwise included in Cost of sales for €158 million (€148 million in 2011).

| (€ million)   | 2012           | 2011 <sup>(*)</sup> |
|---|----------------|---------------------|
| Financial income:   |                |                     |
| Interest income and other financial income  | 254            | 352                 |
| Interest income from customers and other financial income of financial services companies   | 277            | 235                 |
| Gains on disposal of securities   | 2              | 2                   |
| <b>Total Financial income</b>   | <b>533</b>     | <b>589</b>          |
| of which:   |                |                     |
| Financial income, excluding financial services companies (a)  | 256            | 354                 |
| Interest cost and other financial expenses:   |                |                     |
| Interest expense and other financial expenses   | 1,936          | 1,588               |
| Write-downs of financial assets   | 50             | 43                  |
| Losses on disposal of securities  | 9              | 11                  |
| Interest costs on employee benefits   | 144            | 96                  |
| <b>Total Interest and other financial expenses</b>  | <b>2,139</b>   | <b>1,738</b>        |
| <b>Net (income)/expenses from derivative financial instruments and exchange rate differences</b>  | <b>(84)</b>    | <b>46</b>           |
| <b>Total interest and other financial expenses, net (income) expenses from derivative financial instruments and exchange differences</b>  | <b>2,055</b>   | <b>1,784</b>        |
| of which:   |                |                     |
| Interest cost and other financial expenses, net (income) expenses from derivative financial instruments and exchange rate differences, excluding financial services companies (b) | 1,897          | 1,636               |
| <b>Net financial income (expenses) excluding financial services companies (a) – (b)</b>   | <b>(1,641)</b> | <b>(1,282)</b>      |

(\*) Amounts reported for 2011 include the consolidation of Chrysler from 1 June 2011.

Net financial expenses in 2012 (excluding the financial services companies) amount to €1,641 million. This amount includes the net financial expenses of Chrysler of €816 million (€486 million in the 7 months to 31 December 2011), of which interest costs on employee benefit provisions of €104 million (€54 million in the 7 months to 31 December 2011). Net financial expenses also include net income of €34 million (net expense of €108 million in 2011) arising from the equity swaps on Fiat S.p.A. and Fiat Industrial S.p.A. shares relating to certain stock option plans.

In 2011, Interest income and other financial income included 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 2010.

Interest income and other financial income may be analysed as follows:

| (€ million)   | 2012       | 2011 <sup>(*)</sup> |
|---|------------|---------------------|
| Interest income from banks deposits                     | 168        | 211                 |
| Interest income from securities                         | 14         | 8                   |
| Commission income                                       | -          | -                   |
| Other interest income and financial income              | 72         | 133                 |
| <b>Total Interest income and other financial income</b> | <b>254</b> | <b>352</b>          |

(\*) Amounts reported for 2011 include the consolidation of Chrysler from 1 June 2011.

Interest cost and other financial expenses may be analysed as follows:

| (€ million)   | 2012         | 2011 (*)     |
|---|--------------|--------------|
| Interest expenses on bonds                              | 921          | 818          |
| Interest expenses on bank borrowing                     | 347          | 249          |
| Interest expenses on trade payables                     | 3            | 5            |
| Commission expenses                                     | 21           | 10           |
| Other interest cost and financial expenses              | 644          | 506          |
| <b>Total Interest cost and other financial expenses</b> | <b>1,936</b> | <b>1,588</b> |

(\*) Amounts reported for 2011 include the consolidation of Chrysler from 1 June 2011.

## 11. Income taxes

Income taxes recognised in the income statement consist of the following:

| (€ million)                     | 2012        | 2011 (*)    |
|---------------------------------|-------------|-------------|
| Current taxes:                  |             |             |
| IRAP (Italy)                    | 60          | 72          |
| Other taxes                     | 626         | 519         |
| <b>Total Current taxes</b>      | <b>686</b>  | <b>591</b>  |
| Deferred taxes for the period:  |             |             |
| IRAP (Italy)                    | 20          | (8)         |
| Other taxes                     | (89)        | (17)        |
| <b>Total Deferred taxes</b>     | <b>(69)</b> | <b>(25)</b> |
| Taxes relating to prior periods | 8           | (32)        |
| <b>Total Income taxes</b>       | <b>625</b>  | <b>534</b>  |

(\*) Amounts reported for 2011 include the consolidation of Chrysler from 1 June 2011.

The increase in Total income taxes in 2012 compared to 2011, is mainly due to the combined effect of the consolidation of Chrysler for the full year and the improvement in its results, partially offset by the decrease in income taxes arising from the lower taxable profits of certain other non-Italian companies. In 2011 Income taxes also included non-recurring income relating to benefits arising from the recovery of prior year income taxes.

The effective tax rate of the Fiat Group for 2012 (excluding current and deferred IRAP) was 26.7% (21.5% in 2011).

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)   | 2012       | 2011       |
|---|------------|------------|
| <b>Theoretical income taxes</b>   | <b>560</b> | <b>601</b> |
| Tax effect of permanent differences   | (79)       | 1          |
| Tax effect of non-taxable income recognised on the acquisition of control of Chrysler             | -          | (555)      |
| Taxes relating to prior years   | 8          | (32)       |
| Effect of difference between foreign tax rates and the theoretical Italian tax rate               | 165        | 69         |
| Effect of deferred tax assets not recognised in prior years                                       | (529)      | (181)      |
| Effect of deferred tax assets not recognised and write-down of previous years deferred tax assets | 332        | 452        |
| Other differences   | 88         | 115        |
| <b>Current and deferred income tax recognised in the financial statements, excluding IRAP</b>     | <b>545</b> | <b>470</b> |
| IRAP (current and deferred)   | 80         | 64         |
| <b>Current and deferred income tax recognised in the financial statements</b>                     | <b>625</b> | <b>534</b> |

Since the IRAP (an Italian employment-related tax) taxable basis differs from income before taxes, it is excluded in the reconciliation above. Theoretical income taxes are determined by applying only the tax rate in effect in Italy (IRES equal to 27.5% in 2012 and in 2011) to Profit/(loss) before taxes.

As shown in the reconciliation, in 2012 theoretical income taxes were affected by negative permanent differences of €79 million (positive for €1 million in 2011), which consist of the tax effect of non-deductible costs of €209 million (€205 million in 2011) less the tax effect of non-taxable income of €288 million (€204 million in 2011), that includes for €190 million the effect deriving from the transfer of the taxable income generated in the U.S. by Chrysler Group LLC to its minority shareholders due to the “tax transparency” of the company. In 2011 the tax effect of non-taxable income recognised on the acquisition of control of Chrysler arose 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%, which had not been recognised as it relates to temporary differences on the investment and other financial assets that are controlled by the Group whose reversal was 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 a benefit of €529 million (€181 million in 2011) deriving from deductible temporary differences and tax losses for which no deferred tax assets had been recognised in previous years, partially offset by the negative effects of €332 million (€452 million in 2011) deriving from unrecognised deferred tax assets on temporary differences and tax losses originated during the year and the write-down of deferred tax assets recognised in previous periods.

Other differences in the above reconciliation include unrecoverable withholding tax of €95 million (€73 million in 2011).

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 2012 | At 31 December 2011 |
|--------------------------|---------------------|---------------------|
| Deferred tax assets      | 1,736               | 1,690               |
| Deferred tax liabilities | (802)               | (760)               |
| <b>Total</b>             | <b>934</b>          | <b>930</b>          |

The change of €4 million in net deferred tax assets is due to the following:

- net benefit of €69 million deriving from the recognition of deferred tax assets on temporary differences and tax losses originated in the year net of write-down of deferred tax assets relating to prior years;
- recognition directly to equity of net deferred tax liabilities of €23 million;
- exchange rate differences and other changes for a negative amount of €42 million.

Deferred tax assets, net of Deferred tax liabilities may be analysed by source as follows:

| (€ million)  | At 31<br>December<br>2011 | Reclassifi-<br>cations | Recognised<br>in income<br>statement | Charged to<br>equity | Changes in<br>the scope of<br>consolidation | Translation<br>differences<br>and other<br>changes | At 31<br>December<br>2012 |
|--|---------------------------|------------------------|--------------------------------------|----------------------|---|--|---------------------------|
| Deferred tax assets arising from:                                  |                           |                        |                                      |                      |   |  |                           |
| Cash flow hedge reserve  | -                         | 7                      | -                                    | 2                    | -   | -  | 9                         |
| Taxed provisions   | 3,097                     | (271)                  | 162                                  | -                    | 2   | (79)   | 2,911                     |
| Inventories  | 229                       | 22                     | 15                                   | -                    | -   | (2)  | 264                       |
| Taxed allowances for doubtful accounts                             | 85                        | -                      | 9                                    | -                    | -   | (4)  | 90                        |
| Provision for employee benefits                                    | 1,374                     | (302)                  | (50)                                 | -                    | -   | (2)  | 1,020                     |
| Intangible assets  | 419                       | -                      | (38)                                 | -                    | -   | -  | 381                       |
| Write-downs of financial assets                                    | 212                       | 4                      | 12                                   | -                    | -   | -  | 228                       |
| Measurement of derivative financial instruments                    | 33                        | (30)                   | -                                    | -                    | -   | -  | 3                         |
| Other  | 538                       | 912                    | (10)                                 | -                    | 37  | (33)   | 1,444                     |
| <b>Total Deferred tax assets</b>                                   | <b>5,987</b>              | <b>342</b>             | <b>100</b>                           | <b>2</b>             | <b>39</b>                                   | <b>(120)</b>                                       | <b>6,350</b>              |
| Deferred tax liabilities arising from:                             |                           |                        |                                      |                      |   |  |                           |
| Cash flow hedge reserve  | -                         | 16                     | -                                    | (25)                 | -   | -  | (9)                       |
| Accelerated depreciation   | (1,733)                   | 316                    | 35                                   | -                    | (1)   | 29   | (1,354)                   |
| Capitalisation of development costs                                | (800)                     | (296)                  | (140)                                | -                    | -   | 25   | (1,211)                   |
| Trade-marks and other intangibles                                  | -                         | (713)                  | (89)                                 | -                    | -   | 18   | (784)                     |
| Deferred tax on gains on disposal                                  | (14)                      | -                      | 8                                    | -                    | -   | -  | (6)                       |
| Capital investment grants  | (3)                       | -                      | -                                    | -                    | -   | 3  | -                         |
| Provision for employee benefits                                    | (19)                      | -                      | (2)                                  | -                    | -   | -  | (21)                      |
| Other  | (1,340)                   | 786                    | 50                                   | -                    | (1)   | (7)  | (512)                     |
| <b>Total Deferred tax liabilities</b>                              | <b>(3,909)</b>            | <b>109</b>             | <b>(138)</b>                         | <b>(25)</b>          | <b>(2)</b>                                  | <b>68</b>  | <b>(3,897)</b>            |
| <b>Theoretical tax benefit arising from tax loss carryforwards</b> | <b>3,215</b>              | <b>(162)</b>           | <b>392</b>                           | <b>-</b>             | <b>(20)</b>                                 | <b>(26)</b>  | <b>3,399</b>              |
| <b>Adjustments for assets whose recoverability is not probable</b> | <b>(4,363)</b>            | <b>(299)</b>           | <b>(285)</b>                         | <b>-</b>             | <b>(19)</b>                                 | <b>48</b>  | <b>(4,918)</b>            |
| <b>Total Deferred tax assets, net of Deferred tax liabilities</b>  | <b>930</b>                | <b>(10)</b>            | <b>69</b>                            | <b>(23)</b>          | <b>(2)</b>                                  | <b>(30)</b>  | <b>934</b>                |

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 most recent forecasts from budgets and plans. Regarding the Italian entities, despite a tax loss for 2012 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 taking into account changes in Italian tax law in 2011 by which the tax losses can be carried forward indefinitely. Deferred tax assets arising from Italian companies amount to €1,063 million at 31 December 2012 (€1,033 million at 31 December 2011). The total theoretical future tax benefits arising from deductible temporary differences (€6,350 million at 31 December 2012 and €5,987 million at 31 December 2011) and tax loss carry-forwards (€3,399 million at 31 December 2012 and €3,215 million at 31 December 2011) have been reduced by €4,918 million at 31 December 2012 (€4,363 million at 31 December 2011).

In particular, at 31 December 2012 Deferred tax assets, net of Deferred tax liabilities, include tax benefits arising from unused tax losses of €929 million (€783 million at 31 December 2011). At 31 December 2012, further tax benefits arising from unused tax losses amounting to €2,470 million have not been recognised. At 31 December 2011 the corresponding item was €2,432 million.

Deferred taxes have not been provided on the undistributed earnings of subsidiaries, except in cases where it is probable they will be distributed in the foreseeable future.

The totals of deductible and taxable temporary differences and accumulated tax losses at 31 December 2012, together with the amounts for which deferred tax assets have not been recognised, analysed by year of expiry, are as follows:

| (€ million)   | At 31<br>December<br>2012 | Year of expiry |            |            |            |                |                              |
|---|---------------------------|----------------|------------|------------|------------|----------------|------------------------------|
|   |                           | 2013           | 2014       | 2015       | 2016       | Beyond<br>2016 | Unlimited/<br>indeterminable |
| <b>Temporary differences and tax losses relating to State taxation (IRES in the case of Italy):</b> |                           |                |            |            |            |                |                              |
| Deductible temporary differences  | 19,013                    | 4,869          | 2,241      | 2,098      | 2,144      | 7,661          | -                            |
| Taxable temporary differences   | (11,011)                  | (1,642)        | (1,348)    | (1,215)    | (1,222)    | (4,155)        | (1,429)                      |
| Tax losses  | 11,906                    | 42             | 37         | 28         | 257        | 1,745          | 9,797                        |
| Temporary differences and tax losses for which deferred tax assets have not been recognised         | (16,228)                  | (2,038)        | (813)      | (707)      | (604)      | (3,290)        | (8,776)                      |
| <b>Temporary differences and tax losses relating to State taxation</b>                              | <b>3,680</b>              | <b>1,231</b>   | <b>117</b> | <b>204</b> | <b>575</b> | <b>1,961</b>   | <b>(408)</b>                 |
| <b>Temporary differences and tax losses relating to local taxation (IRAP in the case of Italy):</b> |                           |                |            |            |            |                |                              |
| Deductible temporary differences  | 17,714                    | 3,357          | 2,257      | 2,158      | 2,116      | 7,826          | -                            |
| Taxable temporary differences   | (12,166)                  | (1,551)        | (1,364)    | (1,307)    | (1,327)    | (5,100)        | (1,517)                      |
| Tax losses  | 1,702                     | 24             | 21         | 14         | 13         | 835            | 795                          |
| Temporary differences and tax losses for which deferred tax assets have not been recognised         | (7,185)                   | (869)          | (807)      | (795)      | (775)      | (3,168)        | (771)                        |
| <b>Temporary differences and tax losses relating to local taxation</b>                              | <b>65</b>                 | <b>961</b>     | <b>107</b> | <b>70</b>  | <b>27</b>  | <b>393</b>     | <b>(1,493)</b>               |

## 12. Other information by nature

In 2012 the income statement includes personnel costs of €8,116 million (€6,320 million in 2011).

In 2012, Fiat Group had an average number of employees of 205,112 (195,404 employees in 2011), whom 143,727 (140,216 employees in 2011) work for the Fiat Group excluding Chrysler and 61,385 (an average of 55,188 employees calculated for the period June-December 2011) work for Chrysler.

## 13. Earnings/(loss) per share

As explained in Note 24 below, until 21 May 2012 the share capital of Fiat S.p.A. was represented by three classes of shares (ordinary shares, preference shares and savings shares) each of which had different dividend rights. In accordance with the resolution adopted at the extraordinary session of Shareholders' General Meeting of 4 April 2012, as all the necessary conditions precedent had been satisfied, the mandatory conversion of all 103,292,310 Fiat S.p.A. preference shares and 79,912,800 Fiat S.p.A. savings shares into 157,722,163 Fiat S.p.A. ordinary shares, with dividend rights from 2012, took place on 21 May 2012. The conversion ratio was 0.850 ordinary shares per preference share and 0.875 ordinary shares per savings share.

The earnings/(loss) per share, for 2012, that follows takes into account the above-mentioned conversion by dividing the Profit/(loss) attributable to the equity holders of the parent company, by the weighted average number of ordinary shares outstanding during the period (assuming conversion occurred at the beginning of the year). In order to calculate the earnings/(loss) per share for 2011, which is presented for comparative purposes, the three different classes of shares, together with their different dividend rights have been taken into account. For this purpose, the Profit/(loss) attributable to the equity holders of the parent company had been adjusted by the amount of the dividends that would be contractually due to each class of shares in the theoretical event of a total distribution of profits. For this purpose, the amount allocated to each class of shares was then divided by the weighted average number of shares for the period.

The following table provides amounts used in calculation of earnings/(loss) per share for the two periods:

|   |           | 2012             |                  |                   | 2011          |                  |
|---|-----------|------------------|------------------|-------------------|---------------|------------------|
|   |           | Ordinary shares  | Ordinary shares  | Preference shares | Saving shares | Total            |
| Profit/(loss) attributable to owners of the parent        | € million | 348              |                  |                   |               | 1,334            |
| Theoretical preference right                              | € million | -                | -                | 23                | 17            | 40               |
| Profit/(loss) attributable to all classes of shares       | € million | -                | 1,129            | 88                | 77            | 1,294            |
| <b>Profit/(loss) attributable to each class of shares</b> | € million | <b>348</b>       | <b>1,129</b>     | <b>111</b>        | <b>94</b>     | <b>1,334</b>     |
| <b>Average number of shares outstanding</b>               | thousand  | <b>1,215,828</b> | <b>1,054,007</b> | <b>103,292</b>    | <b>79,913</b> | <b>1,237,212</b> |
| <b>Basic earnings/(loss) per share</b>                    | €         | <b>0.286</b>     | <b>1.071</b>     | <b>1.071</b>      | <b>1.180</b>  |                  |

If all the preference and savings shares had been converted at the beginning of 2011 at the above-mentioned conditions, earnings per ordinary share for 2011 would have been €1.101.

In order to calculate the diluted earnings/(loss) per share for 2012 and 2011, the average number of outstanding ordinary shares has been increased to also take into consideration the theoretical effect that would arise if the share based payment plans were to be exercised.

The following tables present the amounts used in the calculation of diluted earnings per share for the periods presented:

|   |           | 2012             |                  |                   | 2011           |                  |
|---|-----------|------------------|------------------|-------------------|----------------|------------------|
|   |           | Ordinary shares  | Ordinary shares  | Preference shares | Savings shares | Total            |
| <b>Profit/(loss) attributable to each class of shares</b>                     | € million | <b>348</b>       | <b>1,129</b>     | <b>111</b>        | <b>94</b>      | <b>1,334</b>     |
| <b>Average number of shares considered for the diluted earnings per share</b> | thousands | <b>1,225,868</b> | <b>1,063,684</b> | <b>103,292</b>    | <b>79,913</b>  | <b>1,246,889</b> |
| <b>Diluted earnings/(loss) per share</b>                                      | €         | <b>0.284</b>     | <b>1.063</b>     | <b>1.063</b>      | <b>1.172</b>   |                  |

If all the preference and savings shares had been converted at the beginning of 2011 at the above-mentioned conditions, diluted earnings per ordinary share for 2011 would have been €1.093.

**14. Goodwill and intangible assets with indefinite useful lives**

In 2012 and 2011, changes in the gross carrying amount of Goodwill and intangible assets with indefinite useful lives were as follows:

| (€ million)  | At 31<br>December<br>2011 | Additions | Change in<br>the scope of<br>consolidation | Impairment<br>losses | Translation<br>differences<br>and other<br>changes | At 31<br>December<br>2012 |
|--|---------------------------|-----------|--|----------------------|--|---------------------------|
| Gross amount   | 10,864                    | -         | -  | -                    | (220)  | 10,644                    |
| Accumulated impairment losses                                      | (421)                     | -         | -  | -                    | 7  | (414)                     |
| Goodwill   | 10,443                    | -         | -  | -                    | (213)  | 10,230                    |
| Brands   | 2,770                     | -         | -  | -                    | (53)   | 2,717                     |
| <b>Goodwill and intangible assets with indefinite useful lives</b> | <b>13,213</b>             | -         | -  | -                    | <b>(266)</b>                                       | <b>12,947</b>             |

| (€ million)  | At 31<br>December<br>2010 (*) | Additions | Change in<br>the scope of<br>consolidation | Impairment<br>losses | Translation<br>differences<br>and other<br>changes | At 31<br>December<br>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                     |
| <b>Goodwill and intangible assets with indefinite useful lives</b> | <b>1,083</b>                  | -         | <b>11,110</b>                              | <b>(224)</b>         | <b>1,244</b>                                       | <b>13,213</b>             |

(\*) The balances at 31 December 2010 relate to Fiat Group post demerger to Fiat Industrial.

Net foreign exchange effects in 2012 arose mainly from changes in the Us Dollar/Euro rate.

The increases in Goodwill and Brands in 2011 arise from the acquisition of the control of Chrysler and its subsequent consolidation.

The Impairment loss recognised in 2011 mainly related to Production Systems (€130 million) and Components (€69 million).

**Brands**

Brands arise almost exclusively from the NAFTA region. The amount of €2,717 million at 31 December 2012 (€2,770 million at 31 December 2011) mainly comprises the net carrying amount of the brands Chrysler, Jeep, Dodge, Ram 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 carrying amount of brands is tested annually and the Group recognises an impairment loss if book value exceeds the recoverable amount. For the purpose of impairment testing, the Brands are allocated to the NAFTA 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 consists principally of goodwill resulting from the acquisition of the control of Chrysler for €9,372 million (€9,585 million at 31 December 2011) and the purchase of certain interests in Ferrari S.p.A. for €786 million (€786 million at 31 December 2011).

Goodwill is allocated to the Group's cash-generating units that are expected to benefit from synergies of the business combination that generated it.

As of 31 December 2011, goodwill related to the acquisition of control of Chrysler was fully allocated to the Chrysler reporting segment. Effective 1 September 2011, the Group undertook significant organizational changes, including the operations of the mass-market brands. The mass-market brands were previously reported under the sectors of Fiat Group Automobiles, Fiat Powertrain and Chrysler. The mass market brands are now being attributed to four geographical regions. Refer to Note 33 for additional information regarding the organizational changes and the Group's reporting segments. Effective 1 January 2012, the reporting segments have been revised to reflect the new structure of the Group and the goodwill related to the former Chrysler reporting segment has been reallocated to the applicable regions.

From an operating standpoint, substantially all of Chrysler's industrial and product development asset base is located in NAFTA while the other regions manage the distribution of Chrysler Group vehicles in their respective markets with the exception of limited assembly activity of certain Chrysler Group vehicles in LATAM.

On 1 January 2012, goodwill was reallocated to each region based on the relative value of the total invested capital of each region that comprised the former Chrysler operating segment.

The net carrying amount of goodwill allocated to each of our operating segments at 31 December is as follows:

| (€ million)                           | At 31 December 2012 | At 31 December 2011 |
|---------------------------------------|---------------------|---------------------|
| Chrysler                              | -                   | 9,585               |
| NAFTA                                 | 7,661               | -                   |
| APAC                                  | 1,012               | -                   |
| LATAM                                 | 482                 | -                   |
| EMEA                                  | 217                 | -                   |
| Ferrari                               | 786                 | 786                 |
| Components                            | 51                  | 51                  |
| Other activities                      | 21                  | 21                  |
| <b>Goodwill (net carrying amount)</b> | <b>10,230</b>       | <b>10,443</b>       |

In accordance with IAS 36, goodwill is not amortised and is tested for impairment annually or more frequently if facts or circumstances 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 ("CGU") to which goodwill has been allocated. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

Goodwill allocated to NAFTA represents approximately 75% of the Group's total goodwill. Additionally, almost all of the carrying value of the Group's recognized brand names intangible assets pertain to the NAFTA region. The estimate of the NAFTA CGU's value in use for purposes of performing the annual impairment test was based on the following assumptions:

- The expected future cash flows for the NAFTA region covering the period from 2013 through 2016. These cash flows represent management's best estimate of the future operating performance of the CGU during the period under consideration. The expected future cash flows relate to the CGU 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, and discounted using a discount rate appropriate for that currency.
- The expected future cash flows include a normalised terminal period used to estimate the future results beyond the time period explicitly considered. Based upon the business environment in which the NAFTA CGU 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%.
- Post-tax expected future cash flows were discounted using a post-tax Weighted Average Cost of Capital ("WACC") of 8.3%. The WACC used reflects the current market assessment of the time value of money for the period being considered and the risks specific to the CGU under consideration. The WACC was calculated 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. Additionally, to prudently consider the uncertainty of the current economic environment and future market conditions, the cost of equity component of the WACC was progressively increased by a 50 basis point risk premium for the years 2014 through 2016 and by 300 basis points in the terminal period.



- In addition to the analysis described above, the Group also performed a sensitivity analysis increasing the base WACC assumptions described above by 1%. After performing this sensitivity analysis, the recoverable amount of the CGU still exceeded the carrying amount.
- Impairment tests for other regions to which the Chrysler goodwill was reallocated were based on the expected future cash flows for the respective regions covering the period from 2013 through 2016. The assumptions used to determine the WACCs, the risk premiums and to perform the sensitivity analyses were consistent with those described above for the NAFTA region. Cash flows were measured in U.S. Dollars and base WACCs of 9.1%, 11.5% and 10.4% were used for the APAC, LATAM and EMEA regions respectively. After performing the sensitivity analyses, the recoverable amount of the APAC, LATAM and EMEA CGUs still exceeded their carrying amounts.

For the Ferrari sector, the CGU 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 2013 budget and the expected 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 8.05%. The recoverable amount of the CGU 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.

### 15. Other intangible assets

In 2012 and 2011, changes in the gross carrying amount of Other intangible assets were as follows:

| (€ million)   | At 31<br>December<br>2011 | Additions    | Divestitures | Changes in<br>the scope of<br>consolidation | Translation<br>differences<br>and other<br>changes | At 31<br>December<br>2012 |
|---|---------------------------|--------------|--------------|---|--|---------------------------|
| Development costs externally acquired                 | 3,841                     | 1,547        | (4)          | -   | (157)  | 5,227                     |
| Development costs internally generated                | 4,116                     | 591          | (51)         | -   | (19)   | 4,637                     |
| <b>Total Development costs</b>                        | <b>7,957</b>              | <b>2,138</b> | <b>(55)</b>  | <b>-</b>                                    | <b>(176)</b>                                       | <b>9,864</b>              |
| Patents, concessions and licenses externally acquired | 1,982                     | 175          | (35)         | -   | (22)   | <b>2,100</b>              |
| Other intangible assets externally acquired           | 606                       | 72           | (27)         | -   | (26)   | <b>625</b>                |
| <b>Gross carrying amount</b>                          | <b>10,545</b>             | <b>2,385</b> | <b>(117)</b> | <b>-</b>                                    | <b>(224)</b>                                       | <b>12,589</b>             |

| (€ million)   | At 31<br>December<br>2010 (*) | Additions    | Divestitures | Changes in<br>the scope of<br>consolidation | Translation<br>differences<br>and other<br>changes | At 31<br>December<br>2011 |
|---|-------------------------------|--------------|--------------|---|--|---------------------------|
| Development costs externally acquired                 | 3,116                         | 681          | (2)          | -   | 46   | 3,841                     |
| Development costs internally generated                | 3,507                         | 757          | (12)         | -   | (136)  | 4,116                     |
| <b>Total Development costs</b>                        | <b>6,623</b>                  | <b>1,438</b> | <b>(14)</b>  | <b>-</b>                                    | <b>(90)</b>  | <b>7,957</b>              |
| Patents, concessions and licenses externally acquired | 742                           | 115          | (35)         | 1,026                                       | 134  | <b>1,982</b>              |
| Other intangible assets externally acquired           | 583                           | 50           | (10)         | (1)   | (16)   | <b>606</b>                |
| <b>Gross carrying amount</b>                          | <b>7,948</b>                  | <b>1,603</b> | <b>(59)</b>  | <b>1,025</b>                                | <b>28</b>  | <b>10,545</b>             |

(\*) The balances at 31 December 2010 relate to Fiat Group post demerger to Fiat Industrial.

In 2012 and 2011 changes in accumulated amortisation and impairment losses were as follow:

| (€ million)   | At 31<br>December<br>2011 | Amortisation | Impairment<br>losses | Divestitures | Changes in<br>the scope of<br>consolidation | Translation<br>differences<br>and other<br>changes | At 31<br>December<br>2012 |
|---|---------------------------|--------------|----------------------|--------------|---|--|---------------------------|
| Development costs externally acquired                 | 2,280                     | 234          | 19                   | -            | -   | (97)   | 2,436                     |
| Development costs internally generated                | 2,157                     | 387          | 38                   | (45)         | -   | (21)   | 2,516                     |
| <b>Total Development costs</b>                        | <b>4,437</b>              | <b>621</b>   | <b>57</b>            | <b>(45)</b>  | <b>-</b>                                    | <b>(118)</b>                                       | <b>4,952</b>              |
| Patents, concessions and licenses externally acquired | 705                       | 208          | -                    | (34)         | -   | (4)  | 875                       |
| Other intangible assets externally acquired           | 416                       | 52           | 1                    | (26)         | -   | (18)   | 425                       |
| <b>Accumulated amortisation and impairment</b>        | <b>5,558</b>              | <b>881</b>   | <b>58</b>            | <b>(105)</b> | <b>-</b>                                    | <b>(140)</b>                                       | <b>6,252</b>              |

| (€ million)   | At 31<br>December<br>2010 (*) | Amortisation | Impairment<br>losses | Divestitures | Changes in<br>the scope of<br>consolidation | Translation<br>differences<br>and other<br>changes | At 31<br>December<br>2011 |
|---|-------------------------------|--------------|----------------------|--------------|---|--|---------------------------|
| Development costs externally acquired                 | 1,989                         | 270          | 38                   | -            | -   | (17)   | 2,280                     |
| Development costs internally generated                | 1,725                         | 356          | 127                  | (11)         | -   | (40)   | 2,157                     |
| <b>Total Development costs</b>                        | <b>3,714</b>                  | <b>626</b>   | <b>165</b>           | <b>(11)</b>  | <b>-</b>                                    | <b>(57)</b>  | <b>4,437</b>              |
| Patents, concessions and licenses externally acquired | 585                           | 137          | -                    | (29)         | (7)   | 19   | 705                       |
| Other intangible assets externally acquired           | 382                           | 50           | 1                    | (8)          | 1   | (10)   | 416                       |
| <b>Accumulated amortisation and impairment</b>        | <b>4,681</b>                  | <b>813</b>   | <b>166</b>           | <b>(48)</b>  | <b>(6)</b>                                  | <b>(48)</b>  | <b>5,558</b>              |

(\*) The balances at 31 December 2010 relate to Fiat Group post demerger to Fiat Industrial.

In 2012 and in 2011 changes in the net carrying amount of Other intangible assets were as follows:

| (€ million)   | At 31<br>December<br>2011 | Additions    | Amorti-<br>sation | Impairment<br>losses | Divesti-<br>tures | Change<br>in the scope<br>of consoli-<br>dation | Translation<br>diff. and<br>other<br>changes | At 31<br>December<br>2012 |
|---|---------------------------|--------------|-------------------|----------------------|-------------------|---|--|---------------------------|
| Development costs externally acquired                 | 1,561                     | 1,547        | (234)             | (19)                 | (4)               | -   | (60)   | 2,791                     |
| Development costs internally generated                | 1,959                     | 591          | (387)             | (38)                 | (6)               | -   | 2  | 2,121                     |
| <b>Total Development costs</b>                        | <b>3,520</b>              | <b>2,138</b> | <b>(621)</b>      | <b>(57)</b>          | <b>(10)</b>       | <b>-</b>  | <b>(58)</b>                                  | <b>4,912</b>              |
| Patents, concessions and licenses externally acquired | 1,277                     | 175          | (208)             | -                    | (1)               | -   | (18)   | 1,225                     |
| Other intangible assets externally acquired           | 190                       | 72           | (52)              | (1)                  | (1)               | -   | (8)  | 200                       |
| <b>Net carrying amount</b>                            | <b>4,987</b>              | <b>2,385</b> | <b>(881)</b>      | <b>(58)</b>          | <b>(12)</b>       | <b>-</b>  | <b>(84)</b>                                  | <b>6,337</b>              |

| (€ million)   | At 31<br>December<br>2010 (*) | Additions    | Amorti-<br>sation | Impairment<br>losses | Divesti-<br>tures | Change<br>in the scope<br>of consoli-<br>dation | Translation<br>diff. and<br>other<br>changes | At 31<br>December<br>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                     |
| <b>Total Development costs</b>                        | <b>2,909</b>                  | <b>1,438</b> | <b>(626)</b>      | <b>(165)</b>         | <b>(3)</b>        | <b>-</b>  | <b>(33)</b>                                  | <b>3,520</b>              |
| 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                       |
| <b>Net carrying amount</b>                            | <b>3,267</b>                  | <b>1,603</b> | <b>(813)</b>      | <b>(166)</b>         | <b>(11)</b>       | <b>1,031</b>                                    | <b>76</b>                                    | <b>4,987</b>              |

(\*) The balances at 31 December 2010 relate to Fiat Group post demerger to Fiat Industrial.

Additions of €2,385 million in 2012 mainly refer to the car mass-market operations.

In 2012, the Group wrote-down certain development costs by €57 million (€165 million in 2011). In 2012, the write-down has been totally recognised as Trading profit/(loss). In 2011, the write-down had been recognised as Trading profit/(loss) for €4 million and for €161 million as Other unusual income/(expenses) in the income statement.

Foreign exchange losses of €87 million in 2012 principally reflect the devaluation of the US Dollar and Brazilian Real against the Euro, partially offset by the appreciation of the Polish Zloty against the Euro. Foreign exchange gains of €72 million in 2011 principally had reflected changes in the US Dollar rates against the Euro, partially offset by the devaluation of the Brazilian Real and the Polish Zloty 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 2012 and 2011, changes in the gross carrying amount of Property, plant and equipment were as follows:

| (€ million)  | At 31<br>December<br>2011 | Additions    | Divestitures | Change in<br>the scope of<br>consolidation | Translation<br>differences | Other<br>changes | At 31<br>December<br>2012 |
|--|---------------------------|--------------|--------------|--|----------------------------|------------------|---------------------------|
| Land   | 726                       | 4            | (7)          | -  | (8)                        | 1                | <b>716</b>                |
| Owned industrial buildings                                 | 5,938                     | 386          | (33)         | 2  | (70)                       | 174              | <b>6,397</b>              |
| Industrial buildings leased under finance leases           | 57                        | -            | -            | -  | -                          | (38)             | <b>19</b>                 |
| Total Industrial buildings                                 | 5,995                     | 386          | (33)         | 2  | (70)                       | 136              | <b>6,416</b>              |
| Owned plant, machinery and equipment                       | 28,211                    | 1,830        | (822)        | (12)                                       | (316)                      | 1,023            | <b>29,914</b>             |
| Plant, machinery and equipment leased under finance leases | 359                       | 29           | (3)          | (6)  | 3                          | -                | <b>382</b>                |
| Total Plant, machinery and equipment                       | 28,570                    | 1,859        | (825)        | (18)                                       | (313)                      | 1,023            | <b>30,296</b>             |
| Other tangible assets                                      | 5,403                     | 939          | (75)         | 2  | (108)                      | (89)             | <b>6,072</b>              |
| Advances and tangible assets in progress                   | 2,679                     | 1,961        | (9)          | -  | (104)                      | (1,254)          | <b>3,273</b>              |
| <b>Gross carrying amount</b>                               | <b>43,373</b>             | <b>5,149</b> | <b>(949)</b> | <b>(14)</b>                                | <b>(603)</b>               | <b>(183)</b>     | <b>46,773</b>             |

| (€ million)  | At 31<br>December<br>2010 (*) | Additions    | Divestitures   | Change in<br>the scope of<br>consolidation | Translation<br>differences | Other<br>changes | At 31<br>December<br>2011 |
|--|-------------------------------|--------------|----------------|--|----------------------------|------------------|---------------------------|
| Land   | 372                           | 24           | (10)           | 310  | 21                         | 9                | <b>726</b>                |
| Owned industrial buildings                                 | 3,803                         | 235          | (27)           | 1,824                                      | 87                         | 16               | <b>5,938</b>              |
| Industrial buildings leased under finance leases           | 60                            | -            | (2)            | -  | -                          | (1)              | <b>57</b>                 |
| Total Industrial buildings                                 | 3,863                         | 235          | (29)           | 1,824                                      | 87                         | 15               | <b>5,995</b>              |
| Owned plant, machinery and equipment                       | 23,738                        | 1,456        | (835)          | 3,201                                      | (198)                      | 849              | <b>28,211</b>             |
| Plant, machinery and equipment leased under finance leases | 432                           | 37           | (111)          | -  | (3)                        | 4                | <b>359</b>                |
| Total Plant, machinery and equipment                       | 24,170                        | 1,493        | (946)          | 3,201                                      | (201)                      | 853              | <b>28,570</b>             |
| Other tangible assets                                      | 1,287                         | 589          | (194)          | 3,146                                      | 349                        | 226              | <b>5,403</b>              |
| Advances and tangible assets in progress                   | 961                           | 1,584        | (72)           | 1,201                                      | 122                        | (1,117)          | <b>2,679</b>              |
| <b>Gross carrying amount</b>                               | <b>30,653</b>                 | <b>3,925</b> | <b>(1,251)</b> | <b>9,682</b>                               | <b>378</b>                 | <b>(14)</b>      | <b>43,373</b>             |

(\*) The balances at 31 December 2010 relate to Fiat Group post demerger to Fiat Industrial.

In 2012 and 2011, Changes in accumulated depreciation and impairment losses were as follows:

| (€ million)  | At 31<br>December<br>2011 | Depreciation | Impairment<br>losses | Divestitures | Change in<br>the scope of<br>consolidation | Translation<br>differences | Other<br>changes | At 31<br>December<br>2012 |
|--|---------------------------|--------------|----------------------|--------------|--|----------------------------|------------------|---------------------------|
| Land   | 7                         | -            | -                    | -            | -  | -                          | -                | <b>7</b>                  |
| Owned industrial buildings                                 | 1,999                     | 253          | 2                    | (13)         | 2  | (22)                       | 7                | <b>2,228</b>              |
| Industrial buildings leased under finance leases           | 14                        | 1            | -                    | -            | -  | -                          | (10)             | <b>5</b>                  |
| Total Industrial buildings                                 | 2,013                     | 254          | 2                    | (13)         | 2  | (22)                       | (3)              | <b>2,233</b>              |
| Owned plant, machinery and equipment                       | 18,943                    | 1,915        | 47                   | (795)        | (12)                                       | (168)                      | 6                | <b>19,936</b>             |
| Plant, machinery and equipment leased under finance leases | 105                       | 27           | -                    | -            | (6)  | 1                          | 1                | <b>128</b>                |
| Total Plant, machinery and equipment                       | 19,048                    | 1,942        | 47                   | (795)        | (18)                                       | (167)                      | 7                | <b>20,064</b>             |
| Other tangible assets                                      | 1,510                     | 1,057        | -                    | (56)         | 2  | (50)                       | (65)             | <b>2,398</b>              |
| Advances and tangible assets in progress                   | 10                        | -            | 1                    | -            | -  | -                          | (1)              | <b>10</b>                 |
| <b>Accumulated depreciation and impairment</b>             | <b>22,588</b>             | <b>3,253</b> | <b>50</b>            | <b>(864)</b> | <b>(14)</b>                                | <b>(239)</b>               | <b>(62)</b>      | <b>24,712</b>             |

| (€ million)  | At 31<br>December<br>2010 (*) | Depreciation | Impairment<br>losses | Divestitures   | Change in<br>the scope of<br>consolidation | Translation<br>differences | Other<br>changes | At 31<br>December<br>2011 |
|--|-------------------------------|--------------|----------------------|----------------|--|----------------------------|------------------|---------------------------|
| Land   | 7                             | -            | -                    | -              | -  | -                          | -                | <b>7</b>                  |
| Owned industrial buildings                                 | 1,836                         | 189          | 35                   | (12)           | (1)  | (44)                       | (4)              | <b>1,999</b>              |
| Industrial buildings leased under finance leases           | 13                            | 2            | -                    | (1)            | -  | -                          | -                | <b>14</b>                 |
| Total Industrial buildings                                 | 1,849                         | 191          | 35                   | (13)           | (1)  | (44)                       | (4)              | <b>2,013</b>              |
| Owned plant, machinery and equipment                       | 18,150                        | 1,640        | 281                  | (831)          | 13   | (330)                      | 20               | <b>18,943</b>             |
| Plant, machinery and equipment leased under finance leases | 157                           | 30           | 4                    | (85)           | -  | (1)                        | -                | <b>105</b>                |
| Total Plant, machinery and equipment                       | 18,307                        | 1,670        | 285                  | (916)          | 13   | (331)                      | 20               | <b>19,048</b>             |
| Other tangible assets                                      | 871                           | 684          | 2                    | (89)           | (1)  | 47                         | (4)              | <b>1,510</b>              |
| Advances and tangible assets in progress                   | 18                            | -            | 1                    | -              | -  | -                          | (9)              | <b>10</b>                 |
| <b>Accumulated depreciation and impairment</b>             | <b>21,052</b>                 | <b>2,545</b> | <b>323</b>           | <b>(1,018)</b> | <b>11</b>                                  | <b>(328)</b>               | <b>3</b>         | <b>22,588</b>             |

(\*) The balances at 31 December 2010 relate to Fiat Group post demerger to Fiat Industrial.

In 2012 and 2011, changes in the net carrying amount of Property, plant and equipment were as follows:

| (€ million)  | At 31 December 2011 | Additions    | Depreciation   | Impairment losses | Divestitures | Change in the scope of consolidation | Translation differences | Other changes | At 31 December 2012 |
|--|---------------------|--------------|----------------|-------------------|--------------|--------------------------------------|-------------------------|---------------|---------------------|
| Land   | 719                 | 4            | -              | -                 | (7)          | -                                    | (8)                     | 1             | <b>709</b>          |
| Owned industrial buildings                                 | 3,939               | 386          | (253)          | (2)               | (20)         | -                                    | (48)                    | 167           | <b>4,169</b>        |
| Industrial buildings leased under finance leases           | 43                  | -            | (1)            | -                 | -            | -                                    | -                       | (28)          | <b>14</b>           |
| Total Industrial buildings                                 | 3,982               | 386          | (254)          | (2)               | (20)         | -                                    | (48)                    | 139           | <b>4,183</b>        |
| Owned plant, machinery and equipment                       | 9,268               | 1,830        | (1,915)        | (47)              | (27)         | -                                    | (148)                   | 1,017         | <b>9,978</b>        |
| Plant, machinery and equipment leased under finance leases | 254                 | 29           | (27)           | -                 | (3)          | -                                    | 2                       | (1)           | <b>254</b>          |
| Total Plant, machinery and equipment                       | 9,522               | 1,859        | (1,942)        | (47)              | (30)         | -                                    | (146)                   | 1,016         | <b>10,232</b>       |
| Other tangible assets                                      | 3,893               | 939          | (1,057)        | -                 | (19)         | -                                    | (58)                    | (24)          | <b>3,674</b>        |
| Advances and tangible assets in progress                   | 2,669               | 1,961        | -              | (1)               | (9)          | -                                    | (104)                   | (1,253)       | <b>3,263</b>        |
| <b>Net carrying amount</b>                                 | <b>20,785</b>       | <b>5,149</b> | <b>(3,253)</b> | <b>(50)</b>       | <b>(85)</b>  | <b>-</b>                             | <b>(364)</b>            | <b>(121)</b>  | <b>22,061</b>       |

| (€ 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             | <b>719</b>          |
| Owned industrial buildings                                 | 1,967                   | 235          | (189)          | (35)              | (15)         | 1,825                                | 131                     | 20            | <b>3,939</b>        |
| Industrial buildings leased under finance leases           | 47                      | -            | (2)            | -                 | (1)          | -                                    | -                       | (1)           | <b>43</b>           |
| Total Industrial buildings                                 | 2,014                   | 235          | (191)          | (35)              | (16)         | 1,825                                | 131                     | 19            | <b>3,982</b>        |
| Owned plant, machinery and equipment                       | 5,588                   | 1,456        | (1,640)        | (281)             | (4)          | 3,188                                | 132                     | 829           | <b>9,268</b>        |
| Plant, machinery and equipment leased under finance leases | 275                     | 37           | (30)           | (4)               | (26)         | -                                    | (2)                     | 4             | <b>254</b>          |
| Total Plant, machinery and equipment                       | 5,863                   | 1,493        | (1,670)        | (285)             | (30)         | 3,188                                | 130                     | 833           | <b>9,522</b>        |
| Other tangible assets                                      | 416                     | 589          | (684)          | (2)               | (105)        | 3,147                                | 302                     | 230           | <b>3,893</b>        |
| Advances and tangible assets in progress                   | 943                     | 1,584        | -              | (1)               | (72)         | 1,201                                | 122                     | (1,108)       | <b>2,669</b>        |
| <b>Net carrying amount</b>                                 | <b>9,601</b>            | <b>3,925</b> | <b>(2,545)</b> | <b>(323)</b>      | <b>(233)</b> | <b>9,671</b>                         | <b>706</b>              | <b>(17)</b>   | <b>20,785</b>       |

(\*) The balances at 31 December 2010 relate to Fiat Group post demerger to Fiat Industrial.

Additions of €5,149 million in 2012 mainly refer to the car mass-market operations.

In 2011 the Group recognised impairment losses of €302 million, classified as Other unusual income/(expenses), following the review of the recoverable amount of certain fixed assets and in connection with the process for the strategic realignment of manufacturing and commercial activities between Fiat and Chrysler.

In 2012, exchange losses of €364 million mainly reflect the depreciation of the US Dollar and the Brazilian Real against the Euro, partially offset by the appreciation of the Polish Zloty against the Euro. In 2011, exchange gains of €706 million reflected 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 2012 Other changes mainly consisted 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.

In 2011 the overall increase of €9,671 million in Change in the scope of consolidation mainly had reflected the consolidation of Chrysler.

At 31 December 2012, Property, plant and equipment of the Fiat Group excluding Chrysler reported as pledged as collateral for loans, 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. They were as follows:

| (€ million)  | At 31 December 2012 | At 31 December 2011 |
|--|---------------------|---------------------|
| Land and industrial buildings of pledged as security for debt          | 31                  | 50                  |
| Plant and machinery pledged as security for debt and other commitments | 259                 | 260                 |
| Other assets pledged as security for debt and other commitments        | 6                   | 7                   |
| <b>Property plant and equipment pledged as security for debt</b>       | <b>296</b>          | <b>317</b>          |

The amount of Property, plant and equipment of Chrysler at 31 December 2012 is €12,069 million (€11,050 million at 31 December 2011). Substantially all the Property, plant and equipment of Chrysler Group LLC and its U.S. subsidiary guarantors are pledged as securities for certain Chrysler's outstanding debt (see Note 28).

At 31 December 2012, the Group had contractual commitments for the purchase of Property, plant and equipment amounting to €919 million (€965 million at 31 December 2011).

## 17. Investments and other financial assets

| (€ million)   | At 31 December 2012 | At 31 December 2011 |
|---|---------------------|---------------------|
| Investments in jointly controlled entities                                    | 1,419               | 1,400               |
| Investments in associates   | 58                  | 131                 |
| Investments in subsidiaries   | 33                  | 48                  |
| Investments accounted for using the equity method                             | 1,510               | 1,579               |
| Investments at fair value with changes directly in other comprehensive income | 142                 | 116                 |
| Investments at fair value with changes in profit or loss                      | 153                 | 149                 |
| Investments at fair value   | 295                 | 265                 |
| Investment in subsidiaries  | 18                  | 18                  |
| Investments in associates   | 23                  | 20                  |
| Investments in other entities   | 15                  | 17                  |
| Investments measured at cost  | 56                  | 55                  |
| <b>Total Investments</b>  | <b>1,861</b>        | <b>1,899</b>        |
| Non-current financial receivables   | 310                 | 334                 |
| Other securities and other financial assets                                   | 119                 | 427                 |
| <b>Total Investments and other financial assets</b>                           | <b>2,290</b>        | <b>2,660</b>        |

Changes in Investments in 2012 are set out below:

| (€ million)                                       | At 31<br>December<br>2011 | Revaluations/<br>(Write-downs) | Change in the<br>scope of<br>consolidation | Reclassified<br>to Assets<br>held for sale | Translation<br>differences | Other<br>changes | At 31<br>December<br>2012 |
|---|---------------------------|--------------------------------|--|--|----------------------------|------------------|---------------------------|
| Investments accounted for using the equity method | 1,579                     | 94                             | (3)  | (91)                                       | 12                         | (81)             | 1,510                     |
| Investments at fair value                         | 265                       | -                              | -  | -  | -                          | 30               | 295                       |
| Investments measured at cost                      | 55                        | (1)                            | 1  | -  | (1)                        | 2                | 56                        |
| <b>Total Investments</b>                          | <b>1,899</b>              | <b>93</b>                      | <b>(2)</b>                                 | <b>(91)</b>                                | <b>11</b>                  | <b>(49)</b>      | <b>1,861</b>              |

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.

Other changes consisting of a net decrease of €49 million mainly relate to dividends of €89 million distributed by companies accounted for using the equity method (of which €40 million received from FGA Capital and €41 million received from Tofas-Turk Otomobil Fabrikasi A.S.), a decrease of €27 million in the investment in Fiat Industrial S.p.A. due to the granting to the Chief Executive Officer of the shares vested under the 2009 Stock Grant Plan and the decrease of €20 million arising from the liquidation of certain minor investments, partially offset by the positive fair value adjustment of €57 million relating to the investment classified as available-for-sale, the positive changes in the cash flow hedge reserve of Tofas-Turk Otomobil Fabrikasi A.S. of €12 million and purchases and capitalisations of €24 million.

#### *Investments accounted for using the equity method*

The item Investments accounted for using the equity method comprises the following:

|  | At 31 December 2012 |              | At 31 December 2011 |              |
|--|---------------------|--------------|---------------------|--------------|
|  | % of interest       | (€ million)  | % of interest       | (€ million)  |
| FGA Capital S.p.A.   | 50.0                | 771          | 50.0                | 725          |
| Tofas-Turk Otomobil Fabrikasi A.S.   | 37.9                | 329          | 37.9                | 272          |
| GAC Fiat Automobiles Co. Ltd.  | 50.0                | 90           | 50.0                | 108          |
| Società Europea Veicoli Leggeri-Sevel S.p.A.                                 | 50.0                | 103          | 50.0                | 100          |
| Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme (*) | 50.0                | -            | 50.0                | 89           |
| VM Motori S.p.A.   | 50.0                | 38           | 50.0                | 38           |
| Fiat India Automobiles Limited   | 50.0                | 35           | 50.0                | 23           |
| Other  |                     | 53           |                     | 45           |
| <b>Total Investments in jointly controlled entities</b>                      |                     | <b>1,419</b> |                     | <b>1,400</b> |
| Rizzoli Corriere della Sera MediaGroup S.p.A.                                | 10.1                | 28           | 10.1                | 99           |
| Other  |                     | 30           |                     | 32           |
| <b>Total Investments in associates</b>                                       |                     | <b>58</b>    |                     | <b>131</b>   |
| <b>Total Investments in subsidiaries</b>                                     |                     | <b>33</b>    |                     | <b>48</b>    |
| <b>Total investments accounted for using the equity method</b>               |                     | <b>1,510</b> |                     | <b>1,579</b> |

(\*) Investment classified in 2012 as Asset held for sale.

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 2012", since those to be issued for 2012 will only be available after the publication of the consolidated financial statements of the Fiat Group. The reduction of the carrying value in 2012 (down €71 million) reflects the portion of the loss incurred by the associate as a consequence of the write-down recognised on its assets in Spain.



At 31 December 2011, Investments also included the investment in Sevelnord Société Anonyme carried at €89 million. As discussed in the section Scope of consolidation this investment, carried at €91 million at 30 June 2012, was reclassified to Assets held for sale at that date and measured at fair value.

At 31 December 2012, the stock market price of Investments in listed jointly controlled entities and listed associates is as follows:

| (€ million)   | Carrying value | Stock market price |
|---|----------------|--------------------|
| Tofas -Turk Otomobil Fabrikasi A.S.   | 329            | 840                |
| Rizzoli Corriere della Sera MediaGroup S.p.A.                                 | 28             | 97                 |
| <b>Total Investments in listed jointly controlled entities and associates</b> | <b>357</b>     | <b>937</b>         |

#### *Investments measured at fair value*

At 31 December 2012, Investments at fair value with changes recognised directly in Other comprehensive income/(losses), include the investment in Fiat Industrial S.p.A. for €130 million (€104 million at 31 December 2011), the investment in Fin. Priv. S.r.l. for €10 million (€10 million at 31 December 2011), and the investment in Assicurazioni Generali S.p.A. for €2 million (€2 million at 31 December 2011).

Overall, at 31 December 2012 the investment in Fiat Industrial S.p.A. consists of 34,216,027 ordinary shares, corresponding to the 2.8% of the share capital of the company (38,215,333 ordinary shares, corresponding to 3.00% of the share capital of the company at 31 December 2011) for an amount of €283 million (€253 million at 31 December 2011), of which 18,496,875 shares of Fiat Industrial S.p.A. will serve the stock option plans and are therefore measured at fair value, with changes in fair value posted through profit and loss, for an amount of €153 million, and 15,719,152 shares are classified as available-for-sale and measured at fair value, with changes in value posted through equity, for an amount of €130 million. The decrease in the investment in Fiat Industrial S.p.A. with respect to 31 December 2011 is due to the granting to the Chief Executive Officer of the shares vested under the 2009 Stock Grant Plan.

#### *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.

#### *Other securities and other financial assets*

Other securities and other financial assets include €57 million (€58 million at 31 December 2011) relating to the amount paid for the contractual rights arising from the acquisition of the *Equity Recapture Agreement*. At 31 December 2011, Other securities and other financial assets had also included €320 million relating to the fair value of Fiat's contractual right to receive an additional 5% ownership interest in Chrysler upon the occurrence of the *Ecological Event*, which took place in early January 2012. As a consequence, this financial asset was derecognised and Non-controlling interests were reduced by €359 million, with the Equity attributable to owners of the parent increased for the difference.

## 18. Inventories

| (€ million)                                       | At 31 December 2012 | At 31 December 2011 |
|---|---------------------|---------------------|
| Raw materials, supplies and finished goods        | 8,160               | 7,555               |
| Assets sold with a buy-back commitment            | 952                 | 1,394               |
| Gross amount due from customers for contract work | 183                 | 174                 |
| <b>Total Inventories</b>                          | <b>9,295</b>        | <b>9,123</b>        |

At 31 December 2012, Inventories rose by €172 million in line with the trend in production and sales volumes for the period in the various markets in which the Group operates.

At 31 December 2012, 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 €1,293 million (€1,343 million at 31 December 2011).

The amount of inventory write-downs recognised as an expense during 2012 is €634 million (€528 million in 2011). Amounts recognised as income from the reversal of write-downs on items sold during the year were not significant.

The amount of inventories of Chrysler at 31 December 2012 is €4,200 million (€4,170 million at 31 December 2011). Substantially all of the inventories of Chrysler Group LLC and its U.S. subsidiary guarantors are pledged as securities for certain debt outstanding (see Note 28).

The amount due from customers for contract work relates to the Production Systems and can be analysed as follows:

| (€ million)  | At 31 December 2012 | At 31 December 2011 |
|--|---------------------|---------------------|
| Aggregate amount of costs incurred and recognised profits (less recognised losses) to date                           | 1,482               | 1,294               |
| Less: Progress billings  | (1,477)             | (1,230)             |
| <b>Construction contracts, net of advances on contract work</b>  | <b>5</b>            | <b>64</b>           |
| Gross amount due from customers for contract work as an asset  | 183                 | 174                 |
| Less: Gross amount due to customers for contract work as a liability included in Other current liabilities (Note 30) | (178)               | (110)               |
| <b>Construction contracts, net of advances on contract work</b>  | <b>5</b>            | <b>64</b>           |

At 31 December 2012 and 2011, 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 2012 | At 31 December 2011 |
|---|---------------------|---------------------|
| Trade receivables   | 2,702               | 2,625               |
| Receivables from financing activities                     | 3,727               | 3,968               |
| Current tax receivables                                   | 236                 | 369                 |
| Other current assets:                                     |                     |                     |
| Other current receivables                                 | 1,776               | 1,710               |
| Accrued income and prepaid expenses                       | 387                 | 378                 |
| Total Other current assets                                | 2,163               | 2,088               |
| <b>Total Current receivables and Other current assets</b> | <b>8,828</b>        | <b>9,050</b>        |

The analysis by due date is as follows:

| (€ million)                           | At 31 December 2012 |                                |                       |              | At 31 December 2011 |                                |                       |              |
|---------------------------------------|---------------------|--------------------------------|-----------------------|--------------|---------------------|--------------------------------|-----------------------|--------------|
|                                       | 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                     | 2,660               | 42                             | -                     | 2,702        | 2,567               | 57                             | 1                     | 2,625        |
| Receivables from financing activities | 2,688               | 1,014                          | 25                    | 3,727        | 2,943               | 1,001                          | 24                    | 3,968        |
| Current tax receivables               | 145                 | 27                             | 64                    | 236          | 283                 | 15                             | 71                    | 369          |
| Other current receivables             | 1,416               | 326                            | 34                    | 1,776        | 1,340               | 351                            | 19                    | 1,710        |
| <b>Total Current receivables</b>      | <b>6,909</b>        | <b>1,409</b>                   | <b>123</b>            | <b>8,441</b> | <b>7,133</b>        | <b>1,424</b>                   | <b>115</b>            | <b>8,672</b> |

*Trade receivables*

Trade receivables amount to €2,702 million at 31 December 2012 (€2,625 million at 31 December 2011). The total balance increased by €77 million over that at 31 December 2011.

Trade receivables are shown net of allowances for doubtful accounts of €347 million at 31 December 2012 (€329 million at 31 December 2011). Changes in these allowances, which are calculated on the basis of historical losses on receivables, were as follows in 2012:

| (€ million)                      | At 31<br>December<br>2011 | Provision | Use and<br>other<br>changes | At 31<br>December<br>2012 |
|----------------------------------|---------------------------|-----------|-----------------------------|---------------------------|
| Allowances for doubtful accounts | 329                       | 61        | (43)                        | 347                       |

The carrying amount of Trade receivables is considered in line with their fair value.

The amount of trade receivables of Chrysler at 31 December 2012 is €909 million (€667 million at 31 December 2011). Substantially all the trade receivables of Chrysler Group LLC and its U.S. subsidiary guarantors are pledged as securities for certain debt outstanding (see Note 28).

*Receivables from financing activities*

Receivables from financing activities, which relate to the business of financial services companies fully consolidated by Fiat (dealer, retail, supplier financing and finance lease) as well as financial receivables from jointly controlled financial services entities and from companies under joint control, associates and unconsolidated, were as follows:

| (€ million)  | At 31 December 2012 | At 31 December 2011 |
|--|---------------------|---------------------|
| Dealer financing   | 2,108               | 2,360               |
| Retail financing   | 1,115               | 1,107               |
| Finance leases   | 331                 | 310                 |
| Financial receivables from jointly controlled financial services entities                            | 58                  | 21                  |
| Financial receivables from companies under joint control, associates and unconsolidated subsidiaries | 56                  | 61                  |
| Supplier financing   | 12                  | 51                  |
| Other  | 47                  | 58                  |
| <b>Total Receivables from financing activities</b>   | <b>3,727</b>        | <b>3,968</b>        |

Receivables from financing activities decreased by €241 million over the period. Excluding currency translation losses of €234 million (arising mainly from the devaluation of the Brazilian Real against the Euro), the decrease amounts to €7 million.

Receivables from financing activities are shown net of an allowance for doubtful accounts determined on the basis of specific insolvency risks. At 31 December 2012, the allowance amounts to €101 million (€101 million at 31 December 2011). Changes in the allowance accounts during the year are as follows:

| (€ million)   | At 31<br>December<br>2011 | Provision | Use and<br>other<br>changes | At 31<br>December<br>2012 |
|---|---------------------------|-----------|-----------------------------|---------------------------|
| Allowance for receivables regarding:                            |                           |           |                             |                           |
| Retail financing  | 34                        | 24        | (15)                        | 43                        |
| Finance leases  | 9                         | -         | (4)                         | 5                         |
| Dealer financing  | 25                        | 8         | (13)                        | 20                        |
| Supplier financing  | 2                         | -         | -                           | 2                         |
| Other   | 31                        | -         | -                           | 31                        |
| <b>Total allowance on Receivables from financing activities</b> | <b>101</b>                | <b>32</b> | <b>(32)</b>                 | <b>101</b>                |

Finance lease receivables refer to vehicles leased out under finance lease arrangements, mainly by the Performance and Luxury Brands operating segment. 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 €5 million at 31 December 2012 (€9 million at 31 December 2011):

| (€ million)   | At 31 December 2012 |                                |                       |            | At 31 December 2011 |                                |                       |            |
|---|---------------------|--------------------------------|-----------------------|------------|---------------------|--------------------------------|-----------------------|------------|
|   | 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         | 122                 | 233                            | -                     | 355        | 110                 | 216                            | 9                     | 335        |
| Less: unrealised interest income                      | (11)                | (17)                           | -                     | (28)       | (5)                 | (11)                           | -                     | (16)       |
| <b>Present value of future minimum lease payments</b> | <b>111</b>          | <b>216</b>                     | <b>-</b>              | <b>327</b> | <b>105</b>          | <b>205</b>                     | <b>9</b>              | <b>319</b> |

No contingent rents were recognised as finance leases during 2012 or 2011 and unguaranteed residual values at 31 December 2012 and 2011 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 country to country, although payment terms range from two to six months.

Financial receivables from jointly controlled financial services companies include current financial receivables due from the FGA Capital group.

The fair value of receivables from financing activities at 31 December 2012 amounts to approximately €3,724 million (€3,956 million at 31 December 2011). 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 spread applied in various reference markets on receivables with similar characteristic.

| (In %)                       | EUR  | USD  | GBP  | CAD  | AUD  | BRL  | PLN  |
|------------------------------|------|------|------|------|------|------|------|
| Interest rate for six months | 0.32 | 0.30 | 0.67 | 1.30 | 2.90 | 7.08 | 3.79 |
| Interest rate for one year   | 0.33 | 0.32 | 0.67 | 1.33 | 2.79 | 7.12 | 3.41 |
| Interest rate for five years | 0.77 | 0.85 | 1.02 | 1.71 | 3.31 | 8.15 | 3.33 |

#### *Other current assets*

At 31 December 2012, Other current assets mainly consist of Other tax receivables for VAT and other indirect taxes of €871 million (€848 million at 31 December 2011), Receivables from employees of €76 million (€51 million at 31 December 2011) and Accrued income and prepaid expenses of €387 million (€378 million at 31 December 2011).

The carrying amount of Other current assets is considered to be in line with fair value.

#### *Transfer of financial assets*

The Group transfers certain of its financial, trade and tax receivables, mainly through factoring transactions. Factoring transactions may be either with recourse or without recourse; certain without recourse transfers include deferred payment clauses (for example, when the payment by the factor of a minor part of the purchase price is dependent on the total amount collected from the receivables), requiring first loss cover, meaning that the transferor takes priority participation in the losses, or require a significant exposure to the cash flows arising from the transferred receivables to be retained. These types of transactions do not comply with the requirements of IAS 39 for the derecognition of the assets since the risks and rewards connected with collection are not transferred, and accordingly the Group continues to recognise the receivables transferred by this means in its balance sheet and recognises a financial liability of the same amount in its consolidated financial statements under Asset-backed financing (Note 28). The gains and losses arising from the transfer of these assets are only recognised when the assets are derecognised in the Group's balance sheet.

At 31 December 2012, the carrying amount of transferred financial assets not derecognised and the related liabilities was as follows:

| (€ million)  | At 31 December 2012 |                                       |                         |       |
|--|---------------------|---------------------------------------|-------------------------|-------|
|  | Trade receivables   | Receivables from financing activities | Current tax receivables | Total |
| Carrying amount of assets transferred and not derecognised | 9                   | 405                                   | 35                      | 449   |
| Carrying amount of the related liabilities                 | 9                   | 405                                   | 35                      | 449   |

At 31 December 2012, the Group had receivables and bills due after that date which had been transferred without recourse and which were accordingly derecognised amounting to €3,631 million (€3,858 million at 31 December 2011). The transfers related to trade receivables and other receivables for €2,932 million (€3,031 million at 31 December 2011) and financial receivables for €699 million (€827 million at 31 December 2011). These amounts include receivables of €2,179 million (€2,495 million at 31 December 2011), mainly due from the sales network, transferred to jointly controlled financial services companies (FGA Capital).

At 31 December 2011, Total Current receivables included receivables sold and financed through factoring transactions of €679 million which do not meet IAS 39 derecognition requirements.

## 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 2012 | At 31 December 2011 |
|---------------------------------------|---------------------|---------------------|
| Current securities available-for-sale | 83                  | 52                  |
| Current securities held-for-trading   | 173                 | 147                 |
| <b>Total Current securities</b>       | <b>256</b>          | <b>199</b>          |

## 21. Other financial assets and Other financial liabilities

These line items refer to derivative financial instruments and in particular to their measurement at fair value at the balance sheet date and to any cash collateral.

| (€ million)   | At 31 December 2012 |                     | At 31 December 2011 |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Positive fair value | Negative fair value | Positive fair value | Negative fair value |
| <b>Fair value hedges</b>  |                     |                     |                     |                     |
| Interest rate risk - Interest rate swaps                                    | 121                 | -                   | 216                 | -                   |
| Interest rate and currency risk - Combined interest rate and currency swaps | 1                   | (1)                 | 1                   | (2)                 |
| <b>Total Fair value hedges</b>  | <b>122</b>          | <b>(1)</b>          | <b>217</b>          | <b>(2)</b>          |
| <b>Cash flow hedges</b>   |                     |                     |                     |                     |
| Currency risks - Forward contracts, Currency swaps and Currency options     | 108                 | (75)                | 91                  | (258)               |
| Interest rate risk - Interest rate swaps                                    | -                   | (8)                 | -                   | (5)                 |
| Interest rate and currency risk - Combined interest rate and currency swaps | 7                   | (9)                 | -                   | -                   |
| Commodity price risk - Commodity swap                                       | 10                  | (6)                 | 1                   | (42)                |
| <b>Total Cash flow hedges</b>   | <b>125</b>          | <b>(98)</b>         | <b>92</b>           | <b>(305)</b>        |
| Derivatives for trading   | 254                 | (102)               | 174                 | (122)               |
| <b>Fair value of derivative instruments</b>                                 | <b>501</b>          | <b>(201)</b>        | <b>483</b>          | <b>(429)</b>        |
| Cash collaterals  | 18                  | -                   | 74                  | -                   |
| <b>Other financial assets/(liabilities)</b>                                 | <b>519</b>          | <b>(201)</b>        | <b>557</b>          | <b>(429)</b>        |

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 suitable valuation techniques 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 (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 €557 million at 31 December 2011 to €519 million at 31 December 2012) and in Other financial liabilities (from €429 million at 31 December 2011 to €201 million at 31 December 2012) is mostly due to fluctuations in exchange rates, in interest rates and in commodity prices during the year, and to 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 2012, the notional amount of outstanding derivative financial instruments is as follows:

| (€ million)                                | At 31 December 2012 | At 31 December 2011 |
|--|---------------------|---------------------|
| Currency risk management                   | 10,540              | 10,279              |
| Interest rate risk management              | 5,226               | 8,407               |
| Interest rate and currency risk management | 1,118               | 652                 |
| Commodity price risk management            | 495                 | 690                 |
| Other derivative financial instruments     | 168                 | 168                 |
| <b>Total notional amount</b>               | <b>17,547</b>       | <b>20,196</b>       |

At 31 December 2012, the notional amount of Other derivative financial instruments consists of:

- For €154 million (€154 million at 31 December 2011) the notional amount of four equity swaps, renewed in 2012 and expiring in 2013, entered into in order 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). At 31 December 2012, the equity swaps have a total positive fair value of €50 million (a positive fair value of €18 million at 31 December 2011). 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 2011), 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 2012 based on their notional amounts:

| (€ million)                                | At 31 December 2012 |                                      |                             |               |
|--|---------------------|--------------------------------------|-----------------------------|---------------|
|  | within<br>one year  | due between<br>one and five<br>years | due<br>beyond<br>five years | Total         |
| Currency risk management                   | 9,236               | 1,304                                | -                           | <b>10,540</b> |
| Interest rate risk management              | 695                 | 3,781                                | 750                         | <b>5,226</b>  |
| Interest rate and currency risk management | -                   | 1,118                                | -                           | <b>1,118</b>  |
| Commodity price risk management            | 461                 | 34                                   | -                           | <b>495</b>    |
| Other derivative financial instruments     | 154                 | -                                    | 14                          | <b>168</b>    |
| <b>Total notional amount</b>               | <b>10,546</b>       | <b>6,237</b>                         | <b>764</b>                  | <b>17,547</b> |

#### 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.

Derivatives relating to interest rate and currency risk management are treated as cash flow hedges and were entered into by treasuries for the purpose of hedging bonds issued in foreign currencies, in particular those issued by Fiat Finance North America in relation to a bond issued in Euro (due in 2017) and by Fiat Finance and Trade Ltd. in relation to two bonds issued in Swiss Francs in 2012 (due in 2015 and 2016). The amount recorded in the cash flow hedge reserve will be recognised in income according to the timing of the flows of the underlying bonds.

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 (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 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 2012 the Group reclassified losses of €105 million (gains of €13 million in 2011), net of the tax effect, from other comprehensive income to profit or loss. These items are reported in the following lines:

| (€ million)                                     | 2012         | 2011      |
|---|--------------|-----------|
| Currency risk                                   |              |           |
| Increase/(Decrease) in Net revenues             | (92)         | 65        |
| Decrease/(Increase) in Cost of sales            | 25           | (36)      |
| Financial income/(expenses)                     | 32           | (19)      |
| Result from investments                         | (12)         | 23        |
| Interest rate risk                              |              |           |
| Decrease/(Increase) in Cost of sales            | (6)          | (4)       |
| Result from investments                         | (5)          | (5)       |
| Financial income/(expenses)                     | (6)          | (2)       |
| Commodities price risk                          |              |           |
| Decrease/(Increase) in Cost of sales            | (40)         | (3)       |
| Ineffectiveness - overhedges                    | (6)          | (3)       |
| Taxes income/(expenses)                         | 5            | (3)       |
| <b>Total recognised in the income statement</b> | <b>(105)</b> | <b>13</b> |

The ineffectiveness of cash flow hedges was not material in 2012 or 2011.

In 2012 there was an overall negative economic effect of €6 million (negative effect of €3 million in 2011) which subsequently turned out to be in excess of the future flows being hedged (over-hedges).

#### 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)                             | 2012     | 2011       |
|---|----------|------------|
| Currency risk                           |          |            |
| Net gains/(losses) on qualifying hedges | 14       | (19)       |
| Fair value changes in hedged items      | (14)     | 19         |
| Interest rate risk                      |          |            |
| Net gains/(losses) on qualifying hedges | (51)     | 24         |
| Fair value changes in hedged items      | 53       | (26)       |
| <b>Net gains/(losses)</b>               | <b>2</b> | <b>(2)</b> |

The ineffective portion of transactions treated as fair value hedges was a positive amount of 2 million in 2012 (negative amount of 2 million in 2011).



**22. Cash and cash equivalents**

At 31 December 2012 Cash and cash equivalents amount to €17,657 million (€17,526 million at 31 December 2011), of which €8,803 million (€7,420 million at 31 December 2011) relates to Chrysler, and consists of:

| (€ million)                            | At 31 December 2012 | At 31 December 2011 |
|--|---------------------|---------------------|
| Cash at banks (*)                      | 7,568               | 9,383               |
| Money market securities                | 10,089              | 8,143               |
| <b>Total Cash and cash equivalents</b> | <b>17,657</b>       | <b>17,526</b>       |

(\*) Includes bank deposits which may be used exclusively by Group companies entitled to perform specific operations (cash with a pre-determined use) amounting to €8 million at 31 December 2012 (€1 million at 31 December 2011).

These amounts include cash at banks, units in liquidity funds and other money market securities that are readily convertible into cash. Cash and cash equivalents 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 held for sale**

Assets held for sale at 31 December 2012 consist of an investment in a minor company in Brazil, which was classified as held for sale on acquisition, the investment in Sevelnord Société Anonyme, together with certain properties allocated to the Components and Production System operating segment.

At 31 December 2011, Assets held for sale included the above mentioned investment in a minor company in Brazil, together with certain properties allocated to the Other activities.

The items included in Assets held for sale may be summarised as follows:

| (€ million)                            | At 31 December 2012 | At 31 December 2011 |
|--|---------------------|---------------------|
| Property, plant and equipment          | 1                   | 6                   |
| Investments and other financial assets | 54                  | 60                  |
| <b>Total Assets held for sale</b>      | <b>55</b>           | <b>66</b>           |

**24. Equity**

Consolidated shareholders' equity at 31 December 2012 rose by €913 million over 31 December 2011, mainly due to the profit for the period of €1,411 million and an increase of €170 million in the cash flow hedge reserve, partially offset by the decrease of €320 million arising from the 5% increase of Fiat's interest in Chrysler following the occurrence of the Third Performance Event, the distribution of dividends (to shareholders of Fiat S.p.A. and minority shareholders in Group subsidiaries) of €58 million and foreign exchange losses of €347 million recognised in the cumulative translation adjustment reserve.

*Share capital*

At 31 December 2012, fully paid-up share capital amounts to €4,476 million (€4,466 million at 31 December 2011) and consists of 1,250,402,773 ordinary shares (1,275,885,720 shares at 31 December 2011, comprising 1,092,680,610 ordinary shares, 103,292,310 preference shares and 79,912,800 savings shares), with a par value of €3.58 each (€3.5 each at 31 December 2011).

The share capital of Fiat S.p.A. is as follows:

| (number of shares)         | At 31 December 2012  | At 31 December 2011  |
|----------------------------|----------------------|----------------------|
| Ordinary shares            | 1,250,402,773        | 1,092,680,610        |
| Preference shares          | -                    | 103,292,310          |
| Savings shares             | -                    | 79,912,800           |
| <b>Total shares issued</b> | <b>1,250,402,773</b> | <b>1,275,885,720</b> |

The following table provides reconciliation between the number of shares outstanding at 31 December 2010 and the number outstanding at 31 December 2012:

| (number of shares in thousands)             | At 31 December 2010 | Capital increase | (Purchases)/<br>Sales of treasury shares | At 31 December 2011 | Conversion of preferences and saving shares | Stock grant vested | At 31 December 2012 |
|---|---------------------|------------------|--|---------------------|---|--------------------|---------------------|
| Ordinary shares issued                      | 1,092,247           | 434              | -  | 1,092,681           | 157,722                                     | -                  | 1,250,403           |
| Less: Ordinary treasury shares              | (38,568)            | -                | -  | (38,568)            | (10)  | 4,000              | (34,578)            |
| Ordinary shares outstanding                 | 1,053,679           | 434              | -  | 1,054,113           | 157,712                                     | -                  | 1,215,825           |
| Preference shares issued                    | 103,292             | -                | -  | 103,292             | (103,292)                                   | -                  | -                   |
| Savings shares issued                       | 79,913              | -                | -  | 79,913              | (79,913)                                    | -                  | -                   |
| <b>Total Shares issued by Fiat S.p.A.</b>   | <b>1,275,452</b>    | <b>434</b>       | <b>-</b>                                 | <b>1,275,886</b>    | <b>(25,483)</b>                             | <b>-</b>           | <b>1,250,403</b>    |
| <b>Less: Treasury shares</b>                | <b>(38,568)</b>     | <b>-</b>         | <b>-</b>                                 | <b>(38,568)</b>     | <b>(10)</b>                                 | <b>4,000</b>       | <b>(34,578)</b>     |
| <b>Total Fiat S.p.A. outstanding shares</b> | <b>1,236,884</b>    | <b>434</b>       | <b>-</b>                                 | <b>1,237,318</b>    | <b>(25,493)</b>                             | <b>4,000</b>       | <b>1,215,825</b>    |

The extraordinary Shareholders' meeting of 4 April 2012 resolved the mandatory conversion of all 103,292,310 Fiat S.p.A. preference shares and 79,912,800 Fiat S.p.A. savings shares into 157,722,163 Fiat S.p.A. ordinary shares with dividend right from 1 January 2012. Conversion ratios of 0.850 ordinary shares per preference share and 0.875 ordinary shares per savings share were used.

Following the expiry of the term for shareholders of saving shares and preference shares to exercise their withdrawal rights, on 28 April 2012, withdrawal notifications for 1,016,190 preference shares and 1,616,509 savings shares had been received.

On 21 May 2012, pursuant to the resolution adopted by shareholders, the mandatory conversion took place. The final trading date for Fiat S.p.A. preference and savings shares was 18 May 2012. From 21 May 2012 only Fiat S.p.A. ordinary shares are traded on the Borsa Italiana electronic exchange ("MTA"), being 1,250,402,773 ordinary shares, each with a par value increased to €3.58 by the rounding of par value to higher €C was made through a €10.8 million reduction of the share premium reserve, and an equivalent share capital increase.

The redemption procedures for shares exercising withdrawal right took place on 23 May 2012, in accordance with paragraph 3, article 2437-ter of the Italian civil code, with the redemption amounts set at €3.317 per preference share and €3.458 per savings share. The 863,761 ordinary shares resulting from the conversion of the preference shares and the 1,414,445 ordinary shares resulting from the conversion of the savings shares were offered at the same time to existing shareholders pursuant to article 2437-quater of the Italian civil code. At the conclusion of the offer period on 20 June 2012, a total of 36,244 shares resulting from the conversion of the Fiat preference shares had been purchased at a price of €3.902 per share and 46,242 shares resulting from conversion of the Fiat savings shares had been purchased at a price of €3.952 per share by the exercising of rights and pre-emption rights pursuant to article 2437-quater(3) of the Italian civil code. All the shares requested under pre-emption rights were allocated. Payment for the shares purchased through the exercising of rights and pre-emption right was made on 4 July 2012 with value 3 July 2012.

Pursuant to article 2437-quater (4) of the Italian civil code, the company offered the remaining 827,517 shares resulting from the conversion of the Fiat S.p.A. preference shares and 1,368,203 shares resulting from the conversion of the Fiat S.p.A. savings shares on the Electronic Stock Market ("MTA") on 4 July 2012. For all shares settlement took place on 9 July 2012.

As a result of the above-mentioned conversion, 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;
- further allocations to the legal reserve, allocations to the extraordinary reserve, to 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.

In the case of winding up, the Company's assets shall be distributed in equal pro rata amounts to shares.

In addition, as a result of the resolutions adopted by the Board of Directors on 3 November 2006, the Demerger to Fiat Industrial S.p.A., and the resolution adopted by Shareholders at the Extraordinary Meeting on 4 April 2012, Fiat S.p.A. share capital may be increased by a maximum of €34,249,412.50 through the issue of up to 9,566,875 ordinary shares, through paid capital contributions, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.

#### **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;
- 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.

For 2012, the Board of Directors has proposed to Shareholders at their annual general meeting not to recommend a dividend payment on Fiat's ordinary shares, given the Company's desire to maintain a high level of liquidity and the existence of certain restrictions on the ability of Chrysler to pay dividends to its members.

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 credit 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 may also make 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 €5,289 million at 31 December 2012 (€5,259 million at 31 December 2011) 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 €3,252 million at 31 December 2012 and €2,927 million at 31 December 2011, excluding gains and losses recognised directly in equity and non-controlling interests.

### *Treasury Shares*

Treasury shares consist of 34,577,766 Fiat S.p.A. ordinary shares for an amount of €259 million (38,568,458 ordinary shares for an amount of €289 million at 31 December 2011). The number of Treasury shares has decreased by 4,000,000 since 31 December 2011 due to the granting to the Chief Executive Officer of the shares vested under the 2009 Stock Grant Plan (see Note 25 of the Consolidated Financial Statements at 31 December 2011) and has increased by 9,308 shares as a result of the conversion of the preference and savings shares discussed above.

In addition, at their annual general meeting of 4 April 2012 Shareholders of Fiat S.p.A. renewed their authorisation for the purchase and sale of treasury shares, including through subsidiaries. The previous authorisation provided on 30 March 2011 was revoked. The authorisation provides for the purchase of a maximum number of shares not to exceed the legally established percentage of share capital or an aggregate value of €1.2 billion, inclusive of the €259 million in Fiat S.p.A. shares already held and enabled Fiat to purchase certain preference and savings shares from the shareholders who exercised their withdrawal right following the conversion. As announced, the buy-back program is currently on hold and Fiat has no obligation to buy back shares under the authorisation. The buy-back authorisation is valid for a period of 18 months and any buy-backs must be carried out in the manner established by law and at a price which is within 10% of the reference price published by Borsa Italiana on the date prior to the purchase.

On 20 February 2013, the Board of Directors proposed to Shareholders to revoke the previous resolution, for the part not already utilized at the date of the General Meeting, and approve a new resolution for the purchase of own shares for a further period of 18 months and for an amount not to exceed the legally established percentage of share capital (at the current par value of €3.58 per share) and the maximum counter value of approximately €1.2 billion, inclusive of the 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 any eventual strategic investment opportunities for all purposes permissible under applicable law.

### *Capital reserves*

At 31 December 2012, capital reserves amounting to €137 million (€147 million at 31 December 2011) were reduced by €10 million as a consequence of the conversion of preference and saving shares.

### *Revenue reserves*

The main revenue reserves are as follows:

- the legal reserve of Fiat S.p.A. of €529 million at 31 December 2012 (€524 million at 31 December 2011);
- retained earnings of €3,256 million at 31 December 2012 (retained earnings of €1,952 million at 31 December 2011);
- the profit attributable to owners of the parent of €348 million at 31 December 2012 (a profit of €1,334 million for the year ended 31 December 2011);
- the reserve for share-based payments of €54 million at 31 December 2012 (€52 million at 31 December 2011).

Please note that, as discussed in Notes 25 e 26 of the Annual report at 31 December 2011, with the Demerger by Fiat Industrial, the equity awards underlying 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 equity awards underlying the above plans had 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. On the day on which the Fiat Industrial S.p.A. shares were first listed, 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)  | 2012         | 2011         |
|--|--------------|--------------|
| Gains/(losses) on cash flow hedging instruments arising during the year  | 91           | (162)        |
| Gains/(losses) on cash flow hedging instruments reclassified to profit or loss                                 | 93           | 2            |
| <b>Gains/(losses) on cash flow hedging instruments</b>   | <b>184</b>   | <b>(160)</b> |
| Gains/(losses) on available-for-sale financial assets arising during the year                                  | 27           | (42)         |
| Gains/(losses) on available-for-sale financial assets reclassified to profit or loss                           | -            | -            |
| <b>Gains/(Losses) on available-for-sale financial assets</b>   | <b>27</b>    | <b>(42)</b>  |
| Exchange gains/(losses) on translating foreign operations arising during the year                              | (359)        | 452          |
| Exchange gains/(losses) on translating foreign operations reclassified to profit or loss                       | -            | -            |
| <b>Exchange gains/(losses) on translating foreign operations</b>   | <b>(359)</b> | <b>452</b>   |
| Share of Other gains/(losses) of entities accounted for using the equity method arising during the year        | 4            | (45)         |
| Share of Other gains/(losses) of entities accounted for using the equity method reclassified to profit or loss | 17           | (18)         |
| <b>Share of Other gains/(losses) of entities accounted for using the equity method</b>                         | <b>21</b>    | <b>(63)</b>  |
| <b>Tax effect of the other components of Other comprehensive income</b>  | <b>(24)</b>  | <b>15</b>    |
| <b>Total Other comprehensive income, net of tax</b>  | <b>(151)</b> | <b>202</b>   |

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.

The tax effect relating to Other comprehensive income may be analysed as follows:

| (€ million)   | 2012            |                      |              | 2011            |                      |             |
|---|-----------------|----------------------|--------------|-----------------|----------------------|-------------|
|   | Pre-tax balance | Tax income/(expense) | Net balance  | Pre-tax balance | Tax income/(expense) | Net balance |
| Gains/(losses) on cash flow hedging instruments                                 | 184             | (24)                 | 160          | (160)           | 14                   | (146)       |
| Gains/(losses) on available-for-sale financial assets                           | 27              | -                    | 27           | (42)            | 1                    | (41)        |
| Exchange gains/(losses) on translating foreign operations                       | (359)           | -                    | (359)        | 452             | -                    | 452         |
| Share of Other gains/(losses) of entities accounted for using the equity method | 21              | -                    | 21           | (63)            | -                    | (63)        |
| <b>Total Other comprehensive income</b>   | <b>(127)</b>    | <b>(24)</b>          | <b>(151)</b> | <b>187</b>      | <b>15</b>            | <b>202</b>  |

*Non-controlling interest*

The non-controlling interest of €4,114 million at 31 December 2012 (€3,533 million at 31 December 2011) refers mainly to the following subsidiaries:

| (% held by non-controlling interest) | At 31 December 2012 | At 31 December 2011 |
|--------------------------------------|---------------------|---------------------|
| Chrysler Group LLC                   | 41.5                | 46.5                |
| Ferrari S.p.A.                       | 10.0                | 10.0                |
| Teksid S.p.A.                        | 15.2                | 15.2                |

The following table shows the effects of changes in Fiat Group's interest in its subsidiaries on the Group's equity:

| (€ million)  | 2012       | 2011         |
|--|------------|--------------|
| <b>Profit/(loss) for the period attributable to owners of the parent</b>                 | <b>348</b> | <b>1,334</b> |
| Acquisition of 7.5% (fully-diluted) in Chrysler  | -          | (83)         |
| Acquisition of 5% (fully-diluted) in Chrysler  | 35         | -            |
| Net transfers from/(to) non-controlling interests  | 35         | (83)         |
| <b>Total Profit/(loss) for the year and transfers from (to) non-controlling interest</b> | <b>383</b> | <b>1,251</b> |

## 25. Share-based compensation

The following share-based compensation plans relating to managers of Group companies and the Chief Executive Officer of Fiat S.p.A. were in place at 31 December 2012 and 2011.

### *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. Options are vested and exercisable at any time until 1 January 2016. Following the demerger of Fiat Industrial, the beneficiary now has the right 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 2012, 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     | Vested 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 are exercisable from the date on which the 2010 financial statements were approved. The additional 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 are exercisable 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 the realignment of the plan with respect to the shares underlying the plan in strict relation to the allotment ratio for the Demerger granting to the beneficiary 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<br>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<br>November 2006 | Chief Executive Officer | 3 November 2014 | 13.37            | 5,000,000             | 1st Quarter 2008 (*) | 25%xNMC         |
|                               |                         |                 |                  |                       | 1st Quarter 2009 (*) | 25%xNMC         |
|                               |                         |                 |                  |                       | 1st Quarter 2010 (*) | 25%xNMC         |
|                               |                         |                 |                  |                       | 1st Quarter 2011 (*) | 25%xNMC         |
| Stock Option<br>November 2006 | Managers                | 3 November 2014 | 13.37            | 10,000,000            | 1st Quarter 2008 (*) | 25%xNMC         |
|                               |                         |                 |                  |                       | 1st Quarter 2009 (*) | 25%xNMC         |
|                               |                         |                 |                  |                       | 1st Quarter 2010 (*) | 25%xNMC         |
|                               |                         |                 |                  |                       | 1st Quarter 2011 (*) | 25%xNMC         |

(\*) On approval of the prior year's consolidated financial statements; subject to continuation of the professional relationship.

With specific reference to the options granted to under the November 2006 Stock Option Plan, for which vesting was subject to the achievement of pre-established profitability targets, only the first tranche of those rights had 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 2012 is as follows:

| Exercise price (€) | Managers' compensation                  |   |  | Compensation to the Chief Executive Officer |   |  |
|--------------------|---|---|--|---|---|--|
|                    | Options outstanding at 31 December 2012 | Options outstanding at 31 December 2011 | Average remaining contractual life (years) | Options outstanding at 31 December 2012     | Options outstanding at 31 December 2011 | Average remaining contractual life (years) |
| 6.583              | -                                       | -                                       | -  | 10,670,000                                  | 10,670,000                              | 3.0  |
| 13.370             | 1,576,875                               | 1,636,875                               | 1.8  | 6,250,000                                   | 6,250,000                               | 1.8  |
| <b>Total</b>       | <b>1,576,875</b>                        | <b>1,636,875</b>                        |  | <b>16,920,000</b>                           | <b>16,920,000</b>                       |  |

Changes during the year 2012 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 | 1,636,875              | 13.37                      | 16,920,000                                  | 9.09                       |
| Granted                                  | -                      | -                          | -   | -                          |
| Forfeited                                | -                      | -                          | -   | -                          |
| Exercised                                | -                      | -                          | -   | -                          |
| Expired                                  | (60,000)               | 13.37                      | -   | -                          |
| <b>Outstanding at 31 December 2012</b>   | <b>1,576,875</b>       | <b>13.37</b>               | <b>16,920,000</b>                           | <b>9.09</b>                |
| <b>Exercisable at 31 December 2012</b>   | <b>1,576,875</b>       | <b>13.37</b>               | <b>16,920,000</b>                           | <b>9.09</b>                |
| <b>Exercisable at 31 December 2011</b>   | <b>1,636,875</b>       | <b>13.37</b>               | <b>16,920,000</b>                           | <b>9.09</b>                |

As they were already fully vested at 31 December 2010, the above stock option plans did not lead to any nominal cost for 2012 and 2011.

#### *Stock Grant plans linked to Fiat S.p.A. and Fiat Industrial S.p.A ordinary shares.*

Following the vesting of the rights granted under the plans approved by Shareholders in their Annual General Meeting on 27 March 2009 and on 26 March 2010 and as amended, at the beginning of 2012 the Fiat Chief Executive Officer 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.

On 4 April 2012, General Shareholders Meeting resolved to approve the adoption of a Long Term Incentive Plan (the “*Retention LTI*”), in the form of *stock grants*.

As a result of the Shareholders’ resolution the Company attributed the Chief Executive Officer with 7 million rights, representative of an equal number of Fiat S.p.A. ordinary shares. The rights will vest ratably, one third on 22 February 2013, one third on 22 February 2014 and one third on 22 February 2015, subject to the requirement that the Chief Executive Officer remains in office.

The Plan is to be serviced through treasury shares without issuing new shares. The Company has the right 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 fulfilment.

At 31 December 2012, the contractual terms of the Plan were therefore as follows:

| Plan                 | Beneficiary             | Number of shares      | Vesting date     | Vesting portion |
|----------------------|-------------------------|-----------------------|------------------|-----------------|
| <i>Retention LTI</i> | Chief Executive Officer | 7,000,000 Fiat S.p.A. | 22 February 2013 | 2,333,333       |
|                      |                         |                       | 22 February 2014 | 2,333,333       |
|                      |                         |                       | 22 February 2015 | 2,333,333       |

Changes during 2012 were as follows:

|   | 2012                         |  |
|---|------------------------------|--|
|   | Number of Fiat S.p.A. shares | Average Fair value at the grant date (in euro) |
| <b>Outstanding shares unvested at the beginning of the year</b> | -                            | -  |
| Granted   | 7,000,000                    | 4.205  |
| Forfeited   | -                            | -  |
| Vested  | -                            | -  |
| <b>Outstanding shares unvested at the end of the year</b>       | <b>7,000,000</b>             | <b>4.205</b>                                   |

In 2012, a nominal cost of €9 million was recognised in the income statement for this plan.

#### *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.

Further, during 2009 Chrysler established the *Chrysler Group LLC 2009 Directors’ Restricted Stock Unit Plan* (“*Directors’ RSU Plan*”). In April 2012, the Compensation Committee amended and restated the Chrysler Group LLC 2009 Directors’ Restricted Stock Unit Plan to allow grants having a one year vesting term to be granted on an annual basis. Prior to the change, Director RSUs were granted at the beginning of a three-year performance period and vested in three equal tranches on the first, second, and third anniversary of the date of grant, subject to the participant remaining a member of the Chrysler Board of Directors on each vesting date. 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 for the year ended 31 December 2012 and during the seven month period from June to December 2011 approximated €28 million and €2 million, respectively.

#### *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 were granted to certain key employees as well as to the Chief Executive Officer in connection with his role as a member of the Chrysler Group Board of Directors. The grant to the Chief Executive Officer was economically identical to the RSUs issued to the other members of the Chrysler Group Board except that it was issued under the DPS Plan to comply with certain structural requirements applicable under *Troubled Asset Relief Program* ("TARP"). The Phantom Shares vested immediately on the grant date and will be settled in cash. Chrysler began making payments of certain of these awards during the first quarter of 2012. The expense recognised in connection with these plans during the year ended 31 December 2012 and during the seven-month period from June to December 2011 approximated €2 million and €3 million, respectively.

#### *Changes impacting Compensation of Chrysler Group LLC beginning in 2012*

In February 2012, the Compensation Committee adopted the 2012 Long-Term Incentive Plan (the "2012 LTIP"). The 2012 LTIP covers senior Chrysler Group executives (other than the Chief Executive Officer). It is designed to retain talented professionals and reward their performance through annual grants of phantom equity in the form of restricted share units ("LTIP RSUs") and performance share units ("PSUs"). LTIP RSUs may be granted annually, while PSUs are generally granted at the beginning of a three-year performance period. The Compensation Committee has discretion to grant additional PSU awards during the three-year performance period. The LTIP RSUs vest over three years in one-third increments on the anniversary of their grant date, while the PSUs vest at the end of the three-year performance period only if the Company meets or exceeds certain three-year cumulative company performance targets. If the Company does not fully achieve these targets, the PSUs will be deemed forfeited. Once vested, LTIP RSUs and PSUs will be settled in cash or, in the event Chrysler conducts an IPO, in cash or shares of publicly traded stock, at the Compensation Committee's discretion. Settlement will be made as soon as practicable after vesting, but in any case no later than 15 March of the year following vesting. The expense recognised in connection with these plans during the year ended 31 December 2012 was €24 million.

## **26. Provisions for employee benefits**

This note refers to provisions for employee benefits determined in accordance with IAS 19 - *Employee Benefits* issued in February 1998 and subsequent amendments; for the effects relating to the adoption of the amendment to IAS 19 issued in June 2011, reference should be made to the note - *Accounting standards and amendments not yet applicable and not early adopted by the Group*. Indications on estimated impacts deriving from an adoption of the new rules from 1 January 2012 are in any case provided hereinafter to improve comprehension.

A detail of provisions for employee benefits is as follows:

| (€ million)   | At 31 December 2012 | At 31 December 2011 |
|---|---------------------|---------------------|
| Pension benefits  | 2,679               | 2,863               |
| Health care and life insurance plans                                    | 1,875               | 1,922               |
| Employee leaving entitlements in Italy                                  | 761                 | 793                 |
| Other post-employment benefits  | 147                 | 145                 |
| Total Post-employment benefits  | 5,462               | 5,723               |
| Other provisions for employees and liabilities for share based payments | 906                 | 1,006               |
| Other long-term employee benefits                                       | 326                 | 297                 |
| <b>Total Provision for employee benefits</b>                            | <b>6,694</b>        | <b>7,026</b>        |
| Defined benefit plan assets   | 94                  | 85                  |
| <b>Total Defined benefits plan assets</b>                               | <b>94</b>           | <b>85</b>           |

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 2012 this costs totalled €807 million (€938 million in 2011).

#### *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) primarily 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 under the salaried employees' retirement plans. 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 reflect a balance of liability hedging and return-seeking investment consideration. 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. Additionally, in order to minimize pension asset volatility relative to the pension liabilities, a portion of the pension plan assets are generally allocated to fixed income investments.

Assets are actively managed, primarily, 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 generally 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 (relating to Chrysler). 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 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 départ 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 2012, liabilities for share-based payments include €125 million relating to the underlying portion of the stock option and stock grant plans to be serviced with Fiat Industrial shares as 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 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 2012 and in 2011 changes in Other provisions for employees and in Other long-term employee benefits were as follows:

| (€ million)                       | At 31 December<br>2011 | Provision  | Utilisation and<br>release to income | Change in the<br>scope of<br>consolidation | Exchange rate<br>differences and<br>other differences | At 31 December<br>2012 |
|-----------------------------------|------------------------|------------|--------------------------------------|--|---|------------------------|
| Other provisions for employees    | 1,006                  | 847        | (837)                                | -  | (110)   | 906                    |
| Other long-term employee benefits | 297                    | 52         | (25)                                 | -  | 2   | 326                    |
| <b>Total</b>                      | <b>1,303</b>           | <b>899</b> | <b>(862)</b>                         | <b>-</b>                                   | <b>(108)</b>  | <b>1,232</b>           |

| (€ million)                       | At 31 December<br>2010 (*) | Provision  | Utilisation and<br>release to income | Change in the<br>scope of<br>consolidation | Exchange rate<br>differences and<br>other differences | At 31 December<br>2011 |
|-----------------------------------|----------------------------|------------|--------------------------------------|--|---|------------------------|
| Other provisions for employees    | 491                        | 566        | (557)                                | 351  | 155   | 1,006                  |
| Other long-term employee benefits | 124                        | 17         | (33)                                 | 173  | 16  | 297                    |
| <b>Total</b>                      | <b>615</b>                 | <b>583</b> | <b>(590)</b>                         | <b>524</b>                                 | <b>171</b>  | <b>1,303</b>           |

(\*) The balances at 31 December 2010 relate to Fiat Group post demerger to Fiat Industrial.

The main assumptions used to determine the net liability for the pension benefits were as follows:

| (In %)   | At 31 December 2012 |        |     | At 31 December 2011 |        |     |
|--|---------------------|--------|-----|---------------------|--------|-----|
|  | USA                 | Canada | UK  | USA                 | Canada | UK  |
| Discount rate                                    | 4.0                 | 3.9    | 4.6 | 5.0                 | 4.1    | 5.1 |
| Future salary increase rate                      | 3.0                 | 3.5    | 3.0 | 3.8                 | 3.5    | 2.7 |
| Inflation rate                                   | n/a                 | n/a    | 3.0 | n/a                 | n/a    | 2.7 |
| Expected long term rate of return on plan assets | 7.5                 | 7.0    | 7.0 | 7.5                 | 7.0    | 7.0 |

The main assumptions used to determine the net liability for other post-employment benefits were as follows:

| (In %)   | At 31 December 2012 |        |       | At 31 December 2011 |        |       |
|--|---------------------|--------|-------|---------------------|--------|-------|
|  | USA                 | Canada | Italy | USA                 | Canada | Italy |
| Discount rate  | 4.1                 | 3.9    | 3.4   | 5.1                 | 4.2    | 4.4   |
| Future salary increase rate                          | n/a                 | 2.7    | 2.5   | n/a                 | 2.7    | 3.2   |
| Inflation rate                                       | n/a                 | n/a    | 2.0   | n/a                 | n/a    | 2.0   |
| Weighted average ultimate healthcare cost trend rate | 8.0                 | 3.7    | n/a   | 8.5                 | 3.7    | 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 rate of return on plan assets assumption is developed using a consistent approach across all plans. This approach primarily considers various inputs from a range of advisors for long-term capital market returns, inflation, bond yields and other variables, adjusted for specific aspects of our investment strategy.

The annual rate of increase in the per capita cost of covered U.S. health care benefits assumed for 2012 was 8.0%. 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 per capita cost of covered Canadian health care benefits assumed for 2012 was 3.7%. The annual rate was assumed to remain at 3.7% thereafter.

The assumed health care cost trend rate has a significant effect on the amounts reported for postretirement health care and life insurance benefits. A one percentage point change in the assumed health care cost trend rate for U.S. and Canada combined would have the following effects as of 31 December 2012:

| (€ million)  | One percentage point<br>increase | One percentage point<br>decrease |
|--|----------------------------------|----------------------------------|
| Effect on the aggregate of the service costs and interest cost | 4                                | (3)                              |
| Effect on defined benefit obligation                           | 63                               | (53)                             |

The amounts recognised in the statement of financial position for post-employment benefits plans at 31 December 2012 and 2011 are as follows:

| (€ million)  | Pension benefits          |                           | Healthcare and life insurance plans |                           | Employee leaving entitlements |                           | Other post-employment benefits |                           |
|--|---------------------------|---------------------------|-------------------------------------|---------------------------|-------------------------------|---------------------------|--------------------------------|---------------------------|
|  | At 31<br>December<br>2012 | At 31<br>December<br>2011 | At 31<br>December<br>2012           | At 31<br>December<br>2011 | At 31<br>December<br>2012     | At 31<br>December<br>2011 | At 31<br>December<br>2012      | At 31<br>December<br>2011 |
| Present value of funded obligations  | 26,853                    | 25,106                    | -                                   | -                         | -                             | -                         | -                              | -                         |
| Fair Value of plan assets  | (20,048)                  | (20,004)                  | -                                   | -                         | -                             | -                         | -                              | -                         |
|  | 6,805                     | 5,102                     | -                                   | -                         | -                             | -                         | -                              | -                         |
| Present value of unfunded obligations  | 119                       | 95                        | 2,289                               | 2,070                     | 795                           | 763                       | 164                            | 156                       |
| Unrecognised actuarial gains/(losses)  | (4,333)                   | (2,419)                   | (413)                               | (148)                     | (34)                          | 30                        | (15)                           | (8)                       |
| Unrecognised past service cost   | (6)                       | -                         | (1)                                 | -                         | -                             | -                         | (2)                            | (3)                       |
| Unrecognised assets  | -                         | -                         | -                                   | -                         | -                             | -                         | -                              | -                         |
| <b>Net liability</b>   | <b>2,585</b>              | <b>2,778</b>              | <b>1,875</b>                        | <b>1,922</b>              | <b>761</b>                    | <b>793</b>                | <b>147</b>                     | <b>145</b>                |
| Amounts at year end:   |                           |                           |                                     |                           |                               |                           |                                |                           |
| Liabilities  | 2,679                     | 2,863                     | 1,875                               | 1,922                     | 761                           | 793                       | 147                            | 145                       |
| Assets   | (94)                      | (85)                      | -                                   | -                         | -                             | -                         | -                              | -                         |
| <b>Net liability</b>   | <b>2,585</b>              | <b>2,778</b>              | <b>1,875</b>                        | <b>1,922</b>              | <b>761</b>                    | <b>793</b>                | <b>147</b>                     | <b>145</b>                |
| Actuarial losses and minor to be recognised upon adoption of IAS 19 Revised  | 4,339                     | -                         | 414                                 | -                         | 34                            | -                         | 17                             | -                         |
| <b>Net liability to be recognised at 1 January 2013 under IAS 19 Revised</b> | <b>6,924</b>              | -                         | <b>2,289</b>                        | -                         | <b>795</b>                    | -                         | <b>164</b>                     | -                         |

The amounts recognised in the income statement for defined benefit plans in 2012 and in 2011 are as follows:

| (€ million)                                       | Pension benefits |            | Healthcare and life insurance plans |            | Employee leaving entitlements |            | Other Post-employment benefits |             |
|---|------------------|------------|-------------------------------------|------------|-------------------------------|------------|--------------------------------|-------------|
|   | 2012             | 2011       | 2012                                | 2011       | 2012                          | 2011       | 2012                           | 2011        |
| Current service cost                              | 270              | 120        | 23                                  | 9          | -                             | -          | 8                              | 8           |
| Interest costs                                    | 1,203            | 667        | 103                                 | 57         | 19                            | 21         | 5                              | 6           |
| Expected return on plan assets                    | (1,434)          | (816)      | -                                   | -          | -                             | -          | -                              | -           |
| Net actuarial losses/(gains) recognised           | 30               | 4          | -                                   | (4)        | -                             | -          | (1)                            | 1           |
| (Negative)/positive past service costs            | 2                | -          | (6)                                 | -          | -                             | -          | (2)                            | (68)        |
| Losses/(gains) on curtailments and settlements    | 1                | 36         | -                                   | -          | -                             | -          | (1)                            | -           |
| Other (income)/losses                             | -                | -          | -                                   | 1          | -                             | -          | -                              | (1)         |
| <b>Total Costs/(gains)</b>                        | <b>72</b>        | <b>11</b>  | <b>120</b>                          | <b>63</b>  | <b>19</b>                     | <b>21</b>  | <b>9</b>                       | <b>(54)</b> |
| <b>Actual return on plan assets</b>               | <b>1,887</b>     | <b>286</b> | <b>n/a</b>                          | <b>n/a</b> | <b>n/a</b>                    | <b>n/a</b> | <b>n/a</b>                     | <b>n/a</b>  |
| <b>Estimated impacts from IAS 19 Revised: (*)</b> |                  |            |                                     |            |                               |            |                                |             |
| Surplus exp. return on plan assets vs int. cost   | (230)            | -          | -                                   | -          | -                             | -          | -                              | -           |
| <b>Decrease in EBIT</b>                           | <b>(230)</b>     | -          | -                                   | -          | -                             | -          | -                              | -           |
| Additional impact from discounting net liability  | (240)            | -          | -                                   | -          | -                             | -          | -                              | -           |
| <b>Increase in financial expenses</b>             | <b>(240)</b>     | -          | -                                   | -          | -                             | -          | -                              | -           |
| <b>Estimated decrease in net income</b>           | <b>(470)</b>     | -          | -                                   | -          | -                             | -          | -                              | -           |

(\*) As if IAS 19R was adopted effective 1 January 2012

Changes in the present value of Post-employment obligations are as follows:

| (€ million)  | Pension benefits |               | Healthcare and life insurance plans |              | Employee leaving entitlements |            | Other      |            |
|--|------------------|---------------|-------------------------------------|--------------|-------------------------------|------------|------------|------------|
|  | 2012             | 2011          | 2012                                | 2011         | 2012                          | 2011       | 2012       | 2011       |
| <b>Present value of obligations at the beginning of the year</b> | <b>25,201</b>    | <b>522</b>    | <b>2,070</b>                        | <b>1</b>     | <b>763</b>                    | <b>811</b> | <b>156</b> | <b>127</b> |
| Change in scope of consolidation                                 | -                | 20,933        | -                                   | 1,754        | 4                             | (3)        | -          | 101        |
| Current service cost   | 270              | 120           | 23                                  | 9            | -                             | -          | 8          | 8          |
| Interest costs   | 1,203            | 667           | 103                                 | 57           | 19                            | 21         | 5          | 6          |
| Employee contribution  | 9                | 5             | -                                   | 5            | -                             | -          | -          | -          |
| Actuarial (gains)/losses   | 2,477            | 1,659         | 282                                 | 134          | 71                            | 7          | 10         | (1)        |
| Benefits paid  | (1,796)          | (990)         | (145)                               | (82)         | (62)                          | (73)       | (13)       | (18)       |
| Exchange rate differences  | (402)            | 2,255         | (38)                                | 190          | -                             | -          | 2          | 2          |
| (Negative)/positive past service cost                            | 9                | -             | (6)                                 | -            | -                             | -          | (2)        | (69)       |
| (Gains)/losses on curtailments                                   | -                | -             | -                                   | -            | -                             | -          | (1)        | -          |
| (Gains)/losses on settlements                                    | 1                | 36            | -                                   | 2            | -                             | -          | -          | -          |
| Other changes  | -                | (6)           | -                                   | -            | -                             | -          | (1)        | -          |
| <b>Present value of obligations at the end of the year</b>       | <b>26,972</b>    | <b>25,201</b> | <b>2,289</b>                        | <b>2,070</b> | <b>795</b>                    | <b>763</b> | <b>164</b> | <b>156</b> |

Changes in the fair value of plan assets are as follows:

| (€ million)   | Pension benefits |               | Healthcare and life insurance plans |      |
|---|------------------|---------------|-------------------------------------|------|
|   | 2012             | 2011          | 2012                                | 2011 |
| <b>Fair value of plan assets at the beginning of the year</b> | <b>20,004</b>    | <b>327</b>    | -                                   | -    |
| Change in scope of consolidation                              | -                | 18,317        | -                                   | 26   |
| Expected return on plan assets                                | 1,434            | 816           | -                                   | -    |
| Company contributions   | 217              | 221           | -                                   | -    |
| Employee contributions  | 9                | 5             | -                                   | -    |
| Actuarial gains/(losses)                                      | 453              | (530)         | -                                   | -    |
| Benefits paid   | (1,782)          | (985)         | -                                   | -    |
| Exchange rate differences                                     | (287)            | 1,830         | -                                   | 1    |
| (Gains)/losses on settlements                                 | -                | -             | -                                   | (27) |
| Other changes   | -                | 3             | -                                   | -    |
| <b>Fair value of plan assets at the end of the year</b>       | <b>20,048</b>    | <b>20,004</b> | -                                   | -    |

Change in the scope of consolidation occurred in 2011 related 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 2012, the actuarial losses arising from calculating the present value of the obligation mainly had arisen from a reduction in the discount rates used by Chrysler as compared to the discount rate used for the year ended 31 December 2011, which was partially offset by the actual return on plan assets during the year.

For the year ended 31 December 2011, the actuarial losses mainly had arisen 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 Chrysler 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 were a special early retirement cost.

Plan assets may be summarised as follows:

| (in %)                               | At 31 December 2012 | At 31 December 2011 |
|--------------------------------------|---------------------|---------------------|
| Equity securities                    | 22%                 | 25%                 |
| Debt investments                     | 48%                 | 43%                 |
| Properties occupied by third parties | -                   | -                   |
| Other assets                         | 30%                 | 32%                 |

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 partnerships 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 2012, 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 2012 and the four previous years are as follows:

| (€ million)                            | At<br>31 December 2012 | At<br>31 December 2011 | At<br>31 December 2010 (*) | At<br>31 December 2009 | At<br>31 December 2008 |
|--|------------------------|------------------------|----------------------------|------------------------|------------------------|
| <b>Present value of obligation:</b>    |                        |                        |                            |                        |                        |
| Pension benefits                       | 26,972                 | 25,201                 | 522                        | 2,568                  | 2,267                  |
| Health care and life insurance plans   | 2,289                  | 2,070                  | 1                          | 794                    | 848                    |
| Employee leaving entitlements in Italy | 795                    | 763                    | 811                        | 1,001                  | 1,062                  |
| Others                                 | 164                    | 156                    | 127                        | 258                    | 288                    |
| <b>Fair value of plan assets:</b>      |                        |                        |                            |                        |                        |
| Pension benefits                       | 20,048                 | 20,004                 | 327                        | 1,796                  | 1,554                  |
| Health care and life insurance plans   | -                      | -                      | -                          | 46                     | 39                     |
| <b>Surplus (deficit) of the plan:</b>  |                        |                        |                            |                        |                        |
| Pension benefits                       | (6,924)                | (5,197)                | (195)                      | (772)                  | (713)                  |
| Health care and life insurance plans   | (2,289)                | (2,070)                | (1)                        | (748)                  | (809)                  |
| Employee leaving entitlements in Italy | (795)                  | (763)                  | (811)                      | (1,001)                | (1,062)                |
| Others                                 | (164)                  | (156)                  | (127)                      | (258)                  | (288)                  |

(\*) The balances at 31 December 2010 relate to Fiat Group post demerger to Fiat Industrial.

The best estimate of expected contributions to pension benefits and health care and life insurance plans for 2013 is as follows:

| (€ million)                          | 2013       |
|--------------------------------------|------------|
| Pension benefits                     | 793        |
| Health care and life insurance plans | 145        |
| Others                               | 5          |
| <b>Total expected contributions</b>  | <b>943</b> |

Employer contributions to funded pension plans of Chrysler are expected to be €757 million in 2013, of which €486 million (€399 million to U.S. plans and €87 million to Canadian plans) represent the discretionary contributions and €271 million (€5 million to U.S. plans and €266 million to Canadian plans) will be made to satisfy minimum funding requirement.

In July 2012, a U.S. pension funding relief measure known as the Moving Ahead for Progress in the 21st Century Act ("MAP-21") was signed into law. The aim of MAP-21 is to ease employer funding obligations so that assets are available for capital improvements, workforce expansions and other economic growth stimuli. Under MAP-21, employers can calculate defined benefit pension plan liabilities for funding purposes using discount rates based on a 25-year average of interest rates, which has the effect of increasing discount rates and reducing minimum funding requirements. Previously, the discount rates used to calculate liabilities were solely based upon a two-year average of interest rates, which resulted in higher minimum funding requirements due to recent interest rates being low. The change in discount rates used to determine our minimum funding requirements did not impact the reported funded status of our U.S. plans of Chrysler.

Additionally, during the second half of 2012, Canadian pension regulators extended the filing deadline for actuarial valuation reports to 28 February 2013. Required contributions are due within sixty days following the filing deadline.



**27. Other provisions**

Changes in Other provisions are as follows:

| (€ million)                   | At 31<br>December<br>2011 | Charge        | Utilisation    | Release to<br>income | Translation<br>differences | Other<br>changes | At 31<br>December<br>2012 |
|-------------------------------|---------------------------|---------------|----------------|----------------------|----------------------------|------------------|---------------------------|
| Warranty provision            | 3,530                     | 1,941         | (1,621)        | (182)                | (51)                       | -                | 3,617                     |
| Restructuring provision       | 340                       | 54            | (76)           | (56)                 | -                          | (1)              | 261                       |
| Investment provision          | 24                        | -             | -              | -                    | (1)                        | (10)             | 13                        |
| Other risks                   | 4,704                     | 8,049         | (7,438)        | (323)                | (63)                       | (30)             | 4,899                     |
| <b>Total Other provisions</b> | <b>8,598</b>              | <b>10,044</b> | <b>(9,135)</b> | <b>(561)</b>         | <b>(115)</b>               | <b>(41)</b>      | <b>8,790</b>              |

The effect of discounting these provisions is €11 million in 2012.

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 is principally based on assumptions regarding the lifetime warranty costs of each vehicle and each model year of that vehicle line, as well as historical claims experience for our vehicles. 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 2012 consists of termination benefits of €194 million (€208 million at 31 December 2011) payable to employees in connection with restructuring plans, manufacturing rationalisation costs of €21 million (€26 million at 31 December 2011) and other costs of €46 million (€106 million at 31 December 2011). These provisions are related to the following activities (in € million): car mass-market operations 178, Components and Production Systems 40, Other activities 43.

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 2012 | At 31 December 2011 |
|--------------------------------------|---------------------|---------------------|
| Sales incentives                     | 2,622               | 2,288               |
| Legal proceedings and other disputes | 528                 | 608                 |
| Commercial risks                     | 393                 | 400                 |
| Environmental risks                  | 36                  | 41                  |
| Indemnities                          | 62                  | 66                  |
| Other reserves for risk and charges  | 1,258               | 1,301               |
| <b>Total Other risks</b>             | <b>4,899</b>        | <b>4,704</b>        |

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. 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.
- *Other reserves for risk and charges* - this provision includes, among others, the estimated product liability costs arising from personal injuries alleged to be the result of product defects. The valuation of the reserve is actuarially determined on an annual basis based on, among other factors, the number of vehicles sold and product liability claims incurred.

## 28. Debt

Breakdown of debt by category and by maturity is as follows:

| (€ million)                        | At 31 December 2012    |                                      |                          |               | At 31 December 2011    |                                      |                          |               |
|------------------------------------|------------------------|--------------------------------------|--------------------------|---------------|------------------------|--------------------------------------|--------------------------|---------------|
|                                    | due within<br>one year | due between<br>one and<br>five years | due beyond<br>five years | Total         | due within<br>one year | due between<br>one and<br>five years | due beyond<br>five years | Total         |
| Asset-backed financing             | 436                    | 13                                   | -                        | 449           | 688                    | 19                                   | 3                        | 710           |
| Bonds                              | 1,389                  | 8,295                                | 3,032                    | 12,716        | 1,954                  | 5,650                                | 4,080                    | 11,684        |
| Borrowings from banks              | 2,489                  | 5,084                                | 566                      | 8,139         | 2,042                  | 2,705                                | 2,836                    | 7,583         |
| Payables represented by securities | 516                    | 1,220                                | 3,137                    | 4,873         | 420                    | 1,077                                | 3,460                    | 4,957         |
| Other                              | 981                    | 352                                  | 379                      | 1,712         | 969                    | 453                                  | 416                      | 1,838         |
| Total Other debt                   | 5,375                  | 14,951                               | 7,114                    | 27,440        | 5,385                  | 9,885                                | 10,792                   | 26,062        |
| <b>Total Debt</b>                  | <b>5,811</b>           | <b>14,964</b>                        | <b>7,114</b>             | <b>27,889</b> | <b>6,073</b>           | <b>9,904</b>                         | <b>10,795</b>            | <b>26,772</b> |

Debt increased by €1,117 million at 31 December 2012. At 31 December 2012, Debt includes €10,312 million (€10,537 million at 31 December 2011) of Chrysler debt.

Asset-backed financing represents the amount of financing received through 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 decreased by €261 million in 2012.

The increase in Other debt amounts to €1,378 million in 2012: the Group issued new bonds for €2,535 million during the year and repaid bonds on maturity for €1,450 million; medium and long-term borrowings that were repaid amount to €1,528 million; while medium and long-term loans obtained by the Group during the year amounted to €1,925 million.

The annual effective interest rates and the nominal currencies of debt at 31 December 2012 are as follows:

| (€ million)       | Interest rate   |                    |                     |                      |                       | Total at 31<br>December 2012 |
|-------------------|-----------------|--------------------|---------------------|----------------------|-----------------------|------------------------------|
|                   | less<br>than 5% | from 5%<br>to 7.5% | from 7.5%<br>to 10% | from 10%<br>to 12.5% | greater<br>than 12.5% |                              |
| Euro              | 4,523           | 5,862              | 2,253               | 98                   | -                     | <b>12,736</b>                |
| US Dollar         | 642             | 2,384              | 6,170               | 8                    | 217                   | <b>9,421</b>                 |
| Brazilian Real    | 1,165           | 965                | 723                 | 89                   | -                     | <b>2,942</b>                 |
| Canadian Dollar   | 53              | 82                 | 725                 | -                    | -                     | <b>860</b>                   |
| Swiss Franc       | 10              | 684                | -                   | -                    | -                     | <b>694</b>                   |
| Mexican Peso      | -               | -                  | 459                 | -                    | -                     | <b>459</b>                   |
| Chinese Renminbi  | 4               | 321                | -                   | -                    | -                     | <b>325</b>                   |
| Polish Zloty      | 14              | 145                | -                   | 11                   | -                     | <b>170</b>                   |
| Argentine Peso    | -               | -                  | 64                  | 5                    | 84                    | <b>153</b>                   |
| British Pound     | 88              | -                  | -                   | -                    | -                     | <b>88</b>                    |
| Other             | 36              | -                  | 1                   | 1                    | 3                     | <b>41</b>                    |
| <b>Total Debt</b> | <b>6,535</b>    | <b>10,443</b>      | <b>10,395</b>       | <b>212</b>           | <b>304</b>            | <b>27,889</b>                |

For further information on the management of interest rate and currency risk reference should be made to Note 35.

The fair value of Debt at 31 December 2012 amounts approximately to €28,360 million (approximately €25,239 million at 31 December 2011). 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 2012, debt secured by assets of the Fiat Group excluding Chrysler amounts to €363 million (€372 million at 31 December 2011), of which €276 million (€281 million at 31 December 2011) due to creditors for the above mentioned assets acquired under finance leases. The total carrying amount of assets acting as security for loans amounts to €296 million at 31 December 2012 (€318 million at 31 December 2011).

At 31 December 2012, debt secured by assets of Chrysler amounts to €5,530 million (€5,751 million at 31 December 2011), and includes €4,665 million (€4,780 million at 31 December 2011) relating to the principal amount of the *Secured Senior Notes* and the *Senior Secured Credit Facility* (the "*Tranche B Term Loan*" and the "*Revolving Credit Facility*", which at 31 December 2012 was undrawn), €183 million (€205 million at 31 December 2011) was due to creditors for assets acquired under finance leases and other debt and financial commitments for €682 million (€766 million at 31 December 2011).

In addition, at 31 December 2012 the Group's assets include current receivables to settle Asset-backed financing of €449 million (€679 million at 31 December 2011), see Note 19.

## Bonds

The bond issues outstanding at 31 December 2012 are as follows:

|  | Currency | Face value of<br>outstanding bonds<br>(in million) | Coupon | Maturity  | Outstanding<br>amount<br>(€ million) |
|--|----------|--|--------|-----------|--------------------------------------|
| <b>GLOBAL MEDIUM TERM NOTES:</b>                   |          |  |        |           |                                      |
| Fiat Finance and Trade Ltd S.A. (1)                | EUR      | 900  | 6.125% | 8-lug-14  | 900                                  |
| Fiat Finance and Trade Ltd S.A. (1)                | EUR      | 1,250  | 7.625% | 15-set-14 | 1,250                                |
| Fiat Finance and Trade Ltd S.A. (1)                | EUR      | 1,500  | 6.875% | 13-feb-15 | 1,500                                |
| Fiat Finance and Trade Ltd S.A. (2)                | CHF      | 425  | 5.000% | 7-set-15  | 352                                  |
| Fiat Finance and Trade Ltd S.A. (1)                | EUR      | 1,000  | 6.375% | 1-apr-16  | 1,000                                |
| Fiat Finance and Trade Ltd S.A. (1)                | EUR      | 1,000  | 7.750% | 17-ott-16 | 1,000                                |
| Fiat Finance and Trade Ltd S.A. (2)                | CHF      | 400  | 5.250% | 23-nov-16 | 331                                  |
| Fiat Finance and Trade Ltd S.A. (1)                | EUR      | 850  | 7.000% | 23-mar-17 | 850                                  |
| Fiat Finance North America Inc. (1)                | EUR      | 1,000  | 5.625% | 12-giu-17 | 1,000                                |
| Fiat Finance and Trade Ltd S.A. (1)                | EUR      | 600  | 7.375% | 09-lug-18 | 600                                  |
| Other  |          |  |        |           | 7                                    |
| <b>TOTAL GLOBAL MEDIUM TERM NOTES:</b>             |          |  |        |           | <b>8,790</b>                         |
| <b>OTHER BONDS:</b>                                |          |  |        |           |                                      |
| Fiat Finance and Trade Ltd S.A. (1)                | EUR      | 1,000  | 6.625% | 15-feb-13 | 1,000                                |
| Chrysler Group LLC (Senior Secured Notes) (3)      | USD      | 1,500  | 8.000% | 15-giu-19 | 1,137                                |
| Chrysler Group LLC (Senior Secured Notes) (3)      | USD      | 1,700  | 8.250% | 15-giu-21 | 1,288                                |
| <b>TOTAL OTHER BONDS</b>                           |          |  |        |           | <b>3,425</b>                         |
| <b>HEDGING EFFECT AND AMORTISED COST VALUATION</b> |          |  |        |           | <b>501</b>                           |
| <b>TOTAL BONDS</b>                                 |          |  |        |           | <b>12,716</b>                        |

(1) Bond for which a listing on the Irish Stock Exchange was obtained.

(2) Bond for which a listing on the SIX Swiss Exchange was obtained.

(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 "Secured Senior Notes".

Changes in bonds during 2012 are mainly due to:

- the issue by Fiat Finance and Trade Ltd S.A. as part of the Global Medium Term Notes Programme of guaranteed 5.00% notes at par having a principal of CHF 425 million and due September 2015;
- the issue by Fiat Finance and Trade Ltd S.A. as part of the Global Medium Term Notes Programme of guaranteed 7.00% notes at par having a principal of €850 million and due March 2017;
- the issue by Fiat Finance and Trade Ltd S.A. as part of the Global Medium Term Notes Programme of guaranteed 7.75% notes at par having a principal of €600 million and due October 2016;
- the issue by Fiat Finance and Trade Ltd S.A. as part of the Global Medium Term Notes Programme of guaranteed 5.25% notes at par having a principal of CHF 400 million and due November 2016;

- as the result of the reopening of the €600 million 7.75% notes issue due October 2016, as part of the Global Medium Term Notes Programme, Fiat Finance and Trade Ltd S.A. has issued a further €400 million of notes with an issue price of 101.116% and a yield to maturity of 7.40%, increasing the total principal amount of the bond to €1 billion;
- the repayment on maturity of a bond having a nominal value of €1,250 million issued by Fiat Finance and Trade Ltd S.A. in 2009 as part of the Global Medium Term Notes Programme;
- the repayment on maturity of a bond having a nominal value of €200 million issued by Fiat Finance and Trade Ltd S.A. in 2009 as part of the Global Medium Term Notes Programme.

Following the repayment on 15 February 2013 of the bond issued by Fiat Finance and Trade Ltd. S.A. having a nominal value of €1 billion, bearing fixed interest at 6.625%, the bonds issued by the Fiat Group excluding Chrysler are currently governed by the terms and conditions of the Global Medium Term Note Programme (GMTN Programme). A maximum of €15 billion may be used under this Program, of which notes of approximately €8.8 billion have been issued to 31 December 2012; 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 €7.8 billion and Fiat Finance North America Inc. with a bond having a nominal value of €1 billion.

Whereas Chrysler remains separate from the rest of the Fiat Group from a financial management standpoint and manages its own treasury services, obtaining funding from the market and managing cash directly, 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. 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 Secured Senior Notes ("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% 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 15 June 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% of the principal amount of the 2019 Notes being redeemed for the twelve months beginning 15 June 2015, decreasing to 102% for the year beginning 15 June 2016 and to par on and after 15 June 2017.
- Prior to 15 June 2016, the 2021 Secured Senior Notes ("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% 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% of the principal amount of the 2021 Notes being redeemed for the twelve months beginning 15 June 2016, decreasing to 102.75% for the year beginning 15 June 2017, to 101.375% for the year beginning 15 June 2018 and to par on and after 15 June 2019.

The bonds issued by Fiat and Chrysler are subject to different terms and conditions, which vary by issuer and, in some cases, by individual issuance. The prospectuses and/or indentures relating to the principal bond issues are available on the Group's website at [www.fiatspa.com](http://www.fiatspa.com) under "Investor Relations – Financial Publications" and at [www.chryslergroupllc.com](http://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, in case any security interest upon assets of the issuer and/or Fiat S.p.A. is granted in connection with other bonds or debt securities having the same ranking, such security should be equally and rateably extended to the outstanding bonds; (ii) *pari passu* clauses, under which the bonds rank and will rank *pari passu* with all other present and future unsubordinated and unsecured obligations of the issuer and/or Fiat S.p.A.; (iii) periodic disclosure obligations; (iv) 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 which limited 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 certain 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 2012, the item Borrowings from banks includes for €2,265 million (€2,333 million at 31 December 2011) 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 the treasury companies of Fiat Group excluding Chrysler amount to approximately €2.8 billion at 31 December 2012, of which approximately €2 billion were undrawn. This amount does not include committed credit lines available to fund scheduled investments of the Fiat Group excluding Chrysler operating entities with residual maturity after twelve months, of which €1.5 billion was still undrawn at 31 December 2012.

The €1.95 billion 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 syndicated credit facility, 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 2012, Chrysler has secured revolving credit facility ("*Revolving Credit Facility*") amounting to approximately €1 billion (\$1.3 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) limitations on making certain 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 2012, the item Payables represented by securities includes the *VEBA Trust Note* of €3,863 million (€3,908 million at 31 December 2011), 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 \$4,874 million (€3,694 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 2012, Chrysler’s Payables represented by securities also includes the *Canadian Health Care Trust Notes* totalling €864 million (€820 million at 31 December 2011), 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 up to 2024.

#### *Other*

At 31 December 2012, payables for finance leases included in the item Other of Total Debt amount to €459 million and may be analysed as follows:

|  | At 31 December 2012    |                                      |                          |             | At 31 December 2011    |                                      |                          |              |
|--|------------------------|--------------------------------------|--------------------------|-------------|------------------------|--------------------------------------|--------------------------|--------------|
|  | due within<br>one year | due between<br>one and five<br>years | due beyond<br>five years | Total       | due within<br>one year | due between<br>one and five<br>years | due beyond<br>five years | Total        |
| (€ million)                                    |                        |                                      |                          |             |                        |                                      |                          |              |
| Minimum future lease payments                  | 90                     | 246                                  | 215                      | <b>551</b>  | 80                     | 286                                  | 238                      | <b>604</b>   |
| Interest expense                               | (20)                   | (57)                                 | (15)                     | <b>(92)</b> | (22)                   | (69)                                 | (27)                     | <b>(118)</b> |
| <b>Present value of minimum lease payments</b> | <b>70</b>              | <b>189</b>                           | <b>200</b>               | <b>459</b>  | <b>58</b>              | <b>217</b>                           | <b>211</b>               | <b>486</b>   |

At 31 December 2012, the Fiat Group excluding Chrysler had outstanding financial lease agreements for certain Property, plant and equipment whose overall net carrying amount totals €268 million (€297 million at 31 December 2011) (Note 16).

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 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 the Group at 31 December 2012 is as follows:

|   | At 31 December 2012           |                |             |                  |                          | At 31 December 2011           |                |             |                  |                          |
|---|-------------------------------|----------------|-------------|------------------|--------------------------|-------------------------------|----------------|-------------|------------------|--------------------------|
|   | Fiat Group excluding Chrysler | Chrysler       | Elimination | Total Fiat Group | of which Related parties | Fiat Group excluding Chrysler | Chrysler       | Elimination | Total Fiat Group | of which Related parties |
| (€ million)   |                               |                |             |                  |                          |                               |                |             |                  |                          |
| A. Cash and cash equivalents  | 8,854                         | 8,803          | -           | 17,657           | -                        | 10,106                        | 7,420          | -           | 17,526           | -                        |
| B. Current securities (securities held for trading)                             | 256                           | -              | -           | 256              | -                        | 199                           | -              | -           | 199              | -                        |
| <b>C. Liquidity (C) = (A+B)</b>   | <b>9,110</b>                  | <b>8,803</b>   | <b>-</b>    | <b>17,913</b>    | <b>-</b>                 | <b>10,305</b>                 | <b>7,420</b>   | <b>-</b>    | <b>17,725</b>    | <b>-</b>                 |
| <b>D. Receivables from financing activities (Current financial receivables)</b> | <b>3,724</b>                  | <b>12</b>      | <b>(9)</b>  | <b>3,727</b>     | <b>201</b>               | <b>3,958</b>                  | <b>20</b>      | <b>(10)</b> | <b>3,968</b>     | <b>197</b>               |
| of which: From jointly-controlled financial services entities                   | 58                            | -              | -           | 58               | 58                       | 21                            | -              | -           | 21               | 21                       |
| of which: financial receivables for intragroup leased assets (IFRIC 4)          | -                             | 9              | (9)         | -                | -                        | -                             | 10             | (10)        | -                | -                        |
| <b>E. Other financial assets</b>  | <b>474</b>                    | <b>45</b>      | <b>-</b>    | <b>519</b>       | <b>-</b>                 | <b>430</b>                    | <b>127</b>     | <b>-</b>    | <b>557</b>       | <b>-</b>                 |
| <b>F. Debt</b>  | <b>17,586</b>                 | <b>10,312</b>  | <b>(9)</b>  | <b>27,889</b>    | <b>272</b>               | <b>16,245</b>                 | <b>10,537</b>  | <b>(10)</b> | <b>26,772</b>    | <b>331</b>               |
| of which: financial payables for intragroup leased assets (IFRIC 4)             | 9                             | -              | (9)         | -                | -                        | 10                            | -              | (10)        | -                | -                        |
| <b>G. Other financial liabilities</b>   | <b>159</b>                    | <b>42</b>      | <b>-</b>    | <b>201</b>       | <b>-</b>                 | <b>329</b>                    | <b>100</b>     | <b>-</b>    | <b>429</b>       | <b>-</b>                 |
| <b>H. Net financial position (H) = (C+D+E-F-G)</b>                              | <b>(4,437)</b>                | <b>(1,494)</b> | <b>-</b>    | <b>(5,931)</b>   | <b>(71)</b>              | <b>(1,881)</b>                | <b>(3,070)</b> | <b>-</b>    | <b>(4,951)</b>   | <b>(134)</b>             |

The item Receivables from financing activities includes the entire portfolio of the consolidated 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:

|  | At 31 December 2012           |                |                  | At 31 December 2011           |                |                  |
|--|-------------------------------|----------------|------------------|-------------------------------|----------------|------------------|
|  | Fiat Group excluding Chrysler | Chrysler       | Total Fiat Group | Fiat Group excluding Chrysler | Chrysler       | Total Fiat Group |
| (€ million)  |                               |                |                  |                               |                |                  |
| <b>Consolidated net debt as presented in the Report on Operations</b>  | <b>(8,103)</b>                | <b>(1,497)</b> | <b>(9,600)</b>   | <b>(5,818)</b>                | <b>(3,080)</b> | <b>(8,898)</b>   |
| Less: Current financial receivables, excluding those due from jointly controlled financial services companies, amounting to €58 million at 31 December 2012 (€21 million at 31 December 2011), and financial receivables for leased assets under IFRIC 4 | 3,666                         | 3              | 3,669            | 3,937                         | 10             | 3,947            |
| <b>Net financial position</b>  | <b>(4,437)</b>                | <b>(1,494)</b> | <b>(5,931)</b>   | <b>(1,881)</b>                | <b>(3,070)</b> | <b>(4,951)</b>   |

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 €16,558 million at 31 December 2012 increased by €140 million over 31 December 2011. An analysis by due date of trade payables is as follows:

| (€ million)           | At 31 December 2012    |                                      |                          |               | At 31 December 2011    |                                      |                          |               |
|-----------------------|------------------------|--------------------------------------|--------------------------|---------------|------------------------|--------------------------------------|--------------------------|---------------|
|                       | due within<br>one year | due between<br>one and<br>five years | due beyond<br>five years | Total         | due within<br>one year | due between<br>one and<br>five years | due beyond<br>five years | Total         |
| <b>Trade payables</b> | 16,557                 | 1                                    | -                        | <b>16,558</b> | 16,402                 | 13                                   | 3                        | <b>16,418</b> |

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 2012 | At 31 December 2011 |
|--|---------------------|---------------------|
| Advances on buy-back agreements                      | 1,198               | 1,681               |
| Indirect tax payables                                | 1,233               | 1,289               |
| Accrued expenses and deferred income                 | 1,920               | 1,737               |
| Payables to personnel                                | 728                 | 672                 |
| Social security payables                             | 321                 | 313                 |
| Amounts due to customers for contract work (Note 18) | 178                 | 110                 |
| Other  | 2,203               | 1,736               |
| <b>Total Other current liabilities</b>               | <b>7,781</b>        | <b>7,538</b>        |

An analysis of Other current liabilities (excluding Accrued expenses and deferred income) by due date is as follows:

| (€ million)   | At 31 December 2012    |                                      |                          |              | At 31 December 2011    |                                      |                          |              |
|---|------------------------|--------------------------------------|--------------------------|--------------|------------------------|--------------------------------------|--------------------------|--------------|
|   | due within<br>one year | due between<br>one and<br>five years | due beyond<br>five years | Total        | due within<br>one year | due between<br>one and<br>five years | due beyond<br>five years | Total        |
| <b>Total Other current liabilities (excluding Accrued expenses and deferred income)</b> | 5,124                  | 703                                  | 34                       | <b>5,861</b> | 5,012                  | 763                                  | 26                       | <b>5,801</b> |

The item Advances on buy-back agreements amounting to €1,198 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.

Indirect tax payables includes among other taxes on commercial transactions accrued by the Brazilian subsidiary FIASA for which the company (as well as a number of important industrial groups which operate in Brazil) is awaiting the decision by the Supreme Court against its claim alleging the regime of double taxation. In March 2007, FIASA received a preliminary trial court decision allowing the payment of such tax on a taxable base consistent with the company's position. Since it is a preliminary decision and the amount may be required to be paid to the tax authorities at any time, the difference between the tax payments as preliminary allowed and the full amount determined as required by the legislation still in force is recognised as liability. Timing for the Supreme Court decision is not predictable.

Deferred income also includes the revenues not yet recognised in relation to the separately-priced extended warranties and service contracts offered by Chrysler. 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 industrial 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 transactions.

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 2012, Other non-cash items (positive for €47 million) mainly include the reversal of impairment losses on fixed assets and of the share of the profit or loss of investees accounted for using the equity method.

For 2011, Other non-cash items (a negative balance of €1,106 million) included 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 Chrysler in North America.

Cash flows for income tax payments net of refunds amount to €475 million in 2012 (€532 million in 2011).

Interest of €1,914 million was paid and interest of €635 million was received in 2012 (interest of €1,569 million was paid in 2011 and interest of €793 million was received in 2011 with reference to the Fiat Group as a whole). Amounts indicated are inclusive of interest rate differentials paid or received on interest rate derivatives.

In 2011, the item Cash and cash equivalents from the consolidation of Chrysler, net of consideration paid for the additional 16% ownership interest, consisted 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).

Finally, following occurrence of the *Ecological Event*, the rights associated with *Fiat's Class B Membership Interests* increased from 30% to 35% in January 2012 without the payment of cash; this transaction was therefore not included in the Statement of cash flows for 2012. Similarly, in 2011, 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 from 25% to 30% in April 2011 without the payment of cash; these transactions were not included in the Statement of cash flows for 2011. 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), had been classified under (Purchase)/sale of ownership interests in subsidiaries.

## 32. Guarantees granted, commitments and contingent liabilities

### *Guarantees granted*

At 31 December 2012 the Group had pledged guarantees on the debt or commitments of third parties totalling €50 million (€40 million at 31 December 2011), as well as guarantees of €25 million on related party debt (€30 million at 31 December 2011).

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 Chrysler’s dealers and retail customers in the U.S. and Canada in accordance with its usual and customary lending standards. Chrysler’s agreement with Ally is not exclusive. Ally provides consumer and dealer financing to other manufacturers. Chrysler’s dealers and retail customers also obtain financing from other financing sources.

From time to time, Chrysler works with Ally and certain other lenders to subsidize interest rates or cash at the inception of a financing arrangement to incentivize customers to purchase Chrysler vehicles, a practice known as “subvention.” Under the Ally agreement, Chrysler must first offer all subvention programs to Ally, and is required to ensure that Ally finances a specified minimum percentage of the vehicles Chrysler sells in North America under rate subvention programs in which it elects to participate. 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 2012, the maximum potential amount of future payments required to be made to Ally under this guarantee was approximately €6.2 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 can be resold to another dealer. The fair value of the guarantee was less than €0.1 million at 31 December 2012, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. The estimates are based on historical experience.

The Ally Agreement is effective through 30 April 2013, with automatic one-year renewals unless either party elects not to renew. Chrysler has notified Ally of its election not to renew the Ally Agreement for an additional term. On 6 February 2013, Chrysler signed a 10-year private-label agreement, subject to early termination in certain circumstances, with Santander Consumer USA Inc. to provide a full range of wholesale and retail financing services to Chrysler and Fiat customers and dealers which will be provided under the Chrysler Capital brand name. The new financing service is scheduled to launch 1 May 2013. Under the agreement, Santander Consumer USA Inc. has also provided Chrysler with consideration in the form of a non-refundable upfront payment which is payable prior to the launch of the new financing service, as well as on-going revenue sharing opportunities and commitments with respect to available funding, approval and penetration rates, price competitiveness and certain exclusivity rights. Santander Consumer USA Inc. will bear the risk of loss on loans contemplated by the agreement and the parties will share in any residual gains and losses in respect of consumer leases, subject to specific provisions including caps on Chrysler’s participation in gain and losses contained in the Master Agreement. Ally Financial Inc. will continue to provide financial services to Chrysler and Fiat customers and dealers until 30 April 2013.

### *Other Repurchase Obligations*

In accordance with the terms of other wholesale financing arrangements in Mexico, Chrysler is required to repurchase dealer inventory financed under these arrangements, upon certain triggering events and with certain exceptions, including in the event of an actual or constructive termination of a dealer’s franchise agreement. These obligations exclude certain vehicles including, but not limited to, vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage.

As of 31 December 2012, the maximum potential amount of future payments required to be made in accordance with these other wholesale financing arrangements was approximately €246 million and was based on the aggregate repurchase value of eligible vehicles financed through such arrangements in the respective dealer’s stock. If vehicles are required to be repurchased through such arrangements, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than €0.1 million at 31 December 2012, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. The estimates are based on historical experience.

### 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

As a result of 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 certain health benefits to former employees of Chrysler. 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 currently held by 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 determined using a defined market-based multiple (the average multiple of a basket of certain automotive manufacturers, not to exceed the trading multiple for Fiat) applied to Chrysler's EBITDA for the four most 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. On 3 July 2012, Fiat notified VEBA of Fiat's exercise of its option to purchase a portion of VEBA's ownership interest in Chrysler. That tranche represents approximately 3.3% of Chrysler's outstanding equity. On 26 September 2012, Fiat announced that Fiat North America (a wholly-owned subsidiary) was seeking a declaratory judgment from the Delaware Court of Chancery to confirm the price to be paid for the stake, since the parties had not reached an agreement on the purchase price. On 3 January 2013, Fiat notified VEBA of its exercise of its option to purchase a second tranche of the interest held in Chrysler Group LLC by VEBA, representing approximately 3.3% of Chrysler's outstanding equity. In the event the transactions are completed as contemplated, Fiat will hold 65.17% of the outstanding equity in Chrysler.

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 €57 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.

In accordance with paragraph AG81 of IAS 39 – *Financial Instruments: recognition and measurement*, both of options and rights 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.

**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.

*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:

| (€ million)  | At 31 December 2012    |                                      |                          |            | At 31 December 2011    |                                      |                          |            |
|--|------------------------|--------------------------------------|--------------------------|------------|------------------------|--------------------------------------|--------------------------|------------|
|  | due within<br>one year | due between<br>one and<br>five years | due beyond<br>five years | Total      | due within<br>one year | due between<br>one and<br>five years | due beyond<br>five years | Total      |
| Future minimum lease payments under operating lease agreements | 147                    | 347                                  | 222                      | <b>716</b> | 136                    | 325                                  | 227                      | <b>688</b> |

During 2012, the Group has recorded costs for lease payments of € 184 million (€118 million in 2011).

*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 relationships, intellectual property rights. The outcome of any 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 2012, 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 €100 million at 31 December 2011). Furthermore, contingent assets and expected reimbursement in connection with these contingent liabilities for approximately €16 million (€14 million at 31 December 2011) 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 2012, potential obligations with respect to these indemnities were approximately €430 million (approximately €430 million at 31 December 2011). Against these obligations, at 31 December 2012 provisions of €62 million (€66 million 31 December 2011) 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 a result of the acquisition of the majority ownership of Chrysler group and consistent with the objective of enhancing the operational integration of Fiat and Chrysler, and as already announced, Fiat has undertaken significant organizational changes that became effective from 1 September 2011. The new organization of the Mass-market Brands is based on four operating regions (the "regions") that deal with the development, production and sale of "mass-market brands" passenger cars, light commercial vehicles and related parts and services in specific geographical areas: NAFTA (U.S., Canada and Mexico), LATAM (South and Central America, excluding Mexico), APAC (Asia and Pacific countries) and EMEA (Europe, Middle East and Africa). In addition, there are two further operating segments, the first of which designs, manufactures and sells luxury and performance cars (Ferrari and Maserati) and the other that produces and sells components and production systems for the automotive industry (Magnetit Marelli, Teksid and Comau). Both segments operate on a worldwide basis.

Under the Group's new organization, these regions and operating segments reflect the elements of the Group that are regularly reviewed by the Group's Chief Executive Officer together with the Group Executive Council for making strategic decisions, allocating resources and assessing performance. The Group Executive Council was formed on 1 September 2011 and includes the senior operating and corporate leadership of Fiat and Chrysler.

Based on the new structure of the Group, starting from 2012, the operations of the mass-market brands, which were previously reported under the sectors Fiat Group Automobiles, Fiat Powertrain and Chrysler, are now attributed to the four regions as described above. The Luxury and Performance Brands, as well as the Components and Production Systems sectors are reported under two groupings based on their similarities and relative size. The figures for 2011 presented for comparative purposes have been restated accordingly.

In more details, the regions and the operating segments identified by the Group are the following:

- NAFTA primarily earns its revenues from the design, development, production, distribution and sale of automobiles under the Chrysler, Jeep, Dodge, Ram, SRT and Fiat brand names, and from sales of the related parts and accessories (under the Mopar brand name) in the United States, Canada and Mexico.
- LATAM mainly earns its revenues from the production and sale of passenger cars and light commercial vehicles and related spare parts under the Fiat and Fiat Professional brand names in South and Central America, excluding Mexico, and from the distribution of Chrysler group brand cars in the same region; in addition, it provides financial services to the dealer network in Brazil and Argentina, and to the dealer network and end customers of Fiat Industrial group for the sale of trucks and commercial vehicles in the same countries.
- APAC mainly earns its revenues from the sale of cars, engines and transmissions and related spare parts under the Chrysler group and Fiat brands mostly in China, Japan, Australia and India. These activities are carried out by the region through both subsidiaries and joint ventures.
- EMEA earns its revenues from the design, development, production and sale of passenger cars and light commercial vehicles under the Fiat, Alfa Romeo, Lancia/Chrysler, Abarth and Fiat Professional brand names and the sale of the related spare parts in Europe, Middle East and Africa, and from the distribution of Chrysler group brand vehicles in the same areas. In addition, the region provides financial services related to the sale of cars and light commercial vehicles in Europe, primarily through the 50/50 joint venture FGA Capital set up with the Crédit Agricole group included within associates consolidated with the equity method.
- The Luxury and Performance Brands grouping (Ferrari and Maserati sectors) earns its revenues from the production and sale of luxury sport cars under the Ferrari and Maserati brands, from managing the Ferrari racing team and from providing financial services offered in conjunction with the sale of Ferrari brand cars.
- The Components and Production Systems (Magneti Marelli, Teksid and Comau) grouping 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 carried out under the Magneti Marelli brand name, cast iron components for engines, gearboxes, transmissions and suspension systems, and aluminium cylinder heads (Teksid), in addition to the design and production of industrial automation systems and related products for the automotive sector (Comau).

As stated in the Section Format of the financial statements, in addition to assessing the performance of its operating segments on the basis of Trading profit, beginning 2012, the Group also began assessing performance on the basis of Earnings before Interest and Taxes (EBIT) and has decided to report it as a separate line item in the income statement in place of Operating profit. The comparative amounts have been restated accordingly. EBIT consists of Trading profit/(loss), Result from investments, and other income/(expense) classified as unusual and was deemed more appropriate than Operating profit as an indicator of performance for the Group and its operating segments, since it also takes into account the Result from investments. Trading profit, on the other hand, which remains unchanged, reflects the result from normal operating activities before taking account of the Result from investments and unusual items such as Gains/(losses) on the disposal of investments, Restructuring costs and other income/(expense) classified as unusual.

Transactions among regions generally are presented on a "where-sold" basis, which reflects the profit/(loss) on the ultimate sale to the external customer sale within the region. This presentation generally eliminates the effect of the legal entity transfer price within the regions. For the regions which also provide financial services activities, revenues and costs also include interest income and expense and other financial income and expense arising from those activities.

Revenues, Trading profit/(loss) and EBIT of the other operating segments 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 arising from transactions with regions and other operating segments, recognised at normal market prices. For Luxury and Performance Brands segment which also provides financial services activities, revenues and costs include interest income and expense, and other financial income and expense arising from those activities.

Other activities include the result of the activities and businesses that are not an operating segment under IFRS 8, the Unallocated items and adjustments include consolidation adjustments and eliminations in addition to financial income and expense and income taxes that are not attributable to the performance of the segments and are subject to separate assessment by the Chief Executive Officer. However Chrysler currently has, and is expected to continue to have, separate fiscal and treasury management, including funding and cash management.

Starting from 2012, operating assets are no longer included in the data reviewed by the Chief Executive Officer, consequently, as permitted by IFRS 8, the related information is not provided.

Details of the income statement by segment for the years ended 31 December 2012 and 2011 are as follows:

| (€ million)  | Car Mass-Market brands |               |              |               | Performance<br>and Luxury<br>Brands | Components<br>and<br>Production<br>Systems | Other<br>activities | Unallocated<br>items &<br>adjustments | Fiat<br>Group | of which:<br>Fiat Group<br>excluding<br>Chrysler |
|--|------------------------|---------------|--------------|---------------|-------------------------------------|--|---------------------|---------------------------------------|---------------|--|
|  | NAFTA                  | LATAM         | APAC         | EMEA          |                                     |  |                     |                                       |               |  |
| <b>2012</b>  |                        |               |              |               |                                     |  |                     |                                       |               |  |
| Segment revenues   | 43,521                 | 11,062        | 3,128        | 17,800        | 2,898                               | 8,030                                      | 979                 | (3,461)                               | <b>83,957</b> | <b>35,566</b>                                    |
| Revenues from transactions with regions and other operating segments | (27)                   | (89)          | (2)          | (543)         | (11)                                | (2,341)                                    | (448)               | 3,461                                 | -             | (893)  |
| <b>Revenues from external customers</b>                              | <b>43,494</b>          | <b>10,973</b> | <b>3,126</b> | <b>17,257</b> | <b>2,887</b>                        | <b>5,689</b>                               | <b>531</b>          | <b>-</b>                              | <b>83,957</b> | <b>34,673</b>                                    |
| <b>Trading profit/(loss)</b>   | <b>2,693</b>           | <b>1,063</b>  | <b>260</b>   | <b>(704)</b>  | <b>392</b>                          | <b>176</b>                                 | <b>(85)</b>         | <b>19</b>                             | <b>3,814</b>  | <b>355</b>                                       |
| Profit/(loss) from investments                                       | -                      | -             | (5)          | 160           | -                                   | 2  | (52)                | 2                                     | 107           | 110  |
| Unusual income/(expense)   | 48                     | (31)          | -            | (194)         | -                                   | (11)                                       | (12)                | (44)                                  | (244)         | (261)  |
| <b>EBIT</b>  | <b>2,741</b>           | <b>1,032</b>  | <b>255</b>   | <b>(738)</b>  | <b>392</b>                          | <b>167</b>                                 | <b>(149)</b>        | <b>(23)</b>                           | <b>3,677</b>  | <b>204</b>                                       |
| Financial income/(expense)   |                        |               |              |               |                                     |  |                     |                                       | (1,641)       | (825)  |
| <b>Profit/(loss) before taxes</b>                                    |                        |               |              |               |                                     |  |                     |                                       | <b>2,036</b>  | <b>(621)</b>                                     |
| Income taxes   |                        |               |              |               |                                     |  |                     |                                       | 625           | 420  |
| <b>Profit/(loss) for the period</b>                                  |                        |               |              |               |                                     |  |                     |                                       | <b>1,411</b>  | <b>(1,041)</b>                                   |

| (€ million)  | Car Mass-Market brands |               |              |               | Performance<br>and Luxury<br>Brands | Components<br>and<br>Production<br>Systems | Other<br>activities | Unallocated<br>items &<br>adjustments | Fiat<br>Group | of which:<br>Fiat Group<br>excluding<br>Chrysler |
|--|------------------------|---------------|--------------|---------------|-------------------------------------|--|---------------------|---------------------------------------|---------------|--|
|  | NAFTA                  | LATAM         | APAC         | EMEA          |                                     |  |                     |                                       |               |  |
| <b>2011 (*)</b>  |                        |               |              |               |                                     |  |                     |                                       |               |  |
| Segment revenues   | 19,830                 | 10,562        | 1,513        | 19,591        | 2,699                               | 8,122                                      | 1,068               | (3,826)                               | <b>59,559</b> | <b>37,382</b>                                    |
| Revenues from transactions with regions and other operating segments | (4)                    | (60)          | (5)          | (660)         | (13)                                | (2,633)                                    | (451)               | 3,826                                 | -             | (288)  |
| <b>Revenues from external customers</b>                              | <b>19,826</b>          | <b>10,502</b> | <b>1,508</b> | <b>18,931</b> | <b>2,686</b>                        | <b>5,489</b>                               | <b>617</b>          | <b>-</b>                              | <b>59,559</b> | <b>37,094</b>                                    |
| <b>Trading profit/(loss)</b>   | <b>1,008</b>           | <b>1,356</b>  | <b>88</b>    | <b>(557)</b>  | <b>352</b>                          | <b>217</b>                                 | <b>(74)</b>         | <b>2</b>                              | <b>2,392</b>  | <b>1,047</b>                                     |
| Profit/(loss) from investments                                       | 4                      | -             | (25)         | 160           | -                                   | (15)                                       | 5                   | 2                                     | 131           | 130  |
| Unusual income/(expense)   | 75                     | (25)          | -            | (544)         | 6                                   | (312)                                      | (39)                | 1,783 (**)                            | 944           | 1,089  |
| <b>EBIT</b>  | <b>1,087</b>           | <b>1,331</b>  | <b>63</b>    | <b>(941)</b>  | <b>358</b>                          | <b>(110)</b>                               | <b>(108)</b>        | <b>1,787</b>                          | <b>3,467</b>  | <b>2,266</b>                                     |
| Financial income/(expense)   |                        |               |              |               |                                     |  |                     |                                       | (1,282)       | (796)  |
| <b>Profit/(loss) before taxes</b>                                    |                        |               |              |               |                                     |  |                     |                                       | <b>2,185</b>  | <b>1,470</b>                                     |
| Income taxes   |                        |               |              |               |                                     |  |                     |                                       | 534           | 464  |
| <b>Profit/(loss) for the period</b>                                  |                        |               |              |               |                                     |  |                     |                                       | <b>1,651</b>  | <b>1,006</b>                                     |

(\*) Amounts reported for 2011 include the consolidation of Chrysler from 1 June 2011.

(\*\*) Includes €2,017 million unusual income from measurement of the stake in Chrysler upon acquisition date, net of the related revaluation of Chrysler's inventories of €220 million which was recognized in the income statement in June.

Unallocated items, and in particular financial income /(expenses), are not attributed to the regions and operating segments as they do not fall under the scope of their operational responsibilities and are therefore assessed separately. These items arise from the management of treasury assets and liabilities by the treasuries of Fiat and Chrysler, which work independently and separately within the Group.

The Group's treasury assets and liabilities are as follows, as also reported in the Report on Operations:

| (€ million)  | Notes | At 31 December 2012      |                 |                               | At 31 December 2011      |                 |                               |
|--|-------|--------------------------|-----------------|-------------------------------|--------------------------|-----------------|-------------------------------|
|  |       | Fiat Group with Chrysler | Chrysler        | Fiat Group excluding Chrysler | Fiat Group with Chrysler | Chrysler        | Fiat Group excluding Chrysler |
| Debt:  | (28)  | (27,889)                 | (10,312)        | (17,586)                      | (26,772)                 | (10,537)        | (16,245)                      |
| Asset-backed financing   | (28)  | (449)                    | -               | (449)                         | (710)                    | (31)            | (679)                         |
| Other debt   | (28)  | (27,440)                 | (10,312)        | (17,137)                      | (26,062)                 | (10,506)        | (15,566)                      |
| Current financial receivables from jointly-controlled financial services companies (a)                 |       | 58                       | -               | 58                            | 21                       | -               | 21                            |
| Intersegment financial receivables (b)   |       | -                        | 9               | -                             | -                        | 10              | -                             |
| <b>Debt, net of current financial receivables from jointly-controlled financial services companies</b> |       | <b>(27,831)</b>          | <b>(10,303)</b> | <b>(17,528)</b>               | <b>(26,751)</b>          | <b>(10,527)</b> | <b>(16,224)</b>               |
| Other financial assets (c)   | (21)  | 519                      | 45              | 474                           | 557                      | 127             | 430                           |
| Other financial liabilities (c)  | (21)  | (201)                    | (42)            | (159)                         | (429)                    | (100)           | (329)                         |
| Current securities   | (20)  | 256                      | -               | 256                           | 199                      | -               | 199                           |
| Cash and cash equivalents  | (22)  | 17,657                   | 8,803           | 8,854                         | 17,526                   | 7,420           | 10,106                        |
| <b>Net debt</b>  |       | <b>(9,600)</b>           | <b>(1,497)</b>  | <b>(8,103)</b>                | <b>(8,898)</b>           | <b>(3,080)</b>  | <b>(5,818)</b>                |
| <i>Industrial Activities</i>   |       | <i>(6,545)</i>           | <i>(1,497)</i>  | <i>(5,048)</i>                | <i>(5,529)</i>           | <i>(3,080)</i>  | <i>(2,449)</i>                |
| <i>Financial Services</i>  |       | <i>(3,055)</i>           | -               | <i>(3,055)</i>                | <i>(3,369)</i>           | -               | <i>(3,369)</i>                |
| Cash, cash equivalents and current securities  |       | 17,913                   | 8,803           | 9,110                         | 17,725                   | 7,420           | 10,305                        |
| Undrawn committed credit lines   | (28)  | 2,935                    | 985             | 1,950                         | 2,955                    | 1,005           | 1,950                         |
| <b>Total available liquidity</b>   |       | <b>20,848</b>            | <b>9,788</b>    | <b>11,060</b>                 | <b>20,680</b>            | <b>8,425</b>    | <b>12,255</b>                 |

(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.

### 34. Information by geographical area

The Group's parent company has its registered office in Italy. In 2012, revenues earned from external customers may be analysed as follows:

| (€ million)                                   | 2012          | 2011          |
|---|---------------|---------------|
| Italy   | 7,275         | 9,258         |
| Rest of the world                             | 76,682        | 50,301        |
| <b>Total revenues from external customers</b> | <b>83,957</b> | <b>59,559</b> |

Revenues earned from external customers in the Rest of the world in 2012 arise mainly from (in €million): United States, Canada and Mexico 45,170 (21,423 in 2011), Brazil for 9,834 (9,860 in 2011), Germany 3,167 (3,158 in 2011), China 2,697 (1,557 in 2011), France 2,055 (2,251 in 2011), UK 1,429 (1,321 in 2011), Turkey for 1,236 (1,357 in 2011), and Spain for 873 (1,019 in 2011).

In 2012 and 2011, 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 €9,855 million at 31 December 2012 (€9,569 million at 31 December 2011). The total of such assets located in the Rest of the world totalled €33,352 million at 31 December 2012 (€31,360 million 31 December 2011). Non-current assets located in the Rest of the world may be analysed as follows (in €million): United States, Canada and Mexico 26,733 (25,165 in 2011) Brazil 2,306 (2,463 in 2011) Poland 1,455 (1,511 in 2011) Serbia 985 (463 in 2011) China 273 (272 in 2011) France 204 (322 in 2011), and Germany 150 (170 in 2011).

### 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;
- financial 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 Fiat excluding Chrysler and in the North American market for Chrysler.

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 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 2012 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 €3,727 million at 31 December 2012 contain balances totalling €7 million (€5 million at 31 December 2011), which have been written down on an individual basis. Of the remainder, balances totalling €107 million are past due by up to one month (€70 million at 31 December 2011), while balances totalling €62 million are past due by more than one month (€62 million at 31 December 2011). 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 €4,478 million at 31 December 2012 contain balances totalling €39 million (€78 million at 31 December 2011) which have been written down on an individual basis. Of the remainder, balances totalling €216 million are past due by up to one month (€314 million at 31 December 2011), while balances totalling €307 million are past due by more than one month (€313 million at 31 December 2011).

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.

*Financial market risks*

The Group is exposed to the risks from fluctuations in foreign currency exchange and interest rates, the commodity prices associated with business operations, and, finally, 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 as well as commodities prices 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 result of that company. In 2012, 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, companies belonging to the Performance and Luxury Brands operating segment) and to sales in Euro made by Chrysler;
  - ▣ GBP, AUD, MXN, CHF, CNY, ARS and VEF in relation to sales in the UK, Australian, Mexican, Swiss, Chinese, Argentinian and Venezuelan markets;
  - ▣ PLN and TRY, relating to manufacturing costs incurred in Poland and Turkey;
  - ▣ 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 2012 made up approximately 85% 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 functional currency 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 functional currency. 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 functional currency.
- 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, Serbia, 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 Euro.
- The assets and liabilities of consolidated companies whose money of account is different from the Euro 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 2012 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 2012 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 €690 million (€625 million at 31 December 2011).

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. factoring 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 result of those companies and the Group as a whole.

In order to manage these risks, the Group uses interest rate derivative financial instruments, mainly interest rate swaps and forward rate agreements, when available in the market, 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 2012, resulting from a hypothetical, unfavourable and instantaneous change of 10% in market interest rates, would have been approximately €100 million (€140 million at 31 December 2011). The change over the previous year is mainly attributable to interest rate levels used as based for sensitivity 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 2012, 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 (€10 million at 31 December 2011).

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 used in its normal operations.

In connection with the commodity price derivative contracts outstanding at 31 December 2012, 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 €51 million (€58 million at 31 December 2011).

**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 (equity swaps 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 2012 linked to the Fiat S.p.A. and Fiat Industrial S.p.A. share price would have been approximately €20 million (€17 million at 31 December 2011). The change 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).

### 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 2012:

| (€ million)   | Note | Level 1    | Level 2      | Level 3    | Total        |
|---|------|------------|--------------|------------|--------------|
| Assets at fair value available for sale:                                      |      |            |              |            |              |
| Investments at fair value with changes directly in other comprehensive income | (17) | 142        | -            | -          | <b>142</b>   |
| Investments at fair value through profit or loss                              | (17) | 153        | -            | -          | <b>153</b>   |
| Other non-current securities  | (17) | 48         | -            | 12         | <b>60</b>    |
| Current securities available-for-sale   | (20) | 83         | -            | -          | <b>83</b>    |
| Financial assets at fair value held-for-trading:                              |      |            |              |            |              |
| Current investments   |      | 32         | -            | -          | <b>32</b>    |
| Current securities held for trading   | (20) | 173        | -            | -          | <b>173</b>   |
| Other financial assets  | (21) | -          | 492          | 9          | <b>501</b>   |
| <b>Total Assets</b>   |      | <b>631</b> | <b>492</b>   | <b>21</b>  | <b>1,144</b> |
| Other financial liabilities   | (21) | -          | (199)        | (2)        | <b>(201)</b> |
| <b>Total Liabilities</b>  |      | <b>-</b>   | <b>(199)</b> | <b>(2)</b> | <b>(201)</b> |

The other financial assets and liabilities classified in Level 3 relate to certain derivatives on commodities for which fair value is not directly determined on the basis of observable market data.

In 2012, there were no transfers from Level 1 to Level 2 or vice versa.

The following table provides changes in Level 3 in 2012:

| (€ million)  | Other non-current securities | Other financial assets/ (liabilities) |
|--|------------------------------|---------------------------------------|
| <b>Balances at 31 December 2011</b>                            | <b>12</b>                    | <b>(27)</b>                           |
| Gains/(Losses) recognised in Other comprehensive income/(loss) | -                            | 40                                    |
| (Gains)/Losses recognised in profit or loss                    | -                            | (28)                                  |
| Increases/(Decreases)  | -                            | 22                                    |
| <b>Balances at 31 December 2012</b>                            | <b>12</b>                    | <b>7</b>                              |

In 2012, 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 group;
- 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 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 goods to the jointly-controlled entities Fiat India Automobiles Limited and GAC FIAT Automobiles Co Ltd;
- 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 group and, to the Chrysler Group 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 goods for the high range and deluxe upholstery of the Group's automobiles from Poltrona Frau group, 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 2012 and at 31 December 2011, Receivables from financing activities due from related parties also included receivables due from Fiat Industrial group companies mainly arising from customer factoring provided by the Group's financial services companies. On the other hand, Debt due to related parties included certain balances due to Fiat Industrial group companies, mainly relating to factoring and dealer financing in Latin America.

In accordance with IAS 24, transactions with related parties also include compensation payable to Directors, Statutory Auditors and managers with strategic responsibilities.

The amounts of the transactions with related party recognised in the 2012 and 2011 income statements are as follows:

| (€ million)  | 2012          |               |   |                              | 2011          |               |   |                              |
|--|---------------|---------------|---|------------------------------|---------------|---------------|---|------------------------------|
|  | Net Revenues  | Cost of sales | Selling, general and administrative costs | Financial income/ (expenses) | Net Revenues  | Cost of sales | Selling, general and administrative costs | Financial income/ (expenses) |
| Tofas-Turk Otomobil Fabrikasi A.S.   | 1,115         | 1,227         | 4   | -                            | 1,257         | 1,289         | 10  | -                            |
| Società Europea Veicoli Leggeri-Sevel S.p.A.                                 | 470           | 1,526         | -   | -                            | 465           | 1,603         | -   | -                            |
| FGA Capital group  | 200           | 82            | 12  | (28)                         | 207           | 80            | 14  | (34)                         |
| Fiat India Automobiles Limited   | 38            | -             | 1   | -                            | 42            | 14            | -   | -                            |
| GAC FIAT Automobiles Co Ltd  | 147           | -             | -   | -                            | 42            | 3             | -   | -                            |
| Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme (*) | 24            | 218           | -   | -                            | 32            | 265           | -   | -                            |
| VM Motori group  | -             | 215           | -   | -                            | -             | 115           | -   | -                            |
| Other  | 8             | 4             | -   | -                            | 4             | 4             | -   | -                            |
| <b>Total jointly-controlled entities</b>                                     | <b>2,002</b>  | <b>3,272</b>  | <b>17</b>                                 | <b>(28)</b>                  | <b>2,049</b>  | <b>3,373</b>  | <b>24</b>                                 | <b>(34)</b>                  |
| Chrysler Group (**)  | -             | -             | -   | -                            | 165           | 310           | -   | -                            |
| To-dis S.r.l.  | 48            | 2             | -   | -                            | 51            | 3             | -   | -                            |
| Arab American Vehicles Company S.A.E.  | 24            | -             | -   | -                            | -             | -             | -   | -                            |
| Other  | 6             | 1             | 7   | -                            | 2             | -             | 10  | -                            |
| <b>Total associates</b>  | <b>78</b>     | <b>3</b>      | <b>7</b>                                  | <b>-</b>                     | <b>218</b>    | <b>313</b>    | <b>10</b>                                 | <b>-</b>                     |
| Fiat Industrial group  | 676           | 264           | 1   | -                            | 663           | 428           | 1   | 72                           |
| Tata Steel IJmuiden BV   | -             | -             | -   | -                            | -             | 55            | -   | -                            |
| Poltrona Frau group  | -             | 18            | -   | -                            | -             | 25            | -   | -                            |
| Directors, Statutory Auditors and Key Management                             | -             | -             | 57  | -                            | -             | -             | 58  | -                            |
| Other  | 1             | 18            | 7   | -                            | 2             | 7             | 3   | -                            |
| <b>Total other related parties and Fiat Industrial group</b>                 | <b>677</b>    | <b>300</b>    | <b>65</b>                                 | <b>-</b>                     | <b>665</b>    | <b>515</b>    | <b>62</b>                                 | <b>72</b>                    |
| <b>Total unconsolidated subsidiaries</b>                                     | <b>36</b>     | <b>99</b>     | <b>27</b>                                 | <b>3</b>                     | <b>38</b>     | <b>71</b>     | <b>21</b>                                 | <b>2</b>                     |
| <b>Total of which related parties</b>  | <b>2,793</b>  | <b>3,674</b>  | <b>116</b>                                | <b>(25)</b>                  | <b>2,970</b>  | <b>4,272</b>  | <b>117</b>                                | <b>40</b>                    |
| <b>Total</b>   | <b>83,957</b> | <b>71,474</b> | <b>6,731</b>                              | <b>(1,641)</b>               | <b>59,559</b> | <b>50,704</b> | <b>5,047</b>                              | <b>(1,282)</b>               |
| <b>Effect on Total (%)</b>   | <b>3.3%</b>   | <b>5.1%</b>   | <b>1.7%</b>                               |                              | <b>5.0%</b>   | <b>8.4%</b>   | <b>2.3%</b>                               |                              |

(\*) Investment classified as Asset held for sale.

(\*\*) The revenues and cost of sales relating to the Chrysler group refer in 2011 to the first five months.



Non-financial assets and liabilities originated by related party transactions outstanding at 31 December 2012 and 31 December 2011 are as follows:

| (€ million)  | At 31 December 2012 |                |                      |                           | At 31 December 2011 |                |                      |                           |
|--|---------------------|----------------|----------------------|---------------------------|---------------------|----------------|----------------------|---------------------------|
|  | Trade receivables   | Trade payables | Other current assets | Other current liabilities | Trade receivables   | Trade payables | Other current assets | Other current liabilities |
| Tofas-Turk Otomobil Fabrikasi A.S.   | 32                  | 257            | -                    | 2                         | 26                  | 262            | -                    | -                         |
| Società Europea Veicoli Leggeri-Sevel S.p.A.                                 | 23                  | 396            | 3                    | 5                         | 44                  | 615            | 12                   | 10                        |
| FGA Capital group  | 64                  | 147            | 12                   | 85                        | 63                  | 104            | 19                   | 80                        |
| Fiat India Automobiles Limited   | 96                  | 5              | 2                    | -                         | 102                 | 6              | 2                    | -                         |
| GAC FIAT Automobiles Co Ltd  | 23                  | 4              | -                    | -                         | 18                  | 3              | -                    | -                         |
| Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme (*) | 1                   | 55             | -                    | -                         | 1                   | 35             | -                    | -                         |
| VM Motori group  | -                   | 20             | -                    | -                         | -                   | 34             | -                    | -                         |
| Other  | 7                   | 17             | 1                    | -                         | 4                   | 2              | 1                    | -                         |
| <b>Total jointly-controlled entities</b>                                     | <b>246</b>          | <b>901</b>     | <b>18</b>            | <b>92</b>                 | <b>258</b>          | <b>1,061</b>   | <b>34</b>            | <b>90</b>                 |
| Arab American Vehicles Company S.A.E.  | 11                  | 3              | -                    | -                         | 10                  | 5              | -                    | -                         |
| Other  | 29                  | 4              | -                    | 27                        | 10                  | 6              | -                    | 24                        |
| <b>Total associates</b>  | <b>40</b>           | <b>7</b>       | <b>-</b>             | <b>27</b>                 | <b>20</b>           | <b>11</b>      | <b>-</b>             | <b>24</b>                 |
| Fiat Industrial group  | 74                  | 30             | 27                   | 45                        | 97                  | 30             | 28                   | 13                        |
| Tata Steel IJmuiden BV   | -                   | -              | -                    | -                         | -                   | 10             | -                    | -                         |
| Poltrona Frau group  | -                   | 5              | -                    | -                         | -                   | 7              | -                    | -                         |
| Directors, Statutory Auditors and Key Management                             | -                   | -              | -                    | 14                        | -                   | -              | -                    | -                         |
| Other  | -                   | 11             | -                    | -                         | -                   | 7              | -                    | -                         |
| <b>Total other related parties and Fiat Industrial group</b>                 | <b>74</b>           | <b>46</b>      | <b>27</b>            | <b>59</b>                 | <b>97</b>           | <b>54</b>      | <b>28</b>            | <b>13</b>                 |
| <b>Total unconsolidated subsidiaries</b>                                     | <b>24</b>           | <b>15</b>      | <b>4</b>             | <b>1</b>                  | <b>36</b>           | <b>13</b>      | <b>8</b>             | <b>3</b>                  |
| <b>Total of which related parties</b>  | <b>384</b>          | <b>969</b>     | <b>49</b>            | <b>179</b>                | <b>411</b>          | <b>1,139</b>   | <b>70</b>            | <b>130</b>                |
| <b>Total</b>   | <b>2,702</b>        | <b>16,558</b>  | <b>2,163</b>         | <b>7,781</b>              | <b>2,625</b>        | <b>16,418</b>  | <b>2,088</b>         | <b>7,538</b>              |
| <b>Effect on Total (%)</b>   | <b>14.2%</b>        | <b>5.9%</b>    | <b>2.3%</b>          | <b>2.3%</b>               | <b>15.7%</b>        | <b>6.9%</b>    | <b>3.4%</b>          | <b>1.7%</b>               |

(\*) Investment classified as Asset held for sale.

Financial assets and liabilities originated by related party transactions outstanding at 31 December 2012 and 31 December 2011 are as follows:

| (€ million)  | At 31 December 2012                           |                        |               | At 31 December 2011                           |                        |               |
|--|---|------------------------|---------------|---|------------------------|---------------|
|  | Current Receivables from financing activities | Asset-backed financing | Other debt    | Current Receivables from financing activities | Asset-backed financing | Other debt    |
| FGA Capital group  | 88  | 56                     | 96            | 32  | 92                     | 118           |
| Società Europea Veicoli Leggeri-Sevel S.p.A.                 | 24  | -                      | 4             | 45  | -                      | -             |
| Other  | 5   | -                      | -             | 37  | -                      | -             |
| <b>Total jointly-controlled entities</b>                     | <b>117</b>                                    | <b>56</b>              | <b>100</b>    | <b>114</b>                                    | <b>92</b>              | <b>118</b>    |
| Global Engine Alliance LLC                                   | -   | -                      | 4             | 2   | -                      | 4             |
| <b>Total associates</b>                                      | <b>-</b>                                      | <b>-</b>               | <b>4</b>      | <b>2</b>                                      | <b>-</b>               | <b>4</b>      |
| Fiat Industrial group  | 18  | 5                      | 87            | 43  | 9                      | 68            |
| <b>Total other related parties and Fiat Industrial group</b> | <b>18</b>                                     | <b>5</b>               | <b>87</b>     | <b>43</b>                                     | <b>9</b>               | <b>68</b>     |
| <b>Total unconsolidated subsidiaries</b>                     | <b>66</b>                                     | <b>-</b>               | <b>20</b>     | <b>38</b>                                     | <b>-</b>               | <b>40</b>     |
| <b>Total of which related parties</b>                        | <b>201</b>                                    | <b>61</b>              | <b>211</b>    | <b>197</b>                                    | <b>101</b>             | <b>230</b>    |
| <b>Total</b>   | <b>3,727</b>                                  | <b>449</b>             | <b>27,440</b> | <b>3,968</b>                                  | <b>710</b>             | <b>26,062</b> |
| <b>Effect on Total (%)</b>                                   | <b>5.4%</b>                                   | <b>13.6%</b>           | <b>0.8%</b>   | <b>5.0%</b>                                   | <b>14.2%</b>           | <b>0.9%</b>   |

#### Guarantees granted and other commitments to related parties

Other guarantees pledged in favour of related parties at 31 December 2012 and 2011 are as follows:

| (€ million)   | At 31 December 2012 | At 31 December 2011 |
|---|---------------------|---------------------|
| Total jointly-controlled entities                     | 5                   | 8                   |
| Total other related parties and Fiat Industrial group | 7                   | 10                  |
| Total unconsolidated subsidiaries                     | 13                  | 12                  |
| <b>Total of which related parties</b>                 | <b>25</b>           | <b>30</b>           |

#### 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)        | 2012          | 2011          |
|-------------------------|---------------|---------------|
| Directors (a)           | 22,780        | 24,570        |
| Statutory auditors      | 229           | 260           |
| <b>Total Emoluments</b> | <b>23,009</b> | <b>24,830</b> |

(a) This amount includes the notional compensation cost arising from stock grants granted to the Chief Executive Officer.

The aggregate compensation payable to executives with strategic responsibilities was approximately €34 million for 2012. This is inclusive of an amount of €5 million as the Fiat Group's contribution to State and employer defined contribution pension funds.

**38. Non-recurring transactions**

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, the Group did not carry out any significant non-recurring operations in 2012.

**39. Transactions resulting from unusual and/or abnormal operations**

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, the Group did not carry out any unusual and/or abnormal operations in 2012 as defined in that Communication (for the definition of these see the Section –Format of the financial statements).

**40. Other information**

Pursuant to Articles 70 (8) and 71 (1-bis) of the Consob Issuer Regulations, the Board of Directors approved the opt-out from the obligation to publish an information document for significant transactions (e.g., significant mergers, spin-offs, share capital increases by means of in-kind contributions of assets, acquisitions and disposals).

**41. Subsequent events**

- On 9 January 2013, Chrysler Group announced that it had received a demand from the VEBA, pursuant to the Shareholder Agreement, seeking registration of approximately 16.6% of Chrysler Group's outstanding equity interests currently owned by VEBA.
- On 18 January 2013, Fiat Group Automobiles S.p.A. (FGA) and Mazda Motor Corporation (Mazda) signed a final agreement for the development and manufacture of a new roadster for the Mazda and Alfa Romeo brands, based on Mazda's next-generation MX-5 rear-wheel-drive architecture. Each model will be powered by proprietary engines unique to the respective brands. Both vehicles will be manufactured at the Mazda plant in Hiroshima, Japan. Production of the Alfa Romeo model is scheduled to begin in 2015.
- On 6 February 2013, Chrysler signed a 10-year private-label agreement, subject to early termination in certain circumstances, with Santander Consumer USA Inc. to provide a full range of wholesale and retail financing services to Chrysler and Fiat customers and dealers which will be provided under the Chrysler Capital brand name. The new financing service is scheduled to launch 1 May 2013. Under the agreement, Santander Consumer USA Inc. has also provided Chrysler with consideration in the form of a non-refundable upfront payment which is payable prior to the launch of the new financing service, as well as on-going revenue sharing opportunities and commitments with respect to available funding, approval and penetration rates, price competitiveness and certain exclusivity rights. Santander Consumer USA Inc. will bear the risk of loss on loans contemplated by the agreement and the parties will share in any residual gains and losses in respect of consumer leases, subject to specific provisions including caps on Chrysler's participation in gains and losses contained in the Master Agreement. Ally Financial Inc. will continue to provide financial services to Chrysler and Fiat customers and dealers until 30 April 2013.

20 February 2013

*On behalf of the Board of Directors*

/s/ John Elkann

John Elkann

**CHAIRMAN**

# Appendix I

## Fiat Group Companies at 31 December 2012

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 2012 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<br>consoli-<br>dation | Interest held by  | % interest<br>held | % of<br>voting<br>rights |
|--|-------------------|---------|---------------|----------|----------------------------------|---|--------------------|--------------------------|
| <b>CONTROLLING COMPANY</b>                               |                   |         |               |          |                                  |   |                    |                          |
| <b>Parent Company</b>                                    |                   |         |               |          |                                  |   |                    |                          |
| Fiat S.p.A.  | Turin             | Italy   | 4,476,441,927 | EUR      | --                               | --  | --                 | --                       |
| <b>SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS</b> |                   |         |               |          |                                  |   |                    |                          |
| <b>Business Auto: Car Mass-Market brands</b>             |                   |         |               |          |                                  |   |                    |                          |
| <b>NAFTA</b>   |                   |         |               |          |                                  |   |                    |                          |
| 0847574 B.C. Unlimited Liability Company                 | Vancouver         | Canada  | 1             | CAD      | 58.54                            | New CarCo Acquisition Canada Ltd.   | 100.000            |                          |
| Auburn Hills Mezzanine LLC                               | Wilmington        | U.S.A.  | 100           | USD      | 58.54                            | CHRYSLER GROUP REALTY<br>COMPANY LLC  | 100.000            |                          |
| Auburn Hills Owner LLC                                   | Wilmington        | U.S.A.  | 100           | USD      | 58.54                            | Auburn Hills Mezzanine LLC  | 100.000            |                          |
| Autodie LLC  | Wilmington        | U.S.A.  | 10,000,000    | USD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| CG EC2 LLC   | Wilmington        | U.S.A.  | 0             | USD      | 58.54                            | CG EC1 LLC  | 100.000            |                          |
| Chrysler Canada Cash Services Inc.                       | Toronto           | Canada  | 1,000         | CAD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| Chrysler Canada Inc.                                     | Windsor           | Canada  | 0             | CAD      | 58.54                            | 0847574 B.C. Unlimited<br>Liability Company                                   | 100.000            |                          |
| Chrysler de Mexico S.A. de C.V.                          | Santa Fe          | Mexico  | 238,621,186   | MXN      | 58.54                            | Chrysler Mexico Holding,<br>S. de R.L. de C.V.<br>Chrysler Group Minority LLC | 99.996<br>0.004    |                          |
| CHRYSLER GROUP AUTO<br>TRANSPORT LLC                     | Wilmington        | U.S.A.  | 100           | USD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| CHRYSLER GROUP DEALER<br>CAPITAL LLC                     | Wilmington        | U.S.A.  | 0             | USD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| CHRYSLER GROUP<br>INTERNATIONAL LLC                      | Wilmington        | U.S.A.  | 0             | USD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| CHRYSLER GROUP INTERNATIONAL<br>SERVICES LLC             | Wilmington        | U.S.A.  | 0             | USD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| Chrysler Group LLC                                       | Wilmington        | U.S.A.  | 0             | USD      | 58.54                            | FIAT NORTH AMERICA LLC  | 58.538             |                          |
| Chrysler Group Minority LLC                              | Wilmington        | U.S.A.  | 0             | USD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| CHRYSLER GROUP REALTY<br>COMPANY LLC                     | Wilmington        | U.S.A.  | 168,769,528   | USD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| Chrysler Group Service Contracts LLC                     | Wilmington        | U.S.A.  | 100,000,000   | USD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| CHRYSLER GROUP TRANSPORT LLC                             | Wilmington        | U.S.A.  | 0             | USD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| CHRYSLER GROUP VANS LLC                                  | Wilmington        | U.S.A.  | 0             | USD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| Chrysler Investment Holdings LLC                         | Wilmington        | U.S.A.  | 173,350,999   | USD      | 58.54                            | Chrysler Group LLC  | 100.000            |                          |
| Chrysler Lease Receivables 1 Inc.                        | Windsor           | Canada  | 100           | CAD      | 58.54                            | Chrysler Canada Inc.  | 100.000            |                          |
| Chrysler Lease Receivables 2 Inc.                        | Windsor           | Canada  | 100           | CAD      | 58.54                            | Chrysler Canada Inc.  | 100.000            |                          |

## SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

| Name   | Registered Office      | Country               | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by   | % interest<br>held | % of<br>voting<br>rights |
|--|------------------------|-----------------------|---------------|----------|----------------------------------|--|--------------------|--------------------------|
| Chrysler Lease Receivables Limited Partnership                               | Windsor                | Canada                | 0             | CAD      | 58.54                            | Chrysler Canada Inc.   | 99.990             |                          |
|  |                        |                       |               |          |                                  | Chrysler Lease Receivables 1 Inc.  | 0.005              |                          |
|  |                        |                       |               |          |                                  | Chrysler Lease Receivables 2 Inc.  | 0.005              |                          |
| Chrysler Mexico Holding, S. de R.L. de C.V.                                  | Santa Fe               | Mexico                | 3,377,922,033 | MXN      | 58.54                            | Chrysler Mexico Investment Holdings Cooperatie U.A.                            | 99.900             |                          |
|  |                        |                       |               |          |                                  | CarCo Intermediate Mexico LLC  | 0.100              |                          |
| CPK Interior Products Inc.   | Windsor                | Canada                | 1,000         | CAD      | 58.54                            | Chrysler Canada Inc.   | 100.000            |                          |
| Global Engine Manufacturing Alliance LLC                                     | Wilmington             | U.S.A.                | 300,000       | USD      | 58.54                            | Chrysler Group LLC   | 100.000            |                          |
| New CarCo Acquisition Canada Ltd.  | Toronto                | Canada                | 1,000         | CAD      | 58.54                            | New CarCo Acquisition Holdings Canada Ltd.                                     | 100.000            |                          |
| New CarCo Acquisition Holdings Canada Ltd.                                   | Toronto                | Canada                | 1,000         | CAD      | 58.54                            | Chrysler Group LLC   | 100.000            |                          |
| Operadora G.C. S.A. de C.V.  | Santa Fe               | Mexico                | 99,999        | MXN      | 58.54                            | Chrysler Mexico Holding, S. de R.L. de C.V.<br>Chrysler de Mexico S.A. de C.V. | 99.999<br>0.001    |                          |
| <b>LATAM</b>   |                        |                       |               |          |                                  |  |                    |                          |
| Banco Fidis S.A.   | Betim                  | Brazil                | 428,660,600   | BRL      | 100.00                           | Fidis S.p.A.<br>Fiat Automoveis S.A. - FIASA                                   | 75.000<br>25.000   |                          |
| Chrysler Argentina S.R.L.  | Buenos Aires           | Argentina             | 29,335,170    | ARS      | 58.54                            | Chrysler Group LLC<br>Chrysler Group Minority LLC                              | 98.000<br>2.000    |                          |
| Chrysler Chile Importadora Ltda  | Santiago               | Chile                 | 41,800,000    | CLP      | 58.54                            | Chrysler Group LLC<br>Chrysler Group Minority LLC                              | 99.990<br>0.010    |                          |
| Chrysler de Venezuela LLC  | Wilmington             | U.S.A.                | 132,474,694   | USD      | 58.54                            | CG Venezuela UK Holdings Limited   | 100.000            |                          |
| CHRYSLER GROUP DO BRASIL COMERCIO DE VEICULOS Ltda.                          | São Paulo              | Brazil                | 31,517,999    | BRL      | 58.54                            | Chrysler Group LLC   | 100.000            |                          |
| Fiat Auto Argentina S.A.   | Buenos Aires           | Argentina             | 476,464,366   | ARS      | 100.00                           | Fiat Automoveis S.A. - FIASA   | 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 Automoveis S.A. - FIASA   | Betim                  | Brazil                | 1,069,492,850 | BRL      | 100.00                           | Fiat Group Automobiles S.p.A.  | 100.000            |                          |
| Fiat Credito Compania Financiera S.A.  | Buenos Aires           | Argentina             | 272,285,370   | ARS      | 100.00                           | Fidis S.p.A.   | 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            |                          |
| TCA - Tecnologia em Componentes Automotivos SA                               | Jaboatao do Guararapes | Brazil                | 70,840,185    | BRL      | 100.00                           | Fiat Automoveis S.A. - FIASA   | 100.000            |                          |
| <b>APAC</b>  |                        |                       |               |          |                                  |  |                    |                          |
| Chrysler (Hong Kong) Automotive Limited                                      | Hong Kong              | People's Rep.of China | 10,000,000    | EUR      | 58.54                            | Chrysler Group LLC   | 100.000            |                          |
| Chrysler Asia Pacific Investment Co. Ltd.                                    | Shanghai               | People's Rep.of China | 4,500,000     | CNY      | 58.54                            | Chrysler (Hong Kong) Automotive Limited  | 100.000            |                          |
| Chrysler Australia Pty. Ltd.   | Mulgrave               | Australia             | 143,629,774   | AUD      | 58.54                            | Chrysler Group LLC   | 100.000            |                          |
| Chrysler Group (China) Sales Co. Ltd.  | Beijing                | People's Rep.of China | 10,000,000    | EUR      | 58.54                            | Chrysler (Hong Kong) Automotive Limited  | 100.000            |                          |

## SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

| Name  | Registered Office | Country                | Share capital  | Currency | % of Group<br>consoli-<br>dation | Interest held by   | % interest<br>held        | % of<br>voting<br>rights |
|---|-------------------|------------------------|----------------|----------|----------------------------------|--|---------------------------|--------------------------|
| Chrysler India Automotive Private Limited               | Chennai           | India                  | 99,990         | INR      | 58.54                            | Chrysler Netherlands Distribution B.V.<br>CHRYSLER GROUP DUTCH<br>OPERATING LLC                          | 99.990<br>0.010           |                          |
| Chrysler Japan Co., Ltd.                                | Tokyo             | Japan                  | 100,000,000    | JPY      | 58.54                            | Chrysler Group LLC   | 100.000                   |                          |
| Chrysler Korea, Ltd.                                    | Seoul             | South Korea            | 32,639,200,000 | KRW      | 58.54                            | Chrysler Group LLC   | 100.000                   |                          |
| Chrysler South East Asia Pte. Ltd.                      | Singapore         | Singapore              | 3,010,513      | SGD      | 58.54                            | Chrysler Group LLC   | 100.000                   |                          |
| Fiat Automotive Finance Co. Ltd.                        | Shanghai          | People's Rep. of China | 500,000,000    | CNY      | 100.00                           | Fidis S.p.A.   | 100.000                   |                          |
| FIAT GROUP AUTOMOBILES INDIA<br>Private Limited         | Mumbai            | India                  | 112,100,000    | INR      | 100.00                           | Fiat Group Automobiles S.p.A.<br>FGA Investimenti S.p.A.   | 99.990<br>0.010           |                          |
| 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 Powertrain Technologies (Shanghai)<br>R&D Co. Ltd. | Shanghai          | People's Rep. of China | 10,000,000     | EUR      | 100.00                           | Fiat Powertrain Technologies SpA   | 100.000                   |                          |
| Mopar (Shanghai) Auto Parts Trading<br>Co. Ltd.         | Shanghai          | People's Rep. of China | 5,000,000      | USD      | 58.54                            | Chrysler Asia Pacific Investment<br>Co. Ltd.   | 100.000                   |                          |
| <b>EMEA</b>   |                   |                        |                |          |                                  |  |                           |                          |
| 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                   |                          |
| C.R.F. Società Consortile per Azioni                    | Orbassano         | Italy                  | 45,000,000     | EUR      | 100.00                           | Fiat Group Automobiles S.p.A.<br>Fiat Gestione Partecipazioni S.p.A.<br>Fiat Powertrain Technologies SpA | 75.000<br>20.000<br>5.000 |                          |
| CG Venezuela UK Holdings Limited                        | Slough Berkshire  | United Kingdom         | 100            | GBP      | 58.54                            | Chrysler Group LLC   | 100.000                   |                          |
| Chrysler & Jeep Vertriebsgesellschaft mbH               | Berlin            | Germany                | 25,600         | EUR      | 100.00                           | Fiat Group Automobiles Germany AG  | 100.000                   |                          |
| Chrysler Austria GmbH                                   | Vienna            | Austria                | 4,300,000      | EUR      | 58.54                            | Chrysler Deutschland GmbH  | 100.000                   |                          |
| CHRYSLER BALKANS d.o.o. Beograd                         | Beograd           | Serbia                 | 500            | EUR      | 58.54                            | Chrysler Group LLC   | 100.000                   |                          |
| Chrysler Belgium Luxembourg NV/SA                       | Brussels          | Belgium                | 28,262,700     | EUR      | 58.54                            | Chrysler Group LLC<br>Chrysler Group Minority LLC  | 99.998<br>0.002           |                          |
| Chrysler Czech Republic s.r.o.                          | Prague            | Czech Republic         | 55,932,000     | EUR      | 58.54                            | Chrysler Group LLC<br>Chrysler Group Minority LLC  | 99.964<br>0.036           |                          |
| Chrysler Danmark ApS                                    | Glostrup          | Denmark                | 1,000,000      | EUR      | 58.54                            | Chrysler Group LLC   | 100.000                   |                          |
| Chrysler Deutschland GmbH                               | Berlin            | Germany                | 20,426,200     | EUR      | 58.54                            | Chrysler Group LLC   | 100.000                   |                          |
| Chrysler Espana S.L.                                    | Alcalá De Henares | Spain                  | 16,685,690     | EUR      | 58.54                            | Chrysler Group LLC   | 100.000                   |                          |
| Chrysler France S.A.S.                                  | Trappes           | France                 | 460,000        | EUR      | 58.54                            | Chrysler Group LLC   | 100.000                   |                          |
| Chrysler Group Egypt Limited                            | New Cairo         | Egypt                  | 240,000        | EGP      | 58.54                            | Chrysler Group LLC<br>Chrysler Group Minority LLC  | 99.000<br>1.000           |                          |
| Chrysler Group Middle East FZ-LLC                       | Dubai             | United Arab Emirates   | 300,000        | AED      | 58.54                            | CHRYSLER GROUP<br>INTERNATIONAL LLC  | 100.000                   |                          |
| Chrysler International GmbH                             | Stuttgart         | Germany                | 25,000         | EUR      | 58.54                            | Chrysler Group LLC   | 100.000                   |                          |
| Chrysler Italia S.r.l.                                  | Rome              | Italy                  | 100,000        | EUR      | 58.54                            | Chrysler Group LLC   | 100.000                   |                          |
| Chrysler Jeep International S.A.                        | Brussels          | Belgium                | 1,860,000      | EUR      | 58.54                            | Chrysler Group LLC<br>Chrysler Group Minority LLC  | 99.998<br>0.002           |                          |

## SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

| Name  | Registered Office | Country        | Share capital  | Currency | % of Group<br>consoli-<br>-dation | Interest held by   | % interest<br>held | % of<br>voting<br>rights |
|---|-------------------|----------------|----------------|----------|-----------------------------------|--|--------------------|--------------------------|
| Chrysler Management Austria GmbH                          | Gossendorf        | Austria        | 75,000         | EUR      | 58.54                             | Chrysler Austria GmbH  | 100.000            |                          |
| Chrysler Mexico Investment Holdings<br>Cooperatie U.A.    | Amsterdam         | Netherlands    | 0              | EUR      | 58.54                             | Chrysler Investment Holdings LLC<br>Chrysler Group Minority LLC          | 99.990<br>0.010    |                          |
| Chrysler Nederland B.V.                                   | Utrecht           | Netherlands    | 19,000         | EUR      | 58.54                             | Chrysler Group LLC   | 100.000            |                          |
| Chrysler Netherlands Distribution B.V.                    | Amsterdam         | Netherlands    | 90,000         | EUR      | 58.54                             | Chrysler Netherlands Holding<br>Cooperatie U.A.                          | 100.000            |                          |
| Chrysler Polska Sp. z o.o.                                | Warsaw            | Poland         | 30,356,000     | PLN      | 58.54                             | Chrysler Group LLC   | 100.000            |                          |
| Chrysler Russia SAO                                       | Moscow            | Russia         | 574,665,000    | RUB      | 58.54                             | Chrysler Group LLC<br>Chrysler Group Minority LLC                        | 99.999<br>0.001    |                          |
| Chrysler South Africa (Pty) Limited                       | Centurion         | South Africa   | 200            | ZAR      | 58.54                             | Chrysler Group LLC   | 100.000            |                          |
| Chrysler Sweden AB  | Kista             | Sweden         | 100,000        | SEK      | 58.54                             | Chrysler Group LLC   | 100.000            |                          |
| Chrysler Switzerland GmbH                                 | Schlieren         | Switzerland    | 2,000,000      | CHF      | 58.54                             | Chrysler Group LLC   | 100.000            |                          |
| Chrysler UK Limited                                       | Slough Berkshire  | United Kingdom | 46,582,132     | GBP      | 58.54                             | Chrysler Group LLC   | 100.000            |                          |
| Customer Services Centre S.r.l.                           | Turin             | Italy          | 2,500,000      | EUR      | 100.00                            | Fiat Group Automobiles S.p.A.  | 100.000            |                          |
| Easy Drive S.r.l.   | Turin             | Italy          | 10,400         | EUR      | 100.00                            | Fiat Group Automobiles S.p.A.<br>Fiat Center Italia S.p.A.               | 99.000<br>1.000    |                          |
| Fabbrica Italia Pomigliano S.p.A.                         | Pomigliano d'Arco | Italy          | 50,000,000     | EUR      | 100.00                            | Fiat Partecipazioni S.p.A.   | 100.000            |                          |
| FGA Austro Car GmbH                                       | Vienna            | Austria        | 35,000         | EUR      | 100.00                            | Fiat Group Automobiles Austria GmbH                                      | 100.000            |                          |
| FGA Investimenti S.p.A.                                   | Turin             | Italy          | 2,000,000      | 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<br>Rimaco S.A.                         | 51.000<br>49.000   |                          |
| Fiat Auto Poland S.A.                                     | Bielsko-Biala     | Poland         | 660,334,600    | PLN      | 100.00                            | Fiat Group Automobiles S.p.A.  | 100.000            |                          |
| Fiat Auto Var S.r.l.                                      | Turin             | Italy          | 7,370,000      | EUR      | 100.00                            | Fiat Group Automobiles S.p.A.  | 100.000            |                          |
| Fiat Automobil Vertriebs GmbH                             | Frankfurt         | Germany        | 8,700,000      | EUR      | 100.00                            | Fiat Group Automobiles Germany AG  | 100.000            |                          |
| Fiat Automobiles S.p.A.                                   | Turin             | Italy          | 120,000        | EUR      | 100.00                            | Fiat Group Automobiles S.p.A.  | 100.000            |                          |
| FIAT AUTOMOBILES SERBIA d.o.o.<br>Kragujevac              | Kragujevac        | Serbia         | 30,703,528,514 | RSD      | 66.67                             | Fiat Group Automobiles S.p.A.  | 66.670             |                          |
| 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 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.<br>FGA Investimenti S.p.A.                 | 98.000<br>2.000    |                          |
| Fiat Group Automobiles Belgium S.A.                       | Auderghem         | Belgium        | 14,000,000     | EUR      | 100.00                            | Fiat Group Automobiles S.p.A.<br>Fiat Group Automobiles Switzerland S.A. | 99.998<br>0.002    |                          |
| Fiat Group Automobiles Central<br>and Eastern Europe KFT. | Budapest          | Hungary        | 150,000,000    | HUF      | 100.00                            | Fiat Group Automobiles S.p.A.  | 100.000            |                          |
| 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.<br>Fiat Group Automobiles Switzerland S.A. | 99.000<br>1.000    |                          |
| Fiat Group Automobiles Hellas S.A.                        | Argyroupoli       | Greece         | 62,783,499     | 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<br>consoli-<br>dation | Interest held by   | % interest<br>held | % of<br>voting<br>rights |
|--|-------------------|-----------------|---------------|----------|----------------------------------|--|--------------------|--------------------------|
| Fiat Group Automobiles Ireland Ltd.  | Dublin            | Ireland         | 5,078,952     | EUR      | 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 S.p.A.  | Turin             | Italy           | 770,000,000   | EUR      | 100.00                           | Fiat S.p.A.  | 100.000            |                          |
| Fiat Group Automobiles South Africa<br>(Proprietary) Ltd                           | Bryanston         | 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.<br>Fiat Group Automobiles Switzerland S.A. | 99.998<br>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 Group Marketing & Corporate<br>Communication S.p.A.                           | Turin             | Italy           | 100,000,000   | EUR      | 100.00                           | Fiat Gestione Partecipazioni 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 Powertrain Technologies Poland<br>Sp. z o.o.                                  | Bielsko-Biala     | Poland          | 269,037,000   | PLN      | 100.00                           | Fiat Powertrain Technologies SpA   | 100.000            |                          |
| Fiat Powertrain Technologies SpA   | Turin             | Italy           | 525,000,000   | EUR      | 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        | Slovak 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            |                          |
| 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<br>Promotion (France) S.A.                   | Trappes           | France          | 2,977,680     | EUR      | 100.00                           | Fiat France  | 99.997             |                          |
| Italian Automotive Center S.A.   | Auderghem         | Belgium         | 10,000,000    | EUR      | 100.00                           | Fiat Group Automobiles Belgium S.A.<br>Fiat Group Automobiles S.p.A.     | 99.988<br>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.   | Urdúliz           | Spain           | 3,000,000     | EUR      | 100.00                           | Fiat Group Automobiles S.p.A.  | 100.000            |                          |
| Motor Village Austria GmbH   | Vienna            | Austria         | 37,000        | EUR      | 100.00                           | Fiat Group Automobiles Austria GmbH                                      | 100.000            |                          |
| Officine Maserati Grugliasco S.p.A.  | Turin             | Italy           | 500,000       | EUR      | 100.00                           | Fiat Group Automobiles S.p.A.  | 100.000            |                          |
| Sata-Società Automobilistica Tecnologie<br>Avanzate S.p.A.                         | Melfi             | Italy           | 276,640,000   | EUR      | 100.00                           | Fiat Group Automobiles S.p.A.  | 100.000            |                          |
| Società di Commercializzazione<br>e Distribuzione Ricambi S.p.A.<br>in liquidation | Turin             | Italy           | 100,000       | 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<br>consoli-<br>dation | Interest held by   | % interest<br>held | % of<br>voting<br>rights |
|--|-----------------------|------------------------|---------------|----------|----------------------------------|--|--------------------|--------------------------|
| <b>Business Auto: Performance and Luxury Brands</b>                              |                       |                        |               |          |                                  |  |                    |                          |
| <b>Ferrari</b>   |                       |                        |               |          |                                  |  |                    |                          |
| 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                  | 130,450,000   | 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 G.E.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.<br>Ferrari G.E.D. S.p.A.  | 90.000<br>10.000   |                          |
| <b>Maserati</b>  |                       |                        |               |          |                                  |  |                    |                          |
| 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            |                          |
| Maserati North America Inc.  | Englewood Cliffs      | U.S.A.                 | 1,000         | USD      | 100.00                           | Maserati S.p.A.  | 100.000            |                          |
| Maserati West Europe société par actions simplifiée                              | Paris                 | France                 | 37,000        | EUR      | 100.00                           | Maserati S.p.A.  | 100.000            |                          |
| <b>Components and Production Systems</b>   |                       |                        |               |          |                                  |  |                    |                          |
| <b>Marelli</b>   |                       |                        |               |          |                                  |  |                    |                          |
| 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      | 99.99                            | Magneti Marelli Cofap Companhia Fabricadora de Pecas<br>Magneti Marelli Cofap Autopecas Ltda | 99.900<br>0.100    |                          |

## SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

| Name   | Registered Office     | Country                | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by   | % interest<br>held | % of<br>voting<br>rights |
|--|-----------------------|------------------------|---------------|----------|----------------------------------|--|--------------------|--------------------------|
| Administracion Magneti Marelli Sistemi Sospensioni Mexicana S.R.L. de C.V. | Mexico City           | Mexico                 | 3,000         | MXN      | 51.49                            | Magneti Marelli Promatcor Sistemi Sospensioni Mexicana S.R.L. de C.V. Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V. | 99.000<br>1.000    |                          |
| 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.   | Rijasan               | 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                 | 5,134,480     | EUR      | 99.99                            | Automotive Lighting Italia S.p.A.  | 100.000            |                          |
| Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.                   | El Marques Queretaro  | Mexico                 | 50,000        | MXN      | 99.99                            | Magneti Marelli Holding U.S.A. Inc.  | 100.000            |                          |
| Automotive Lighting Reutlingen GmbH  | Reutlingen            | Germany                | 1,330,000     | EUR      | 99.99                            | Magneti Marelli 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             |                          |
| CHANGCHUN MAGNETI MARELLI POWERTRAIN COMPONENTS Co.Ltd.                    | Changchun             | People's Rep. of China | 5,600,000     | EUR      | 51.00                            | Magneti Marelli S.p.A.   | 51.000             |                          |
| 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            |                          |
| Hefei Magneti Marelli Exhaust Systems Co.Ltd.                              | Anhui                 | People's Rep. of China | 3,900,000     | EUR      | 51.00                            | Magneti Marelli S.p.A.   | 51.000             |                          |
| 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. Industrial Yorka de Tepotzotlan S.A. de C.V.                          | 98.000<br>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. Industrial Yorka de Mexico S.A. de C.V.                               | 99.000<br>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. Servicios Administrativos Corp. IPASA S.A.                                   | 99.998<br>0.002    |                          |
| 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            |                          |

## SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

| Name   | Registered Office  | Country               | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by  | % interest<br>held       | % of<br>voting<br>rights |
|--|--------------------|-----------------------|---------------|----------|----------------------------------|---|--------------------------|--------------------------|
| 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.<br>Magneti Marelli France S.a.s.   | 95.000<br>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                | 154,200,876   | RSD      | 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                  |                          |
| Magneti Marelli Automotive Lighting (Foshan) Co. Ltd           | Guangzhou          | People's Rep.of China | 10,800,000    | EUR      | 99.99                            | Magneti Marelli S.p.A.  | 100.000                  |                          |
| 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                | 46,284,200    | BRL      | 99.99                            | Magneti Marelli S.p.A.  | 100.000                  |                          |
| Magneti Marelli Conjuntos de Escape S.A.                       | Buenos Aires       | Argentina             | 7,480,071     | ARS      | 99.99                            | Magneti Marelli S.p.A.<br>Magneti Marelli Argentina S.A.  | 95.000<br>5.000          |                          |
| Magneti Marelli d.o.o. Kragujevac                              | Kragujevac         | Serbia                | 1,363,504,543 | RSD      | 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.                                    | Linares 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                            | Automotive Lighting Polska Sp. z o.o.   | 100.000                  |                          |
| Magneti Marelli France S.a.s.                                  | Trappes            | France                | 42,672,960    | EUR      | 99.99                            | Magneti Marelli S.p.A.<br>Ufima S.A.S.  | 99.999<br>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                              | Haryana            | 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 Mako Elektrik Sanayi Ve Ticaret Anonim Sirketi | Bursa              | Turkey                | 50,005        | TRY      | 99.93                            | Magneti Marelli S.p.A.<br>PLASTIFORM PLASTIK SANAY ve TICARET A.S.<br>Sistemi Comandi Meccanici Otomotiv Sanayi Ve Ticaret A.S. | 99.840<br>0.052<br>0.052 |                          |

## SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

| Name  | Registered Office | Country                | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by  | % interest<br>held | % of<br>voting<br>rights |
|---|-------------------|------------------------|---------------|----------|----------------------------------|---|--------------------|--------------------------|
| 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      | 99.99                            | Magneti Marelli Cofap Companhia Fabricadora de Pecas  | 100.000            |                          |
| Magneti Marelli of Tennessee LLC                                      | Auburn Hills      | U.S.A.                 | 1,300,000     | USD      | 99.99                            | Magneti Marelli Holding U.S.A. Inc.   | 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                      | Haryana           | India                  | 450,000,000   | INR      | 51.00                            | Magneti Marelli S.p.A.  | 51.000             |                          |
| Magneti Marelli Powertrain Slovakia s.r.o.                            | Bratislava        | Slovak 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 Promatcor Sistemi Sospensioni Mexicana S.R.L. de C.V. | Mexico City       | Mexico                 | 3,000         | MXN      | 51.00                            | Sistemi Sospensioni S.p.A.  | 51.000             |                          |
| Magneti Marelli Repuestos S.A.  | Buenos Aires      | Argentina              | 2,012,000     | ARS      | 99.99                            | Magneti Marelli After Market Parts and Services S.p.A.<br>Magneti Marelli Cofap Autopeças Ltda      | 52.000<br>48.000   |                          |
| Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda        | Contagem          | Brazil                 | 206,834,874   | BRL      | 99.99                            | Magneti Marelli S.p.A.<br>Automotive Lighting Reutlingen GmbH                                       | 66.111<br>33.889   |                          |
| Magneti Marelli Sistemas Electronicos Mexico S.A.                     | Tepotzotlan       | Mexico                 | 50,000        | MXN      | 99.99                            | Magneti Marelli S.p.A.<br>Servicios Administrativos Corp. IPASA S.A.                                | 99.998<br>0.002    |                          |
| Magneti Marelli Slovakia s.r.o.                                       | Bratislava        | Slovak Republic        | 70,006,639    | 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 Um Electronic Systems Private Limited                 | Haryana           | India                  | 390,000,000   | INR      | 51.00                            | Magneti Marelli S.p.A.  | 51.000             |                          |
| 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 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 PLASTIK SANAY ve TICARET A.S.                              | Bursa             | Turkey                 | 715,000       | TRY      | 99.93                            | Magneti Marelli Mako Elektrik Sanayi Ve Ticaret Anonim Sirketi                                      | 100.000            |                          |
| Servicios Administrativos Corp. IPASA S.A.                            | Col. Chapultepec  | Mexico                 | 1,000         | MXN      | 99.99                            | Magneti Marelli Sistemas Electronicos Mexico S.A.<br>Industrias Magneti Marelli Mexico S.A. de C.V. | 99.990<br>0.010    |                          |

## SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

| Name   | Registered Office    | Country               | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by   | % interest<br>held        | % of<br>voting<br>rights |
|--|----------------------|-----------------------|---------------|----------|----------------------------------|--|---------------------------|--------------------------|
| Sistemi Sospensioni S.p.A.                           | Corbetta             | Italy                 | 37,622,179    | EUR      | 99.99                            | Magneti Marelli S.p.A.   | 100.000                   |                          |
| SNIRICERCHÉ S.P.A. in liquidation                    | Pisticci             | Italy                 | 880,000       | EUR      | 99.99                            | Plastic Components and Modules<br>Holding S.p.A.                                     | 95.000                    |                          |
|  |                      |                       |               |          |                                  | Plastic Components and Modules<br>Automotive S.p.A.                                  | 5.000                     |                          |
| Tecnologia de Iluminacion Automotriz<br>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                    |                          |
| <b>Teksid</b>  |                      |                       |               |          |                                  |  |                           |                          |
| 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.<br>Teksid Inc.                                  | 99.800<br>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                | 202,602,013   | 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                   |                          |
| <b>Comau</b>   |                      |                       |               |          |                                  |  |                           |                          |
| Comau S.p.A.   | Grugliasco           | Italy                 | 48,013,959    | EUR      | 100.00                           | Fiat S.p.A.  | 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                   |                          |
| 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<br>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.<br>Comau do Brasil Industria<br>e Comercio Ltda.<br>Fiat Argentina S.A. | 55.280<br>44.690<br>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                | 102,742,653   | 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.                | 100           | USD      | 100.00                           | Comau S.p.A.   | 100.000                   |                          |
| Comau India Private Limited                          | Pune                 | India                 | 239,935,020   | INR      | 100.00                           | Comau S.p.A.<br>Comau Deutschland GmbH   | 99.990<br>0.010           |                          |
| Comau Pico laisa 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                   |                          |

## SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

| Name   | Registered Office | Country        | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by   | % interest<br>held                | % of<br>voting<br>rights |
|--|-------------------|----------------|---------------|----------|----------------------------------|--|-----------------------------------|--------------------------|
| 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 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.<br>Comau Deutschland GmbH   | 99.000<br>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                           |                          |
| <b>Other Activities: Holding companies and Other companies</b> |                   |                |               |          |                                  |  |                                   |                          |
| BMI S.p.A.   | Genoa             | Italy          | 124,820       | EUR      | 88.00                            | Editrice La Stampa S.p.A.  | 88.000                            |                          |
| Deposito Avogadro S.p.A.                                       | Turin             | Italy          | 5,100,000     | EUR      | 100.00                           | Fiat Gestione Partecipazioni S.p.A.  | 100.000                           |                          |
| Editrice La Stampa S.p.A.                                      | Turin             | Italy          | 5,700,000     | EUR      | 100.00                           | Fiat S.p.A.  | 100.000                           |                          |
| Fiat Argentina S.A.  | Buenos Aires      | Argentina      | 5,292,117     | ARS      | 100.00                           | Fiat Services S.p.A.<br>Fiat do Brasil S.A.<br>SGR-Sociedad para la Gestion<br>de Riesgos S.A.<br>Fiat Auto Argentina S.A. | 90.961<br>9.029<br>0.009<br>0.001 |                          |
| Fiat do Brasil S.A.  | Nova Lima         | Brazil         | 42,212,488    | BRL      | 100.00                           | Fiat Partecipazioni S.p.A.<br>Fiat Services S.p.A.   | 99.998<br>0.002                   |                          |
| Fiat Financas Brasil Ltda                                      | Nova Lima         | Brazil         | 2,469,701     | BRL      | 100.00                           | Fiat Finance S.p.A.<br>Fiat do Brasil S.A.   | 99.994<br>0.006                   |                          |
| Fiat Finance and Trade Ltd S.A.                                | Luxembourg        | Luxembourg     | 251,494,000   | EUR      | 100.00                           | Fiat Finance S.p.A.<br>Fiat S.p.A.   | 60.003<br>39.997                  |                          |
| Fiat Finance et Services S.A.                                  | Trappes           | France         | 3,700,000     | EUR      | 100.00                           | Fiat Services S.p.A.   | 99.997                            |                          |
| Fiat Finance Canada Ltd.                                       | Calgary           | Canada         | 10,099,885    | CAD      | 100.00                           | Fiat Finance and Trade Ltd S.A.  | 100.000                           |                          |
| 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 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,<br>Excellence and Methods S.p.A.  | Turin             | Italy          | 500,000       | EUR      | 100.00                           | Fiat Services S.p.A.   | 100.000                           |                          |
| Fiat Partecipazioni France<br>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          | 150,679,554   | EUR      | 100.00                           | Fiat S.p.A.  | 100.000                           |                          |
| Fiat Polska Sp. z o.o.   | Warsaw            | Poland         | 25,500,000    | PLN      | 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<br>consoli-<br>dation | Interest held by   | % interest<br>held   | % of<br>voting<br>rights |
|--|-------------------|----------------|---------------|----------|----------------------------------|--|--|--------------------------|
| Fiat Services Belgium N.V.                                     | Zedelgem          | Belgium        | 62,000        | EUR      | 100.00                           | Fiat U.K. Limited<br>Fiat Services S.p.A.  | 99.960<br>0.040  |                          |
| Fiat Services d.o.o. Kragujevac                                | Kragujevac        | Serbia         | 15,047,880    | RSD      | 100.00                           | Fiat Services S.p.A.   | 100.000  |                          |
| 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.<br>Fiat Group Automobiles S.p.A.<br>Fiat S.p.A.<br>Teksid S.p.A.<br>C.R.F. Società Consortile per Azioni<br>Comau S.p.A.<br>Editrice La Stampa S.p.A.<br>Fiat Services S.p.A.<br>Magnet Marelli S.p.A.  | 51.000<br>25.500<br>5.000<br>2.000<br>1.500<br>1.500<br>1.500<br>1.500<br>1.500  |                          |
| Fiat U.K. Limited  | Basildon          | United Kingdom | 750,000       | GBP      | 100.00                           | Fiat Services S.p.A.   | 100.000  |                          |
| Fiat U.S.A. Inc.   | New York          | U.S.A.         | 16,830,000    | USD      | 100.00                           | Fiat S.p.A.  | 100.000  |                          |
| Fiat-Revisione Interna S.c.p.a.                                | Turin             | Italy          | 300,000       | EUR      | 84.00                            | Fiat S.p.A.<br>Fiat Group Automobiles S.p.A.   | 71.000<br>13.000   |                          |
| Neptunia Assicurazioni Marittime S.A.                          | Lausanne          | Switzerland    | 10,000,000    | CHF      | 100.00                           | Rimaco S.A.  | 100.000  |                          |
| Nexta Srl  | Turin             | Italy          | 50,000        | EUR      | 100.00                           | Editrice La Stampa S.p.A.  | 100.000  |                          |
| Publikompass S.p.A.  | Milan             | Italy          | 3,068,000     | EUR      | 100.00                           | Editrice La Stampa S.p.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<br>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<br>consortile per azioni | Turin             | Italy          | 120,000       | EUR      | 86.44                            | Fiat Gestione Partecipazioni S.p.A.<br>Fiat Group Automobiles S.p.A.<br>Magnet Marelli S.p.A.<br>Fiat Powertrain Technologies SpA<br>Sata-Società Automobilistica<br>Tecnologie Avanzate S.p.A.<br>C.R.F. Società Consortile per Azioni<br>Fiat S.p.A.<br>Comau S.p.A.<br>Ferrari S.p.A.<br>Teksid S.p.A.<br>Fiat Services S.p.A.<br>Sistemi Sospensioni S.p.A.<br>Teksid Aluminum S.r.l.<br>Fiat Servizi per l'Industria S.c.p.a.<br>Fabbrica Italia Pomigliano S.p.A.<br>Fiat Finance S.p.A. | 58.048<br>16.017<br>1.841<br>1.314<br>0.833<br>0.768<br>0.751<br>0.729<br>0.729<br>0.664<br>0.593<br>0.551<br>0.540<br>0.503<br>0.417<br>0.406 |                          |



## SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS (continued)

| Name   | Registered Office | Country                | Share capital  | Currency | % of Group<br>consoli-<br>dation | Interest held by   | % interest<br>held | % of<br>voting<br>rights |
|--|-------------------|------------------------|----------------|----------|----------------------------------|--|--------------------|--------------------------|
|  |                   |                        |                |          |                                  | Fidis S.p.A.   | 0.325              |                          |
|  |                   |                        |                |          |                                  | Editrice La Stampa S.p.A.  | 0.273              |                          |
|  |                   |                        |                |          |                                  | Automotive Lighting Italia S.p.A.  | 0.255              |                          |
|  |                   |                        |                |          |                                  | Officine Maserati Grugliasco S.p.A.  | 0.167              |                          |
|  |                   |                        |                |          |                                  | Fiat Group Marketing & Corporate<br>Communication S.p.A.                               | 0.103              |                          |
|  |                   |                        |                |          |                                  | Fiat Group Purchasing S.r.l.   | 0.103              |                          |
|  |                   |                        |                |          |                                  | Fiat Partecipazioni S.p.A.   | 0.103              |                          |
|  |                   |                        |                |          |                                  | Servizi e Attività Doganali<br>per l'Industria S.p.A.                                  | 0.103              |                          |
|  |                   |                        |                |          |                                  | Plastic Components and Modules<br>Automotive S.p.A.                                    | 0.065              |                          |
|  |                   |                        |                |          |                                  | Fiat-Revisione Interna S.c.p.a.  | 0.061              |                          |
|  |                   |                        |                |          |                                  | Fiat Center Italia S.p.A.  | 0.045              |                          |
|  |                   |                        |                |          |                                  | Abarth & C. S.p.A.   | 0.039              |                          |
|  |                   |                        |                |          |                                  | Maserati S.p.A.  | 0.039              |                          |
|  |                   |                        |                |          |                                  | Orione-Società Industriale per la<br>Sicurezza e la Vigilanza Consortile<br>per Azioni | 0.039              |                          |
|  |                   |                        |                |          |                                  | Risk Management S.p.A.   | 0.039              |                          |
|  |                   |                        |                |          |                                  | Sisport Fiat S.p.A. - Società sportiva<br>dilettantistica                              | 0.039              |                          |
|  |                   |                        |                |          |                                  | Magneti Marelli After Market Parts<br>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,<br>Excellence and Methods S.p.A.                          | 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. -<br>Società sportiva dilettantistica                | Turin             | Italy                  | 889,049        | EUR      | 100.00                           | Fiat Partecipazioni S.p.A.   | 100.000            |                          |
| <b>JOINTLY-CONTROLLED ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> |                   |                        |                |          |                                  |  |                    |                          |
| <b>Business Auto: Car Mass-Market brands</b>                             |                   |                        |                |          |                                  |  |                    |                          |
| <b>APAC</b>  |                   |                        |                |          |                                  |  |                    |                          |
| Fiat India Automobiles Limited   | Ranjangaon        | India                  | 17,951,596,600 | INR      | 50.00                            | Fiat Group Automobiles S.p.A.  | 50.000             |                          |
| GAC FIAT Automobiles Co. Ltd.  | Changsha          | People's Rep. of China | 1,800,000,000  | CNY      | 50.00                            | Fiat Group Automobiles S.p.A.  | 50.000             |                          |
| <b>EMEA</b>  |                   |                        |                |          |                                  |  |                    |                          |
| 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             |                          |

## JOINTLY-CONTROLLED ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD (continued)

| Name   | Registered Office | Country        | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by  | % interest<br>held | % of<br>voting<br>rights |
|--|-------------------|----------------|---------------|----------|----------------------------------|---|--------------------|--------------------------|
| 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<br>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            |                          |
| 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         | 24,384,000    | 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            |                          |
| 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 A.S.                              | 99.418             |                          |
| FIAT POWERTRAIN TECHNOLOGIES<br>SOLLERS Investment Company B.V.                    | Amsterdam         | Netherlands    | 250,000       | EUR      | 50.00                            | Fiat Powertrain Technologies SpA                                | 50.000             |                          |
| FIAT POWERTRAIN TECHNOLOGIES<br>SOLLERS Limited Liability Company                  | Zavolzhe          | Russia         | 10,000        | RUB      | 50.00                            | FIAT POWERTRAIN TECHNOLOGIES<br>SOLLERS Investment Company B.V. | 100.000            |                          |
| G.E.I.E. Gisevel   | Paris             | France         | 15,200        | EUR      | 50.00                            | Fiat France   | 50.000             |                          |
| G.E.I.E.-Sevelind  | Paris             | France         | 15,200        | EUR      | 50.00                            | Fiat France   | 50.000             |                          |
| Koc Fiat Kredi Tuketeci Finansmani A.S.  | Istanbul          | Turkey         | 30,000,000    | TRY      | 37.86                            | Tofas-Turk Otomobil Fabrikasi A.S.                              | 100.000            |                          |
| PLATFORM Arastirma Gelistirme<br>Tasarim ve Ticaret A.S.                           | Bursa             | Turkey         | 1,000,000     | TRY      | 37.48                            | Tofas-Turk Otomobil Fabrikasi A.S.                              | 99.000             |                          |
| Società Europea Veicoli Leggeri-<br>Sevel S.p.A.                                   | Atessa            | Italy          | 68,640,000    | EUR      | 50.00                            | Fiat Group Automobiles S.p.A.                                   | 50.000             |                          |
| (*) Société Européenne de Véhicules<br>Légers du Nord-Sevelnord<br>Société Anonyme | Paris             | France         | 80,325,000    | EUR      | 50.00                            | Fiat Group Automobiles S.p.A.                                   | 50.000             |                          |
| Tofas-Turk Otomobil Fabrikasi A.S.   | Levent            | Turkey         | 500,000,000   | TRY      | 37.86                            | Fiat Group Automobiles S.p.A.                                   | 37.856             |                          |

(\*) Asset held for sale.

## JOINTLY-CONTROLLED ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD (continued)

| Name  | Registered Office | Country                | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by  | % interest<br>held | % of<br>voting<br>rights |
|---|-------------------|------------------------|---------------|----------|----------------------------------|---|--------------------|--------------------------|
| 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            |                          |
| <b>Components and Production Systems</b>                      |                   |                        |               |          |                                  |   |                    |                          |
| <b>Marelli</b>  |                   |                        |               |          |                                  |   |                    |                          |
| JCMM Automotive d.o.o.  | Beograd           | Serbia                 | 1,223,910,473 | RSD      | 50.00                            | Plastic Components<br>and Modules Automotive S.p.A.                       | 50.000             |                          |
| Magneti Marelli Motherson<br>Auto System Limited              | New Delhi         | India                  | 1,150,000,000 | INR      | 50.00                            | Magneti Marelli S.p.A.<br>Magneti Marelli Motherson India<br>Holding B.V. | 33.478<br>33.043   | 0.000<br>100.000         |
| Magneti Marelli Motherson India<br>Holding B.V.               | Amsterdam         | Netherlands            | 2,000,000     | EUR      | 50.00                            | Magneti Marelli S.p.A.  | 50.000             |                          |
| Magneti Marelli SKH Exhaust<br>Systems Private Limited        | New Delhi         | India                  | 95,000,000    | INR      | 50.00                            | Magneti Marelli S.p.A.  | 50.000             |                          |
| Magneti Marelli Talbros Chassis<br>Systems Pvt. Ltd.          | Haryana           | India                  | 100,600,000   | INR      | 50.00                            | Sistemi Sospensioni S.p.A.  | 50.000             |                          |
| SAIC MAGNETI MARELLI<br>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<br>Systems Private Limited        | New Delhi         | India                  | 95,450,000    | INR      | 46.62                            | Magneti Marelli S.p.A.  | 46.621             | 50.000                   |
| tema.mobility in liquidation                                  | Turin             | Italy                  | 850,000       | EUR      | 50.00                            | Magneti Marelli S.p.A.  | 50.000             |                          |
| Zhejiang Wanxiang Magneti Marelli<br>Shock Absorbers Co. Ltd. | Zhenjiang-Jangsu  | People's Rep. of China | 100,000,000   | CNY      | 50.00                            | Magneti Marelli S.p.A.  | 50.000             |                          |
| <b>Teksid</b>   |                   |                        |               |          |                                  |   |                    |                          |
| Hua Dong Teksid Automotive<br>Foundry Co. Ltd.                | Zhenjiang-Jangsu  | People's Rep. of China | 385,363,500   | CNY      | 42.40                            | Teksid S.p.A.   | 50.000             |                          |

## SUBSIDIARIES ACCOUNTED FOR USING THE EQUITY METHOD

| <b>Business Auto: Car Mass-Market brands</b> |            |        |           |     |       |                    |         |  |
|--|------------|--------|-----------|-----|-------|--------------------|---------|--|
| <b>NAFTA</b>                                 |            |        |           |     |       |                    |         |  |
| Alhambra Chrysler Jeep Dodge,<br>Inc.        | Wilmington | U.S.A. | 1,272,700 | USD | 58.54 | Chrysler Group LLC | 100.000 |  |
| Bessemer Chrysler Jeep Dodge,<br>Inc.        | Wilmington | U.S.A. | 3,590,000 | USD | 58.54 | Chrysler Group LLC | 100.000 |  |
| CG EC1 LLC                                   | Wilmington | U.S.A. | 0         | USD | 58.54 | Chrysler Group LLC | 100.000 |  |
| Downriver Dodge, Inc.                        | Wilmington | U.S.A. | 604,886   | USD | 58.54 | Chrysler Group LLC | 100.000 |  |
| Gwinnett Automotive Inc.                     | Wilmington | U.S.A. | 3,505,019 | USD | 58.54 | Chrysler Group LLC | 100.000 |  |
| La Brea Avenue Motors, Inc.                  | Wilmington | U.S.A. | 7,373,800 | USD | 58.54 | Chrysler Group LLC | 100.000 |  |
| McKinney Dodge, Inc.                         | Wilmington | U.S.A. | 2,858,463 | USD | 58.54 | Chrysler Group LLC | 100.000 |  |
| North Tampa Chrysler Jeep Dodge, Inc.        | Wilmington | U.S.A. | 1,014,700 | USD | 58.54 | Chrysler Group LLC | 100.000 |  |
| Superstition Springs Chrysler Jeep, Inc.     | Wilmington | U.S.A. | 675,400   | USD | 58.54 | Chrysler Group LLC | 100.000 |  |

## SUBSIDIARIES ACCOUNTED FOR USING THE EQUITY METHOD (continued)

| Name  | Registered Office | Country               | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by                                       | % interest<br>held | % of<br>voting<br>rights |
|---|-------------------|-----------------------|---------------|----------|----------------------------------|--|--------------------|--------------------------|
| <b>APAC</b>   |                   |                       |               |          |                                  |  |                    |                          |
| Chrysler Group Taiwan Sales Ltd.  | Taipei            | Taiwan                | 229,500,000   | TWD      | 29.85                            | Chrysler Group LLC                                     | 51.000             |                          |
| <b>EMEA</b>   |                   |                       |               |          |                                  |  |                    |                          |
| AC Austro Car Handelsgesellschaft<br>m.b.h. & Co. OHG                               | Vienna            | Austria               | 0             | EUR      | 100.00                           | FGA Austro Car GmbH                                    | 100.000            |                          |
| Alfa Romeo Inc.   | Orlando           | U.S.A.                | 3,000,000     | USD      | 100.00                           | Fiat Group Automobiles S.p.A.                          | 100.000            |                          |
| Chrysler Jeep Ticaret A.S.  | Istanbul          | Turkey                | 5,357,000     | TRY      | 58.49                            | Chrysler Group LLC                                     | 99.920             |                          |
| GESTIN POLSKA Sp. z o.o.  | Bielsko-Biala     | Poland                | 500,000       | PLN      | 100.00                           | Fiat Auto Poland S.A.                                  | 100.000            |                          |
| Italcara SA   | Casablanca        | Morocco               | 4,000,000     | MAD      | 99.85                            | Fiat Group Automobiles Maroc S.A.                      | 99.900             |                          |
| Sirio Polska Sp. z o.o.   | Bielsko-Biala     | Poland                | 1,350,000     | PLN      | 100.00                           | Fiat Auto Poland S.A.                                  | 100.000            |                          |
| <b>Components and Production Systems</b>  |                   |                       |               |          |                                  |  |                    |                          |
| <b>Marelli</b>  |                   |                       |               |          |                                  |  |                    |                          |
| Cofap Fabricadora de Pecas Ltda   | Santo Andre       | Brazil                | 75,720,716    | BRL      | 68.26                            | Magneti Marelli do Brasil Industria<br>e Comercio SA   | 68.350             |                          |
| Magneti Marelli Shock Absorbers<br>(India) Private Limited                          | Pune              | India                 | 768,999,990   | INR      | 99.99                            | Magneti Marelli S.p.A.                                 | 100.000            |                          |
| <b>Other Activities: Holding companies and Other companies</b>                      |                   |                       |               |          |                                  |  |                    |                          |
| Fabbrica Italia Mirafiori S.p.A.  | Turin             | Italy                 | 200,000       | EUR      | 100.00                           | Fiat 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            |                          |
| Isvor Fiat Società consortile di sviluppo<br>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<br>in liquidation                                     | Shanghai          | People's Rep.of China | 300,000       | USD      | 100.00                           | Fiat Gestione Partecipazioni S.p.A.                    | 100.000            |                          |
| SGR-Sociedad para la Gestion<br>de Riesgos S.A.                                     | Buenos Aires      | Argentina             | 150,000       | ARS      | 99.96                            | Rimaco S.A.  | 99.960             |                          |
| <b>SUBSIDIARIES VALUED AT COST</b>  |                   |                       |               |          |                                  |  |                    |                          |
| <b>Business Auto: Car Mass-Market brands</b>  |                   |                       |               |          |                                  |  |                    |                          |
| <b>NAFTA</b>  |                   |                       |               |          |                                  |  |                    |                          |
| CarCo Intermediate Mexico LLC   | Wilmington        | U.S.A.                | 1             | USD      | 58.54                            | Chrysler Mexico Investment<br>Holdings Cooperatie U.A. | 100.000            |                          |
| CG Co-Issuer Inc.   | Wilmington        | U.S.A.                | 100           | USD      | 58.54                            | Chrysler Group LLC                                     | 100.000            |                          |
| CG MID LLC  | Wilmington        | U.S.A.                | 0             | USD      | 58.54                            | Chrysler Group LLC                                     | 100.000            |                          |
| CHRYSLER GROUP DUTCH<br>OPERATING LLC   | Wilmington        | U.S.A.                | 0             | USD      | 58.54                            | CNI CV   | 100.000            |                          |
| Chrysler Receivables 1 Inc.   | Windsor           | Canada                | 100           | CAD      | 58.54                            | Chrysler Canada Inc.                                   | 100.000            |                          |

## SUBSIDIARIES VALUED AT COST (continued)

| Name   | Registered Office | Country        | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by   | % interest<br>held                         | % of<br>voting<br>rights |
|--|-------------------|----------------|---------------|----------|----------------------------------|--|--|--------------------------|
| Chrysler Receivables 2 Inc.  | Windsor           | Canada         | 100           | CAD      | 58.54                            | Chrysler Canada Inc.   | 100.000                                    |                          |
| Chrysler Receivables Limited Partnership                             | Windsor           | Canada         | 0             | CAD      | 58.54                            | Chrysler Canada Inc.<br>Chrysler Receivables 1 Inc.<br>Chrysler Receivables 2 Inc.   | 99.990<br>0.005<br>0.005                   |                          |
| Fundacion Chrysler, I.A.P.   | Santa Fe          | Mexico         | 0             | MXN      | 58.54                            | Chrysler de Mexico S.A. de C.V.  | 100.000                                    |                          |
| Superstition Springs MID LLC   | Wilmington        | U.S.A.         | 0             | USD      | 58.54                            | CG MID LLC   | 100.000                                    |                          |
| The Chrysler Foundation  | Bingham Farms     | U.S.A.         | 0             | USD      | 58.54                            | Chrysler Group LLC   | 100.000                                    |                          |
| <b>LATAM</b>   |                   |                |               |          |                                  |  |  |                          |
| (*) CMP Componentes e Modulos Plasticos Industria e Comercio Ltda.   | Contagem          | Brazil         | 25,007,977    | BRL      | 100.00                           | Fiat Automoveis S.A. - FIASA   | 100.000                                    |                          |
| <b>EMEA</b>  |                   |                |               |          |                                  |  |  |                          |
| Banbury Road Motors Limited  | Slough Berkshire  | United Kingdom | 100           | GBP      | 100.00                           | Fiat Group Automobiles UK Ltd  | 100.000                                    |                          |
| Chrysler Netherlands Holding Cooperatie U.A.                         | Amsterdam         | Netherlands    | 0             | EUR      | 58.54                            | CNI CV<br>CHRYSLER GROUP DUTCH OPERATING LLC   | 99.000<br>1.000                            |                          |
| Chrysler UK Pension Trustees Limited                                 | Slough Berkshire  | United Kingdom | 1             | GBP      | 58.54                            | Chrysler UK Limited  | 100.000                                    |                          |
| CNI CV   | Amsterdam         | Netherlands    | 0             | EUR      | 58.54                            | Chrysler Group LLC<br>Chrysler Group Minority LLC  | 99.000<br>1.000                            |                          |
| 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.<br>Ferrari S.p.A.<br>Fiat Powertrain Technologies SpA<br>Maserati S.p.A.<br>Abarth & C. S.p.A. | 77.800<br>5.300<br>4.500<br>2.800<br>1.500 |                          |
| FAS FREE ZONE Ltd. Kragujevac  | Kragujevac        | Serbia         | 2,281,603     | RSD      | 66.67                            | FIAT AUTOMOBILES SERBIA<br>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 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         | 283,165,038   | RUB      | 100.00                           | FGA Russia S.r.l.<br>Fiat Group Automobiles S.p.A.   | 99.541<br>0.459                            |                          |
| <b>Business Auto: Performance and Luxury Brands</b>                  |                   |                |               |          |                                  |  |  |                          |
| <b>Ferrari</b>   |                   |                |               |          |                                  |  |  |                          |
| Ferrari Australasia Pty Limited                                      | Lane Cove         | Australia      | 2,000,100     | AUD      | 90.00                            | Ferrari S.p.A.   | 100.000                                    |                          |
| Scuderia Ferrari Club S.c. a r.l.                                    | Maranello         | Italy          | 105,000       | EUR      | 84.99                            | Ferrari S.p.A.   | 94.438                                     |                          |

(\*) Asset held for sale.

## SUBSIDIARIES VALUED AT COST (continued)

| Name   | Registered Office  | Country        | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by  | % interest<br>held   | % of<br>voting<br>rights |
|--|--------------------|----------------|---------------|----------|----------------------------------|---|--|--------------------------|
| <b>Components and Production Systems</b>   |                    |                |               |          |                                  |   |  |                          |
| <b>Marelli</b>   |                    |                |               |          |                                  |   |  |                          |
| 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<br>Fiat do Brasil S.A.   | 99.900<br>0.100  |                          |
| Sistemi Comandi Meccanici Otomotiv Sanayi Ve Ticaret A.S.                        | Bursa              | Turkey         | 90,000        | TRY      | 99.89                            | Magneti Marelli Mako Elektrik Sanayi Ve Ticaret Anonim Sirketi  | 99.956   |                          |
| <b>Comau</b>   |                    |                |               |          |                                  |   |  |                          |
| Consorzio Fermag in liquidation  | Bareggio           | Italy          | 144,608       | EUR      | 68.00                            | Comau S.p.A.  | 68.000   |                          |
| <b>Other Activities: Holding companies and Other companies</b>                   |                    |                |               |          |                                  |   |  |                          |
| Fiat Common Investment Fund Limited  | London             | United Kingdom | 2             | GBP      | 100.00                           | Fiat U.K. Limited   | 100.000  |                          |
| Fiat Danismanlik Ve Temsilcilik Limited Sirketi                                  | Istanbul           | Turkey         | 120,000       | TRY      | 100.00                           | Fiat Gestione Partecipazioni S.p.A.<br>Fiat Partecipazioni S.p.A.   | 99.979<br>0.021  |                          |
| 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.<br>Fiat Group Purchasing S.r.l.   | 99.825<br>0.175  |                          |
| 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 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  |                          |
| 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   | Nizhny Novgorod    | Russia         | 2,700,000     | RUB      | 100.00                           | Sadi Polska-Agencja Celną Sp. z o.o.<br>Fiat Services Polska Sp. z o.o.   | 90.000<br>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.<br>Fiat S.p.A.<br>Editrice La Stampa S.p.A.<br>Comau S.p.A.<br>Fabbrica Italia Pomigliano S.p.A.<br>Ferrari S.p.A.<br>Fiat Finance S.p.A.<br>Fiat Powertrain Technologies SpA | 76.722<br>18.003<br>0.439<br>0.220<br>0.220<br>0.220<br>0.220<br>0.220 |                          |

## SUBSIDIARIES VALUED AT COST (continued)

| Name  | Registered Office               | Country                | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by  | % interest<br>held | % of<br>voting<br>rights |
|---|---------------------------------|------------------------|---------------|----------|----------------------------------|---|--------------------|--------------------------|
|   |                                 |                        |               |          |                                  | 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<br>dilettantistica | 0.220              |                          |
|   |                                 |                        |               |          |                                  | Teksid S.p.A.   | 0.220              |                          |
|   |                                 |                        |               |          |                                  | Fiat Group Automobili S.p.A.                              | 0.219              |                          |
| <b>ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD</b>                               |                                 |                        |               |          |                                  |   |                    |                          |
| <b>Business Auto: Car Mass-Market brands</b>  |                                 |                        |               |          |                                  |   |                    |                          |
| <b>NAFTA</b>  |                                 |                        |               |          |                                  |   |                    |                          |
| Global Engine Alliance LLC  | Wilmington                      | U.S.A.                 | 1,500,000     | USD      | 19.51                            | Chrysler Group LLC  | 33.330             |                          |
| <b>APAC</b>   |                                 |                        |               |          |                                  |   |                    |                          |
| Hangzhou IVECO Automobile<br>Transmission Technology Co., Ltd.                                  | Hangzhou                        | People's Rep. of China | 348,999,999   | CNY      | 33.33                            | Fiat Gestione Partecipazioni S.p.A.                       | 33.333             |                          |
| Haveco Automotive Transmission Co. Ltd.   | Zhajiagang                      | People's Rep. of China | 200,010,000   | CNY      | 33.33                            | Fiat Gestione Partecipazioni S.p.A.                       | 33.330             |                          |
| <b>EMEA</b>   |                                 |                        |               |          |                                  |   |                    |                          |
| Arab American Vehicles Company S.A.E.   | Cairo                           | Egypt                  | 6,000,000     | USD      | 28.68                            | Chrysler Group LLC  | 49.000             |                          |
| Utymat S.A.   | Santa Margarita<br>I Els Monjos | Spain                  | 4,644,453     | EUR      | 37.50                            | FGA Investimenti S.p.A.                                   | 37.500             |                          |
| <b>Other Activities: Holding companies and Other companies</b>                                  |                                 |                        |               |          |                                  |   |                    |                          |
| Iveco-Motor Sich, Inc.  | Zaporozhye                      | Ucraina                | 26,568,000    | UAH      | 38.62                            | Fiat Gestione Partecipazioni S.p.A.                       | 38.618             |                          |
| Otoyol Sanayi A.S. in liquidation   | Samandira-Kartal/<br>Istanbul   | Turkey                 | 52,674,386    | TRY      | 27.00                            | Fiat Gestione Partecipazioni S.p.A.                       | 27.000             |                          |
| Rizzoli Corriere della Sera<br>MediaGroup S.p.A.  | Milan                           | Italy                  | 762,019,050   | EUR      | 10.09                            | Fiat S.p.A.   | 10.093             | 10.497                   |
| <b>ASSOCIATED COMPANIES VALUED AT COST</b>  |                                 |                        |               |          |                                  |   |                    |                          |
| <b>Business Auto: Car Mass-Market brands</b>  |                                 |                        |               |          |                                  |   |                    |                          |
| <b>NAFTA</b>  |                                 |                        |               |          |                                  |   |                    |                          |
| United States Council<br>for Automotive Research LLC  | Southfield                      | U.S.A.                 | 100           | USD      | 19.51                            | Chrysler Group LLC  | 33.330             |                          |
| <b>EMEA</b>   |                                 |                        |               |          |                                  |   |                    |                          |
| Consorzio per la Reindustrializzazione<br>Area di Arese S.r.l. in liquidation                   | Arese                           | Italy                  | 20,000        | EUR      | 30.00                            | Fiat Group Automobili S.p.A.                              | 30.000             |                          |
| Consorzio Prode   | Naples                          | Italy                  | 51,644        | EUR      | 20.00                            | C.R.F. Società Consortile per Azioni                      | 20.000             |                          |
| Consorzio Scuola Superiore per l'Alta<br>Formazione Universitaria Federico II<br>in liquidation | Naples                          | Italy                  | 127,500       | EUR      | 20.00                            | C.R.F. Società Consortile per Azioni                      | 20.000             |                          |
| Fidis Rent GmbH   | Frankfurt                       | Germany                | 50,000        | EUR      | 49.00                            | Fiat Group Automobili Germany AG                          | 49.000             |                          |

## ASSOCIATED COMPANIES VALUED AT COST (continued)

| Name   | Registered Office  | Country | Share capital  | Currency | % of Group<br>consoli-<br>dation | Interest held by  | % interest<br>held | % of<br>voting<br>rights |
|--|--------------------|---------|----------------|----------|----------------------------------|---|--------------------|--------------------------|
| Innovazione Automotive e Metalmeccanica Scrl   | Santa Maria Imbaro | Italy   | 115,000        | EUR      | 24.52                            | Fiat Group Automobiles S.p.A.                                   | 17.391             |                          |
|  |                    |         |                |          |                                  | C.R.F. Società Consortile per Azioni Sistemi Sospensioni S.p.A. | 6.957              |                          |
|  |                    |         |                |          |                                  |   | 0.174              |                          |
| 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             |                          |
| <b>Business Auto: Performance and Luxury Brands</b>  |                    |         |                |          |                                  |   |                    |                          |
| <b>Ferrari</b>   |                    |         |                |          |                                  |   |                    |                          |
| Senator Software Gmbh  | Munich             | Germany | 25,565         | EUR      | 39.69                            | Ferrari Financial Services AG                                   | 49.000             |                          |
| <b>Components and Production Systems</b>   |                    |         |                |          |                                  |   |                    |                          |
| <b>Marelli</b>   |                    |         |                |          |                                  |   |                    |                          |
| 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.                | 16.500             |                          |
|  |                    |         |                |          |                                  | Sistemi Sospensioni S.p.A.                                      | 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   | 11,600         | EUR      | 26.03                            | Centro Ricerche Plast-Optica S.p.A.                             | 34.483             |                          |
| 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             |                          |
| <b>Other Activities: Holding companies and Other companies</b>                               |                    |         |                |          |                                  |   |                    |                          |
| ANFIA Automotive S.c.r.l.  | Turin              | Italy   | 20,000         | EUR      | 25.00                            | C.R.F. Società Consortile per Azioni                            | 10.000             |                          |
|  |                    |         |                |          |                                  | Fiat Group Automobiles S.p.A.                                   | 5.000              |                          |
|  |                    |         |                |          |                                  | Fiat Powertrain Technologies SpA                                | 5.000              |                          |
|  |                    |         |                |          |                                  | Magneti Marelli S.p.A.  | 5.000              |                          |
| 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             |                          |
| Parco Industriale di Chivasso Società Consortile a responsabilità limitata                   | Chivasso           | Italy   | 10,000         | EUR      | 36.70                            | Fiat Partecipazioni S.p.A.                                      | 25.800             |                          |
|  |                    |         |                |          |                                  | Plastic Components and Modules Automotive S.p.A.                | 10.900             |                          |
| 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             |                          |
| Zastava-Kamioni D.O.O.   | Kragujevac         | Serbia  | 1,673,505,893  | RSD      | 33.68                            | Fiat Gestione Partecipazioni S.p.A.                             | 33.677             |                          |



| Name   | Registered Office | Country | Share capital | Currency | % of Group<br>consoli-<br>dation | Interest held by                              | % interest<br>held | % of<br>voting<br>rights |
|--|-------------------|---------|---------------|----------|----------------------------------|---|--------------------|--------------------------|
| <b>OTHER COMPANIES VALUED AT COST</b>  |                   |         |               |          |                                  |   |                    |                          |
| <b>Business Auto: Car Mass-Market brands</b>   |                   |         |               |          |                                  |   |                    |                          |
| <b>EMEA</b>  |                   |         |               |          |                                  |   |                    |                          |
| Centro di Eccellenza su Metodi e Sistemi per le Aziende Competitive  | Fisciano          | Italy   | 225,000       | EUR      | 16.00                            | C.R.F. 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   | 90,131        | EUR      | 11.57                            | C.R.F. Società Consortile per Azioni          | 5.787              |                          |
|  |                   |         |               |          |                                  | Fiat Group Automobili S.p.A.                  | 5.787              |                          |
| Consorzio Technapoli   | Naples            | Italy   | 1,626,855     | EUR      | 11.11                            | C.R.F. Società Consortile per Azioni          | 11.110             |                          |
| <b>Business Auto: Performance and Luxury Brands</b>  |                   |         |               |          |                                  |   |                    |                          |
| <b>Ferrari</b>   |                   |         |               |          |                                  |   |                    |                          |
| Nuova Didactica S.c. a r.l.  | Modena            | Italy   | 112,200       | EUR      | 14.73                            | Ferrari S.p.A.                                | 16.364             |                          |
| <b>Components and Production Systems</b>   |                   |         |               |          |                                  |   |                    |                          |
| <b>Marelli</b>   |                   |         |               |          |                                  |   |                    |                          |
| Editori Riuniti S.p.A. in liquidation  | Rome              | Italy   | 441,652       | EUR      | 13.11                            | Plastic Components and Modules Holding S.p.A. | 13.110             |                          |
| <b>Other Activities: Holding companies and Other companies</b>   |                   |         |               |          |                                  |   |                    |                          |
| Consorzio Edicola Italiana   | Milan             | Italy   | 60,000        | EUR      | 16.67                            | Editrice La Stampa S.p.A.                     | 16.667             |                          |
| Consorzio Lingotto   | Turin             | Italy   | 9,612         | EUR      | 17.90                            | Fiat Partecipazioni S.p.A.<br>Fiat S.p.A.     | 12.500<br>5.400    |                          |
| Distretto Meccatronico Regionale Della Puglia S.c.a r.l. "MEDIS Scarl"   | Bari              | Italy   | 150,000       | EUR      | 13.33                            | C.R.F. Società Consortile per Azioni          | 6.667              |                          |
|  |                   |         |               |          |                                  | Magneti Marelli S.p.A.                        | 6.667              |                          |
| 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 2012 for audit and other services provided by the independent auditors and members of their network.

| (€ thousand)  | Service Provider              | Fiat Group Entity            |     | 2012 Fees     |
|---|-------------------------------|------------------------------|-----|---------------|
| <b>Audit</b>  | Reconta Ernst & Young S.p.A.  | Parent Company – Fiat S.p.A. | (1) | 3,170         |
|   | Reconta Ernst & Young S.p.A.  | Subsidiaries                 |     | 3,061         |
|   | Reconta Ernst & Young network | Subsidiaries                 |     | 4,123         |
| <b>Attestation</b>  | Reconta Ernst & Young S.p.A.  | Parent Company – Fiat S.p.A. | (2) | 680           |
|   | Reconta Ernst & Young S.p.A.  | Subsidiaries                 |     | -             |
|   | Reconta Ernst & Young network | Subsidiaries                 | (3) | 147           |
| <b>Other services</b>                                       | Reconta Ernst & Young S.p.A.  | Parent Company – Fiat S.p.A. |     | -             |
|   | Reconta Ernst & Young S.p.A.  | Subsidiaries                 |     | 62            |
|   | Reconta Ernst & Young network | Subsidiaries                 | (4) | 824           |
| <b>Total Reconta Ernst &amp; Young S.p.A. &amp; network</b> |                               |                              |     | <b>12,067</b> |
| <b>Audit</b>  | Deloitte & Touche             | Subsidiaries                 | (5) | 8,230         |

(1) Includes €3,053,000 fees for the ISA 600 audit procedures on Chrysler Group LLC reporting package consolidated into Fiat.

(2) Attestation related to the review of Internal Control Over Financial Reporting.

(3) Issuance of Comfort Letters connected with bond issues.

(4) Review of some aspects of internal control system and Tax related activities.

(5) Audit of 2012 Chrysler Group consolidated accounts.

# 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 2012.
2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2012 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 2012:
    - 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 Council, 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 2012 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.

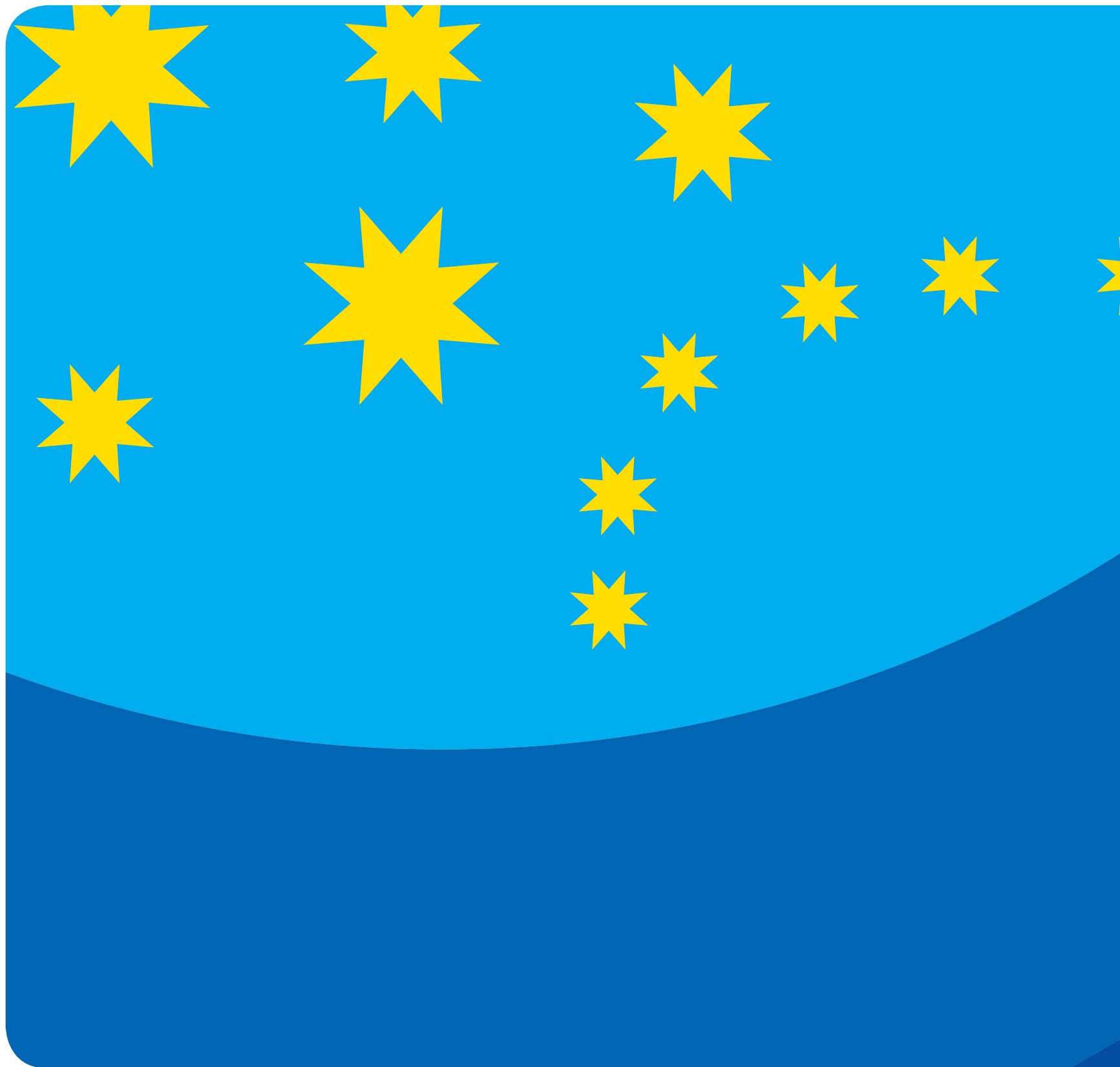
20 February 2013

/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**





# Fiat S.p.A. Statutory Financial Statements

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at 31 December 2012

|     |   |
|-----|---|
| 246 | Income Statement  |
| 246 | Statement of Comprehensive Income   |
| 247 | Statement of Financial Position   |
| 248 | Statement of Cash Flows   |
| 249 | Statement of Changes in Equity  |
| 251 | Income Statement pursuant to<br>Consob Resolution 15519 of 27 July 2006   |
| 252 | Statement of Financial Position pursuant to<br>Consob Resolution 15519 of 27 July 2006                                    |
| 253 | Statement of Cash Flows pursuant to<br>Consob Resolution 15519 of 27 July 2006  |
| 254 | Notes to the Statutory Financial Statements   |
| 308 | Appendix - Information required under Article<br>149- <i>duodecies</i> of the “Regolamento Emittenti”<br>issued by Consob |
| 309 | Attestation of the Statutory Financial Statements<br>under Article 154- <i>bis</i> of Legislative Decree 58/98            |

# Income Statement <sup>(\*)</sup>

| (figures in €)                                  | Note | 2012                 | 2011              |
|---|------|----------------------|-------------------|
| Dividends and other income from investments     | (1)  | 1,030,495,113        | 388,165,874       |
| Impairment (losses)/reversals on investments    | (2)  | (962,878,584)        | 157,456,000       |
| Gains/(losses) on disposals                     | (3)  | -                    | 14,703,207        |
| Other operating income                          | (4)  | 77,373,928           | 45,331,282        |
| Personnel costs                                 | (5)  | (36,054,496)         | (35,171,574)      |
| Other operating costs                           | (6)  | (76,259,449)         | (80,473,290)      |
| Financial income/(expense)                      | (7)  | (216,079,567)        | (434,646,466)     |
| <b>PROFIT/(LOSS) BEFORE TAXES</b>               |      | <b>(183,403,055)</b> | <b>55,365,033</b> |
| Income taxes                                    | (8)  | 31,053,057           | 43,800,587        |
| <b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b> |      | <b>(152,349,998)</b> | <b>99,165,620</b> |
| Profit/(loss) from discontinued operations      |      | -                    | -                 |
| <b>PROFIT/(LOSS)</b>                            |      | <b>(152,349,998)</b> | <b>99,165,620</b> |

(\*) 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 in Note 29.

# Statement of Comprehensive Income

| (€ thousand)  | 2012             | 2011            |
|---|------------------|-----------------|
| <b>PROFIT/(LOSS) (A)</b>  | <b>(152,350)</b> | <b>99,166</b>   |
| Gains/(losses) recognized directly in fair value reserve (investments in other companies) | 26,330           | (41,677)        |
| Income tax relating to components of other comprehensive income                           | -                | -               |
| <b>TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B)</b>                                   | <b>26,330</b>    | <b>(41,677)</b> |
| <b>TOTAL COMPREHENSIVE INCOME (A)+(B)</b>   | <b>(126,020)</b> | <b>57,489</b>   |

# Statement of Financial Position<sup>(\*)</sup>

| (figures in €)  | Note | 31 December 2012      | 31 December 2011      |
|---|------|-----------------------|-----------------------|
| <b>ASSETS</b>   |      |                       |                       |
| <b>Non-current assets</b>   |      |                       |                       |
| Intangible assets   | (9)  | 1,645,500             | 1,744,234             |
| Property, plant and equipment                                     | (10) | 30,303,585            | 31,179,614            |
| Investments   | (11) | 11,765,015,021        | 12,122,918,872        |
| Other financial assets  | (12) | 12,109,470            | 12,966,052            |
| Other non-current assets  | (13) | 65,199                | 90,472                |
| Deferred tax assets   | (8)  | -                     | -                     |
| <b>Total non-current assets</b>                                   |      | <b>11,809,138,775</b> | <b>12,168,899,244</b> |
| <b>Current assets</b>   |      |                       |                       |
| Inventory   | (25) | -                     | -                     |
| Trade receivables   | (14) | 4,756,129             | 4,862,631             |
| Current financial receivables                                     | (15) | 58,280,561            | 374,805,524           |
| Other current receivables   | (16) | 302,707,063           | 277,353,014           |
| Cash and cash equivalents   | (17) | 554,180               | 743,896               |
| <b>Total current assets</b>                                       |      | <b>366,297,933</b>    | <b>657,765,065</b>    |
| <b>TOTAL ASSETS</b>   |      | <b>12,175,436,708</b> | <b>12,826,664,309</b> |
| <b>EQUITY AND LIABILITIES</b>                                     |      |                       |                       |
| <b>Equity</b>   |      |                       |                       |
|   | (18) |                       |                       |
| Share capital   |      | 4,476,441,927         | 4,465,600,020         |
| Share premium reserve   |      | 1,071,402,772         | 1,082,244,680         |
| Legal reserve   |      | 528,577,084           | 523,618,803           |
| Other reserves and retained profit                                |      | 3,236,989,753         | 3,171,498,375         |
| Own shares  |      | (258,957,472)         | (288,883,388)         |
| Profit/(loss)   |      | (152,349,998)         | 99,165,620            |
| <b>Total equity</b>   |      | <b>8,902,104,066</b>  | <b>9,053,244,110</b>  |
| <b>Non-current liabilities</b>                                    |      |                       |                       |
| Provisions for employee benefits and other non-current provisions | (19) | 140,851,401           | 137,364,408           |
| Non-current debt  | (20) | 1,412,035,429         | 2,162,892,003         |
| Other non-current liabilities                                     | (21) | 17,164,505            | 18,213,851            |
| Deferred tax liabilities  | (8)  | 12,195,615            | 8,144,720             |
| <b>Total non-current liabilities</b>                              |      | <b>1,582,246,950</b>  | <b>2,326,614,982</b>  |
| <b>Current liabilities</b>  |      |                       |                       |
| Provisions for employee benefits and other current provisions     | (22) | 15,251,043            | 19,379,886            |
| Trade payables  | (23) | 17,301,002            | 19,397,927            |
| Current debt  | (24) | 1,294,073,723         | 1,075,432,074         |
| Other debt  | (25) | 364,459,924           | 332,595,330           |
| <b>Total current liabilities</b>                                  |      | <b>1,691,085,692</b>  | <b>1,446,805,217</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                               |      | <b>12,175,436,708</b> | <b>12,826,664,309</b> |

(\*) 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 in Note 29.



# Statement of Cash Flows<sup>(\*)</sup>

| (€ thousand)   | 2012             | 2011             |
|--|------------------|------------------|
| <b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                 | <b>744</b>       | <b>240</b>       |
| <b>B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:</b>      |                  |                  |
| Profit/(loss)  | (152,350)        | 99,166           |
| Amortization and depreciation  | 2,004            | 1,920            |
| Non-cash cost of stock option plans and other non-cash items             | 8,689            | 19,693           |
| Impairment losses/(reversals) on investments                             | 962,878          | (157,456)        |
| Fair value adjustment to equity swaps on Fiat and Fiat Industrial shares | (31,640)         | 109,920          |
| Losses/(gains) on disposals  | -                | (14,703)         |
| Change in provisions for employee benefits and other provisions          | 1,547            | 2,311            |
| Change in deferred taxes   | 4,051            | 1,145            |
| Change in working capital  | 3,496            | 23,701           |
| <b>TOTAL</b>   | <b>798,675</b>   | <b>85,697</b>    |
| <b>C) CASH FROM/(USED IN) INVESTING ACTIVITIES:</b>                      |                  |                  |
| Investments relating to:   |                  |                  |
| Recapitalization of subsidiaries   | (444,000)        | (220,000)        |
| Acquisitions   | (130,852)        | (122,399)        |
| Reductions in investments relating to:                                   |                  |                  |
| Proceeds from disposals  | -                | 76,947           |
| Other (investments)/disposals, net                                       | (1,030)          | (3,271)          |
| <b>TOTAL</b>   | <b>(575,882)</b> | <b>(268,723)</b> |
| <b>D) CASH FROM/(USED IN) FINANCING ACTIVITIES:</b>                      |                  |                  |
| Change in current financial assets                                       | 336,478          | (153,231)        |
| Proceeds from non-current debt and other changes                         | 400,000          | -                |
| Repayment of non-current debt  | (1,150,000)      | (400,000)        |
| Change in current debt   | 230,329          | 883,270          |
| Increase in share capital  | -                | 5,142            |
| Purchases of own shares  | (34)             | -                |
| Sales of own shares  | -                | -                |
| Dividends paid   | (39,756)         | (151,651)        |
| <b>TOTAL</b>   | <b>(222,983)</b> | <b>183,530</b>   |
| <b>E) NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                        | <b>(190)</b>     | <b>504</b>       |
| <b>F) CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                       | <b>554</b>       | <b>744</b>       |

(\*) 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      |
|--|------------------|-----------------------|----------------|--|------------------------|------------------------|--|----------------------|--------------------|------------------|----------------------------|-------------------|
| <b>Amount at 31 December 2010</b>  | <b>6,377,263</b> | <b>1,540,885</b>      | <b>716,458</b> | <b>543,447</b>                                   | <b>656,553</b>         | <b>2,884,134</b>       | <b>(2,028)</b>                               | <b>112,513</b>       | <b>89,829</b>      | <b>(656,553)</b> | <b>441,959</b>             | <b>12,704,460</b> |
| Demerger to Fiat Industrial S.p.A. effective 1 January 2011  | (1,913,179)      | (462,266)             | (214,937)      |  |                        | (1,159,964)            |  |                      |                    |                  |                            | (3,750,346)       |
| <b>Amount at 1 January 2011 post Demerger</b>  | <b>4,464,084</b> | <b>1,078,619</b>      | <b>501,521</b> | <b>543,447</b>                                   | <b>656,553</b>         | <b>1,724,170</b>       | <b>(2,028)</b>                               | <b>112,513</b>       | <b>89,829</b>      | <b>(656,553)</b> | <b>441,959</b>             | <b>8,954,114</b>  |
| 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 |                  |                       |                |  |                        | (100,217)              |  | (64,035)             |                    |                  |                            | (164,252)         |
| Allocation of prior year profit:   |                  |                       |                |  |                        |                        |  |                      |                    |                  |                            |                   |
| to the Legal reserve   |                  |                       | 22,098         |  |                        |                        |  |                      |                    |                  | (22,098)                   | -                 |
| distributions to shareholders  |                  |                       |                |  |                        |                        |  |                      |                    |                  | (151,651)                  | (151,651)         |
| 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            |
| <b>Amount at 31 December 2011</b>  | <b>4,465,600</b> | <b>1,082,245</b>      | <b>523,619</b> | <b>911,117</b>                                   | <b>288,883</b>         | <b>1,873,082</b>       | <b>(43,705)</b>                              | <b>52,291</b>        | <b>89,829</b>      | <b>(288,883)</b> | <b>99,166</b>              | <b>9,053,244</b>  |

- (1) At 31 December 2011, own shares consisted of 38,568,458 ordinary shares having a total par value of €134,990 thousand. The number of shares held is unchanged over 31 December 2010. Par value was reduced from €192,842 thousand to €134,990 thousand following the 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.

# 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     |
|--|------------------|-----------------------|----------------|--|------------------------|------------------------|--|----------------------|--------------------|------------------|----------------------------|------------------|
| <b>Amount at 31 December 2011</b>  | <b>4,465,600</b> | <b>1,082,245</b>      | <b>523,619</b> | <b>911,117</b>                                   | <b>288,883</b>         | <b>1,873,082</b>       | <b>(43,705)</b>                              | <b>52,291</b>        | <b>89,829</b>      | <b>(288,883)</b> | <b>99,166</b>              | <b>9,053,244</b> |
| Vesting of rights under 2009 stock grant plan for CEO and allocation of 4,000,000 Fiat S.p.A. ordinary shares to beneficiary |                  |                       |                |  | (29,960)               | 13,209                 |  | (13,209)             |                    | 29,960           |                            | -                |
| Allocation of prior year profit:   |                  |                       |                |  |                        |                        |  |                      |                    |                  |                            |                  |
| to the Legal reserve   |                  |                       | 4,958          |  |                        |                        |  |                      |                    |                  | (4,958)                    | -                |
| distributions to shareholders  |                  |                       |                |  |                        |                        |  |                      |                    |                  | (39,756)                   | (39,756)         |
| to retained profit   |                  |                       |                |  |                        | 54,452                 |  |                      |                    |                  | (54,452)                   | -                |
| Carryforward of reserve for the purchase of own shares   |                  |                       |                | 29,960   |                        | (29,960)               |  |                      |                    |                  |                            | -                |
| Conversion of preference and savings shares and capital increase through transfer from share premium reserve                 | 10,842           | (10,842)              |                |  |                        |                        |  |                      |                    |                  |                            | -                |
| Purchase of own shares relating to payment of fractions of shares resulting from conversion of preference and savings shares |                  |                       |                | (34)   | 34                     |                        |  |                      |                    | (34)             |                            | (34)             |
| Valuation of stock option/stock grant plans  |                  |                       |                |  |                        | 190                    |  | 14,480               |                    |                  |                            | 14,670           |
| Total comprehensive income for the period  |                  |                       |                |  |                        |                        | 26,330                                       |                      |                    |                  | (152,350)                  | (126,020)        |
| <b>Amount at 31 December 2012</b>  | <b>4,476,442</b> | <b>1,071,403</b>      | <b>528,577</b> | <b>941,043</b>                                   | <b>258,957</b>         | <b>1,910,973</b>       | <b>(17,375)</b>                              | <b>53,562</b>        | <b>89,829</b>      | <b>(258,957)</b> | <b>(152,350)</b>           | <b>8,902,104</b> |

(1) At 31 December 2012, own shares consisted of 34,577,766 ordinary shares having a total par value of €123,788 thousand (at 31 December 2011, 38,568,458 ordinary shares having a total par value of €134,990 thousand).

(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 | 2012             | of which<br>related parties<br>(Note 29) | 2011          | of which<br>related parties<br>(Note 29) |
|---|------|------------------|--|---------------|--|
| Dividends and other income from investments     | (1)  | 1,030,495        | 1,030,355                                | 388,166       | 387,733                                  |
| Impairment (losses)/reversals on investments    | (2)  | (962,879)        | (962,879)                                | 157,456       | 157,456                                  |
| Gains/(losses) on disposals                     | (3)  | -                | -  | 14,703        | 14,703                                   |
| Other operating income                          | (4)  | 77,374           | 74,745                                   | 45,331        | 42,205                                   |
| Personnel costs                                 | (5)  | (36,054)         | (9,543)                                  | (35,172)      | (11,217)                                 |
| Other operating costs                           | (6)  | (76,259)         | (41,213)                                 | (80,473)      | (48,924)                                 |
| Financial income/(expense)                      | (7)  | (216,080)        | (214,888)                                | (434,646)     | (426,171)                                |
| <b>PROFIT/(LOSS) BEFORE TAXES</b>               |      | <b>(183,403)</b> |  | <b>55,365</b> |  |
| Income taxes                                    | (8)  | 31,053           |  | 43,801        |  |
| <b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b> |      | <b>(152,350)</b> |  | <b>99,166</b> |  |
| Profit/(loss) from discontinued operations      |      | -                |  | -             |  |
| <b>PROFIT/(LOSS)</b>                            |      | <b>(152,350)</b> |  | <b>99,166</b> |  |

# Statement of Financial Position

pursuant to Consob Resolution 15519 of 27 July 2006

| (€ thousand)  | Note | 31 December<br>2012 | of which<br>related parties<br>(Note 29) | 31 December<br>2011 | of which<br>related parties<br>(Note 29) |
|---|------|---------------------|--|---------------------|--|
| <b>ASSETS</b>   |      |                     |  |                     |  |
| <b>Non-current assets</b>   |      |                     |  |                     |  |
| Intangible assets   | (9)  | 1,646               |  | 1,744               |  |
| Property, plant and equipment                                     | (10) | 30,304              |  | 31,180              |  |
| Investments   | (11) | 11,765,015          | 11,752,187                               | 12,122,919          | 12,110,940                               |
| Other financial assets  | (12) | 12,109              | 12,035                                   | 12,966              | 12,892                                   |
| Other non-current assets  | (13) | 65                  |  | 90                  |  |
| Deferred tax assets   | (8)  | -                   |  | -                   |  |
| <b>Total non-current assets</b>                                   |      | <b>11,809,139</b>   |  | <b>12,168,899</b>   |  |
| <b>Current assets</b>   |      |                     |  |                     |  |
| Inventory   | (25) | -                   |  | -                   |  |
| Trade receivables   | (14) | 4,756               | 1,985                                    | 4,862               | 2,419                                    |
| Current financial receivables                                     | (15) | 58,281              | 58,281                                   | 374,806             | 374,806                                  |
| Other current receivables   | (16) | 302,707             | 136,218                                  | 277,353             | 168,127                                  |
| Cash and cash equivalents   | (17) | 554                 |  | 744                 |  |
| <b>Total current assets</b>                                       |      | <b>366,298</b>      |  | <b>657,765</b>      |  |
| <b>TOTAL ASSETS</b>   |      | <b>12,175,437</b>   |  | <b>12,826,644</b>   |  |
| <b>EQUITY AND LIABILITIES</b>                                     |      |                     |  |                     |  |
| <b>Equity</b>   |      |                     |  |                     |  |
| Share capital   | (18) | 4,476,442           |  | 4,465,600           |  |
| Share premium reserve   |      | 1,071,403           |  | 1,082,245           |  |
| Legal reserve   |      | 528,577             |  | 523,619             |  |
| Other reserves and retained profit                                |      | 3,236,989           |  | 3,171,497           |  |
| Own shares  |      | (258,957)           |  | (288,883)           |  |
| Profit/(loss)   |      | (152,350)           |  | 99,166              |  |
| <b>Total equity</b>   |      | <b>8,902,104</b>    |  | <b>9,053,244</b>    |  |
| <b>NON-CURRENT LIABILITIES</b>                                    |      |                     |  |                     |  |
| Provisions for employee benefits and other non-current provisions | (19) | 140,851             | 126,173                                  | 137,364             | 123,341                                  |
| Non-current debt  | (20) | 1,412,035           | 1,412,035                                | 2,162,892           | 2,162,892                                |
| Other non-current liabilities                                     | (21) | 17,165              | -  | 18,214              | 2,994                                    |
| Deferred tax liabilities  | (8)  | 12,196              |  | 8,145               |  |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                              |      | <b>1,582,247</b>    |  | <b>2,326,615</b>    |  |
| <b>Current liabilities</b>  |      |                     |  |                     |  |
| Provisions for employee benefits and other current provisions     | (22) | 15,251              |  | 19,380              |  |
| Trade payables  | (23) | 17,301              | 6,808                                    | 19,398              | 5,249                                    |
| Current debt  | (24) | 1,294,074           | 1,266,774                                | 1,075,432           | 1,050,746                                |
| Other debt  | (25) | 364,460             | 350,630                                  | 332,595             | 318,808                                  |
| <b>Total current liabilities</b>                                  |      | <b>1,691,086</b>    |  | <b>1,446,805</b>    |  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                               |      | <b>12,175,437</b>   |  | <b>12,826,644</b>   |  |

# Statement of Cash Flows

pursuant to Consob Resolution 15519 of 27 July 2006

| (€ thousand)   | 2012             | of which<br>related<br>parties | 2011             | of which<br>related<br>parties |
|--|------------------|--------------------------------|------------------|--------------------------------|
| <b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                 | <b>744</b>       |                                | <b>240</b>       |                                |
| <b>B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:</b>      |                  |                                |                  |                                |
| Profit/(loss)  | (152,350)        |                                | 99,166           |                                |
| Amortization and depreciation  | 2,004            |                                | 1,920            |                                |
| Non-cash cost of stock option plans and other non-cash items             | 8,689            | 8,689                          | 19,693           | 12,014                         |
| Impairment losses/(reversals) on investments                             | 962,878          | 962,878                        | (157,456)        | (157,456)                      |
| Fair value adjustment to equity swaps on Fiat and Fiat Industrial shares | (31,640)         | (31,640)                       | 109,920          | 109,920                        |
| Losses/(gains) on disposals  | -                |                                | (14,703)         | (14,703)                       |
| Change in provisions for employee benefits and other provisions          | 1,547            | 6,774                          | 2,311            | (5,859)                        |
| Change in deferred taxes   | 4,051            |                                | 1,145            |                                |
| Change in working capital  | 3,496            | 62,730                         | 23,701           | 43,629                         |
| <b>TOTAL</b>   | <b>798,675</b>   |                                | <b>85,687</b>    |                                |
| <b>C) CASH FROM/(USED IN) INVESTING ACTIVITIES:</b>                      |                  |                                |                  |                                |
| Investments relating to:   |                  |                                |                  |                                |
| Recapitalization of subsidiaries   | (444,000)        | (444,000)                      | (220,000)        | (220,000)                      |
| Acquisitions   | (130,852)        | (130,852)                      | (122,399)        |                                |
| Reductions in investments relating to:                                   |                  |                                |                  |                                |
| Proceeds from disposals  | -                |                                | 76,947           | 76,947                         |
| Other (investments)/disposals, net                                       | (1,030)          |                                | (3,271)          | (130)                          |
| <b>TOTAL</b>   | <b>(575,882)</b> |                                | <b>(268,723)</b> |                                |
| <b>D) CASH FROM/(USED IN) FINANCING ACTIVITIES:</b>                      |                  |                                |                  |                                |
| Change in current financial assets                                       | 336,478          | 336,478                        | (153,231)        | (153,231)                      |
| Proceeds from non-current debt and other changes                         | 400,000          | 400,000                        | -                |                                |
| Repayment of non-current debt  | (1,150,000)      | (1,150,000)                    | (400,000)        | (400,000)                      |
| Change in current debt   | 230,329          | 227,715                        | 883,270          | 883,270                        |
| Increase in share capital  | -                |                                | 5,142            |                                |
| Purchases of own shares  | (34)             |                                | -                |                                |
| Sales of own shares  | -                |                                | -                |                                |
| Dividends paid   | (39,756)         | (10,800)                       | (151,651)        | (40,300)                       |
| <b>TOTAL</b>   | <b>(222,983)</b> |                                | <b>183,530</b>   |                                |
| <b>E) NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                        | <b>(190)</b>     |                                | <b>504</b>       |                                |
| <b>F) CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                       | <b>554</b>       |                                | <b>744</b>       |                                |

# 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 Group’s operating sectors.

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 2012.

## Significant accounting policies

### Basis of preparation

The 2012 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. 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 consideration the ongoing integration with Chrysler Group and the Group’s industrial and financial flexibility.

### Format of the financial statements

In consideration of the activities carried out by Fiat S.p.A., presentation of the Statutory Income Statement is based on the nature of 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/non-current classification applied to assets only. The consolidated financial statements 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:

|           | <b>Annual depreciation rate</b> |
|-----------|---------------------------------|
| 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 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 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 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 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 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.

### **Transfer of receivables**

The Company derecognizes receivables when, and only when, it no longer has the contractual right to the cash flows from an asset, or the receivable is transferred. When the Company transfers a receivable:

- if it transfers substantially all the risks and rewards of ownership, it derecognizes the receivable and recognizes any rights and obligations created or retained in the transfer separately as assets or liabilities
- if it retains substantially all the risks and rewards of ownership of the receivable, it continues to recognize the receivable

- if it neither transfers nor retains substantially all the risks and rewards of ownership of the receivable, it determines whether it has retained control of the receivable. In this case:
  - ▣ if the Company has not maintained control, it derecognizes the receivable and recognizes separately as assets and liabilities any rights and obligations created or retained in the transfer
  - ▣ if the Company has retained control, it continues to recognize the receivable to the extent of its continuing involvement in the receivable

On derecognition of a receivable, the difference between the carrying amount of the receivable and the consideration received or receivable for the transfer of the receivable is recognized in profit or loss.

### 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 S.p.A. 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, on both occasions 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**

The stand-alone company financial statements are prepared in accordance with IFRS which require the use of estimates, judgments 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 persisting difficulties of the economic and financial environment in the Euro-zone led to the need to make assumptions regarding future performance which are characterized by significant levels of uncertainty; as a consequence, therefore, it cannot be excluded that actual future results may differ from these estimates, and therefore give rise to adjustments to book values in future periods, which may be significant, and which at the present moment can clearly neither be estimated nor predicted. The line item most impacted by the use of estimates is "Investments in subsidiaries and associates" (non-current assets), where estimates are used in determining impairment losses and reversals. No particular reliance was placed on the use of estimates and no future significant issues are expected regarding the recognition of employee benefits, taxes or provisions, also taking into account their relatively minor book values.

The use of estimates had a significant impact in the determination of the carrying amount of Fiat Group Automobiles S.p.A. (FGA) which represents a substantial portion of the total "Investments in subsidiaries and associates". For this purpose, measurement was based on FGA's estimated "value in use", which took into consideration the expected performance for 2013 and 2014 consistent with the updated financial plan communicated on 30 October 2012. The assumptions and results are also consistent with information provided in "Subsequent Events and Outlook" (Report on Operations). For the forecasts for subsequent years, prudent assumptions have been made considering the persistent difficult and uncertain trading environment. Future expected results also consider the effects of the process for the continuing strategic realignment of the manufacturing and commercial activities of Fiat with those of Chrysler, which accelerated from 2011 following the acquisition of the control of Chrysler, and which is progressing in line with expectations. Given the strategy announced on 30 October 2012, to redeploy the industrial assets in EMEA to produce a renewed product portfolio focused on upper-end segments and international brands, it was considered reasonable to use cash flow projections for the period up to 2018. Given its current negative equity position and loan covenants restricting dividend distributions, the contribution from Chrysler was taken into account only from 2017.

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 cyclical and maturity of the auto business in each market. 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 (2013-2018) 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 10.0-13.0% for EMEA, 14.7-17.7% for LATAM, and 12.2-14.7% for Chrysler. For the terminal value, the weighted average discount rate was 13.7%, which prudently includes a 3% premium to reflect the execution risks associated with achieving targets. A change of 50 basis points in the discount rate would impact the value in use of the investment by approximately €500 million.

The estimates and assumptions made, in addition to the analysis based on historic and prospective P/E multiples for comparable listed companies used as a control, provide reasonable support for maintaining the carrying amounts recognized for the investment in FGA unchanged at 31 December 2012.

#### **Accounting standards, amendments and interpretations adopted from 1 January 2012**

On 7 October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures* that were adopted by the Company from 1 January 2012. The amendments allow users of financial statements to improve their understanding of transfers of financial assets (“derecognition”), including understanding 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 transfer transactions are undertaken at the end of a reporting period. Application of these amendments had no significant effect on either the disclosures in the financial statements or measurement of the related items. For further details see Note 24 (Current debt).

#### **Accounting standards, amendments and interpretations effective from 1 January 2012 but not applicable to the Company**

The following amendment, effective from 1 January 2012, relates to matters that were not applicable to the Company at the date of this Annual Report, but could affect the accounting treatment of future transactions or arrangements:

- On 20 December 2010, the IASB issued a minor amendment to IAS 12 – *Income Taxes*, which clarifies the accounting for deferred tax on 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 for annual periods beginning on or after 1 January 2012.

#### **Accounting standards and amendments not yet applicable and not early adopted by the Company**

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 new IAS 27 confirms that investments in subsidiaries, joint ventures and associates are accounted either at cost or, alternatively, in accordance with IFRS 9. The same accounting treatment is to be applied for each category of investments. Additionally, if an entity elects to measure its investments in associates or joint ventures at fair value in its consolidated accounts (applying IFRS 9), it should also use the same method for the separate financial statements. The standard is effective retrospectively, for annual reporting periods beginning on or after 1 January 2014 at the latest. Based on current analyses, adoption of the reissued IAS 27 is not expected to have any significant effect on the valuation of investments held by the Company.

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, at the latest for annual reporting periods beginning on or after 1 January 2014. 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 at the latest for annual reporting periods beginning on or after 1 January 2014.

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 IFRS standards 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. The application of this new standard is not expected to have any significant effects on the Company's financial statement.

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. The application of this amendment is not expected to have any significant effects on the measurement of items in the Group's financial statement.

On 16 June 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits* applicable retrospectively for the year beginning 1 January 2013. The amendment modifies the requirements for recognizing defined benefit plans and termination benefits. The main changes concerning defined benefit plans regard the recognition of the plan deficit or surplus in the balance sheet, the introduction of net interest expense and the classification of net interest expense arising from defined benefit plans. In details:

- **Recognition of the plan deficit or surplus:** the amendment removes the previous option of being able to defer actuarial gains and losses under the off-balance sheet "corridor method", requiring these to be recognized directly in other comprehensive income. In addition, the amendment requires the immediate recognition of past service costs in profit or loss
- **Net interest expense:** the concepts of interest expense and expected return on defined benefit plans are replaced by the concept of net interest expense on defined benefit plans, which consists of:
  - the interest expense calculated on the present value of the liability for defined benefit plans
  - the interest income arising from the valuation of the plan assets, and
  - the interest expense or income arising from any limits to the recognition of the plan surplus

Net interest expense is calculated for all components by using the discount rate applied for valuing the obligation for defined benefit plans at the beginning of the period. In accordance with the present version of IAS 19, the expected return on assets is calculated by using a long-term expected rate of return.

- **Classification of net interest expense:** in accordance with the new definition of net interest expense set out in the standard, net interest expense on defined benefit plans will be recognized as financial income/(expense) in the income statement

In accordance with the transitional rules included in paragraph 173 of IAS 19, the Company will apply the standard retrospectively from 1 January 2013, adjusting the opening balance sheet at 1 January 2012 and the income statement for 2012 as if the amendments to IAS 19 had already been applied. At the reporting date, the Company estimated that adoption of the revised standard from 1 January 2012 would lead to an increase in the liability for employee benefits of approximately €0.4 million and €1.1 million at 31 December 2011 and 2012, respectively, and decreases in net equity (other comprehensive gains and losses) of the same amounts. The estimated impact on the income statement for 2012 is a reduction in costs of approximately €0.1 million.

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 1 January 2013, and interim periods within those annual periods. The required disclosures should be provided retrospectively. The application of this interpretation is not expected to have any significant effects on the Company's financial statement.



In addition, at the reporting date, the European Union had not yet completed its endorsement process for these standards and amendments:

- On 12 November 2009, the IASB issued a new standard IFRS 9 – *Financial Instruments* that was subsequently amended. The 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 amortized 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 recognized in Other comprehensive income and are not subsequently reclassified to the income statement
- On 17 May 2012, the IASB issued a set of amendments to IFRSs (“*Improvements to IFRSs – 2009-2011*”) that are applicable retrospectively from 1 January 2013. Set out below are those amendments that could lead to changes in the presentation, recognition or measurement of financial statement items, excluding those that only regard changes in terminology or editorial changes having a limited accounting effect and those that affect standards or interpretations that are not applicable to the Company
  - ▣ IAS 1 – *Presentation of Financial Statements*: the amendment clarifies the way in which comparative information should be presented when an entity changes accounting policies or retrospectively restates or reclassifies items in its financial statements and when an entity provides comparative information in addition to the minimum comparative financial statements
  - ▣ IAS 16 – *Property, plant and equipment*: the amendment clarifies that items such as spare parts, stand-by equipment and servicing equipment, shall be recognized in accordance with IAS 16 when they meet the definition of Property, plant and equipment, otherwise such items shall be classified as Inventory
  - ▣ IAS 32 – *Financial instruments: Presentation*: the amendment eliminates an inconsistency between IAS 12 – *Income Taxes* and IAS 32 concerning the recognition of taxation arising from distributions to shareholders, establishing that these shall be recognized in profit or loss to the extent the distribution refers to income generated by transactions originally recognized in profit or loss

## 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 its subsidiaries. In addition to the information provided in Note 27, reference should also be made 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)   | 2012             | 2011           |
|--|------------------|----------------|
| Dividends from Group companies and related parties:      |                  |                |
| - Fiat Gestione Partecipazioni S.p.A.                    | 1,000,000        | 180,000        |
| - Fiat Finance S.p.A.                                    | 24,025           | 27,727         |
| - Fiat Industrial S.p.A.                                 | 6,330            | -              |
| - Ferrari S.p.A.   | -                | 180,006        |
| Total dividends from Group companies and related parties | 1,030,355        | 387,733        |
| Dividends from other companies                           | 140              | 433            |
| <b>Total dividends and other income from investments</b> | <b>1,030,495</b> | <b>388,166</b> |

For 2012, dividends from other companies related to dividends received from Fin. Priv. S.r.l. (€103 thousand) and Assicurazioni Generali S.p.A. (€37 thousand). For 2011, the line item related to dividends received from the same two companies.

### 2. Impairment (losses)/reversals on investments

Following is a breakdown of impairment losses and reversals on investments:

| (€ thousand)  | 2012             | 2011             |
|---|------------------|------------------|
| Impairment losses:  |                  |                  |
| - Fiat Gestione Partecipazioni S.p.A.                     | (933,700)        | -                |
| - RCS MediaGroup S.p.A.                                   | (35,266)         | -                |
| - Teksid Aluminum S.r.l.                                  | (15,000)         | (47,500)         |
| - Comau S.p.A.  | -                | (147,100)        |
| <b>Total impairment losses</b>                            | <b>(983,966)</b> | <b>(194,600)</b> |
| Reversal of impairment losses:                            |                  |                  |
| - Fiat Powertrain Technologies S.p.A.                     | 21,088           | -                |
| - Fiat Gestione Partecipazioni S.p.A.                     | -                | 352,056          |
| <b>Total value of reversals</b>                           | <b>21,088</b>    | <b>352,056</b>   |
| <b>Total impairment (losses)/reversals on investments</b> | <b>(962,878)</b> | <b>157,456</b>   |

An impairment charge of €933.7 million was recognized in relation to the investment in Fiat Gestione Partecipazioni S.p.A. to realign the carrying amount of that investment to the book value of equity in the consolidated financial statements following the €1,000 million distribution from reserves to Fiat S.p.A. (see Note 1).

For the associate company RCS MediaGroup S.p.A., the impairment charge of €35.3 million recognized in 2012 represented realignment of the carrying amount of the investment to the stock market price at year-end (€1.255 per share). At the end of 2012, RCS MediaGroup (which reported a significant loss for 2011) presented a Development Plan for the period 2013-2015 to address the unfavorable economic environment and significant structural changes in its sector. The financial policies that will support the earnings and business objectives set out in the Plan have not yet been finalized. In consideration of current circumstances, which make determination of value based on value in use uncertain, it was considered reasonable to use the market value. Accordingly, the value of the investment was based on the year-end market price, which was in line with the weighted average price for 2012 but lower than the average market price for both the second half and the fourth quarter.

The investment in Teksid Aluminum S.r.l. was written down by €15.0 million, principally on the basis of the loss it reported for the financial year. The current carrying amount is considered representative of the investee's estimated recoverable value.

For Fiat Powertrain Technologies S.p.A., an impairment reversal of €21.1 million was recognized prior to transfer of the investment to Fiat Group Automobiles S.p.A., as a contribution to capital, at a value of €590.0 million.

Impairment losses recognized on the investments in Comau S.p.A. and Teksid Aluminum S.r.l. in 2011 were substantially due to losses reported by those companies for the year, which mainly resulted from write-downs on goodwill and certain fixed assets. The adjusted carrying amounts were deemed representative of the estimated recoverable value of those investments.

The impairment reversal recognized in 2011 for Fiat Gestione Partecipazioni S.p.A. was based on the book value of equity of the investee and its subsidiaries in the consolidated financial statements following the reorganization carried out during the year.

### 3. Gains/(losses) on disposals

For 2012, there were no gains or 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.

### 4. Other operating income

Other operating income consisted of the following:

| (€ thousand)   | 2012          | 2011          |
|--|---------------|---------------|
| Revenues from services rendered to Group companies and other related parties | 70,529        | 37,917        |
| Changes in construction contract work in progress                            | 527           | 1,621         |
| Other revenues and income from Group companies and other related parties     | 4,215         | 4,288         |
| Other revenues and income from third parties                                 | 2,103         | 1,505         |
| <b>Total other operating income</b>  | <b>77,374</b> | <b>45,331</b> |

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 29).

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 – TAV 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 25).

Other revenues and income from Group companies and other related parties primarily consisted of cost charge-backs, rental income on real estate and directors' fees received from Group companies in relation to Fiat S.p.A. employees serving as board members.

Other revenues and income from third parties relate to miscellaneous income, cost charge-backs and other prior year income.

The overall increase in other operating income over the previous year was primarily due to an increase in services rendered to Group companies, including the activities of the business units acquired at the end of 2011.

### 5. Personnel costs

Personnel costs consisted of the following:

| (€ thousand)   | 2012          | 2011          |
|--|---------------|---------------|
| Wages and salaries   | 20,223        | 15,547        |
| Defined contribution plans and social security contributions | 8,166         | 5,968         |
| Leaving entitlement and other defined benefit plans          | 655           | 149           |
| Other personnel costs  | 7,010         | 13,508        |
| <b>Total personnel costs</b>                                 | <b>36,054</b> | <b>35,172</b> |

The average number of employees increased to 219 from 104 in 2011. On 1 December 2011, headcount increased by 120 people 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. 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.

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 19).

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 2012, compensation to executives with strategic responsibilities was €9,543 thousand (€7,162 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 €2,650 thousand.

## 6. Other operating costs

Following is a breakdown of other operating costs:

| (€ thousand)   | 2012          | 2011          |
|--|---------------|---------------|
| Costs for services rendered by Group companies and other related parties | 27,207        | 32,707        |
| Costs for services rendered by third parties                             | 26,965        | 23,922        |
| Compensation component from stock option and stock grant plans           | 8,689         | 12,014        |
| Leases and rentals   | 4,017         | 3,051         |
| Purchase of goods  | 744           | 702           |
| Depreciation of property, plant and equipment                            | 1,856         | 1,788         |
| Amortization of intangible assets  | 148           | 132           |
| Misc. operating costs  | 6,633         | 6,157         |
| <b>Total other operating costs</b>                                       | <b>76,259</b> | <b>80,473</b> |

Costs for services rendered by Group companies primarily consisted of support and consulting services in the administrative area, as well as IT systems, public relations, payroll, security, real estate and internal audit services (see Note 29).

Costs for services rendered by third parties principally included legal, administrative, financial and IT services.

For 2012, compensation for the directors and statutory auditors of Fiat S.p.A. totaled €6,071 thousand and €238 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 (see Note 18).

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.

**7. Financial income/(expense)**

Following is a breakdown of financial income/(expense):

| (€ thousand)   | 2012             | 2011             |
|--|------------------|------------------|
| Financial income                                       | 11,845           | 38,081           |
| Financial expense                                      | (262,380)        | (364,654)        |
| Net gains/(losses) on derivative financial instruments | 34,455           | (108,073)        |
| <b>Total financial income/(expense)</b>                | <b>(216,080)</b> | <b>(434,646)</b> |

Financial income consisted of the following:

| (€ thousand)   | 2012          | 2011          |
|--|---------------|---------------|
| Financial income from Group companies and other related parties:             |               |               |
| - Interest income on current account with Fiat Finance S.p.A.                | 7,080         | 32,123        |
| - Fee income for sureties and unsecured guarantees                           | 4,302         | 4,699         |
| - Other financial income   | 48            | 41            |
| <b>Total financial income from Group companies and other related parties</b> | <b>11,430</b> | <b>36,863</b> |
| Financial income from third parties:   |               |               |
| - Interest income on bank and other deposits                                 | 5             | 6             |
| - Interest income on tax credits   | 383           | 1,060         |
| <b>Total financial income from third parties</b>                             | <b>388</b>    | <b>1,066</b>  |
| Currency translation gains/(losses)  | 27            | 152           |
| <b>Total financial income</b>  | <b>11,845</b> | <b>38,081</b> |

Financial expense consisted of the following:

| (€ thousand)  | 2012           | 2011           |
|---|----------------|----------------|
| Financial expense to Group companies and other related parties:                             |                |                |
| - Interest expense on current account with Fiat Finance S.p.A.                              | 1,990          | -              |
| - Interest expense on loans from Fiat Finance S.p.A.  | 251,310        | 347,819        |
| - Commissions and other charges payable to Fiat Finance S.p.A.                              | 5,598          | 6,521          |
| - Commissions and other charges payable to Fidis S.p.A.                                     | 1,760          | 471            |
| - Interest and financial expense payable to other Group companies and other related parties | 115            | 150            |
| <b>Total financial expense to Group companies and other related parties</b>                 | <b>260,773</b> | <b>354,961</b> |
| Financial expense payable to third parties:   |                |                |
| - Interest expense and charges for the sale of receivables                                  | 567            | 815            |
| - Interest costs on employee benefits   | 298            | 302            |
| - Other third party interest and financial expense  | 742            | 896            |
| <b>Total financial expense to third parties</b>   | <b>1,607</b>   | <b>2,013</b>   |
| Net adjustment for fair value measurement of Fiat Industrial shares (see Note 11)           | -              | 7,680          |
| <b>Total financial expense</b>  | <b>262,380</b> | <b>364,654</b> |

Net gains on derivative financial instruments of €34,455 thousand (net losses of €108,073 thousand for 2011) essentially related to a gain arising from fair value measurement of the equity swaps entered into as hedges on options granted to the Chief Executive Officer in 2004 and 2006 (see Note 18). The contracts in place at 31 December 2012 related to 16,920,000 Fiat and Fiat Industrial shares and the notional value of the swaps, based on the contractual exercise prices, was €153,803 thousand at year end. 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)                               | 2012            | 2011            |
|--|-----------------|-----------------|
| Current taxes:                             |                 |                 |
| - IRES                                     | (19,948)        | (36,663)        |
| - IRAP                                     | -               | -               |
| - Other current taxes                      | 12              | 253             |
| <b>Total current taxes</b>                 | <b>(19,936)</b> | <b>(36,410)</b> |
| Deferred taxes for the period:             |                 |                 |
| - IRES                                     | 4,051           | -               |
| - IRAP                                     | -               | 1,145           |
| <b>Total deferred taxes for the period</b> | <b>4,051</b>    | <b>1,145</b>    |
| Taxes relating to prior periods            | (15,168)        | (8,536)         |
| <b>Total income taxes</b>                  | <b>(31,053)</b> | <b>(43,801)</b> |

Current IRES tax for 2012 relates to compensation receivable by Fiat S.p.A. (€19,948 thousand) for tax loss carryforwards contributed to the domestic tax consolidation scheme.

Other current taxes for 2012 relate to rebates on tax withheld outside Italy.

Deferred IRES tax, totaling €4,051 thousand, related to the portion of taxable timing differences not offset by loss carryforwards.

Taxes relating to prior periods (€15,168 thousand) primarily 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)  | 2012            | 2011            |
|---|-----------------|-----------------|
| Theoretical income taxes  | (50,436)        | 15,225          |
| Tax effect of permanent differences   | (3,577)         | (133,952)       |
| Taxes relating to prior periods   | (15,168)        | (8,536)         |
| Other current taxes   | 12              | 253             |
| Deferred taxes not recognized on tax loss for the year and other deferred taxes               | 38,116          | 82,064          |
| Tax loss carryforwards utilized   | -               | -               |
| <b>Current and deferred income tax recognized in the financial statements, excluding IRAP</b> | <b>(31,053)</b> | <b>(44,946)</b> |
| IRAP (current and deferred)   | -               | 1,145           |
| <b>Income taxes reported in the income statement (current and deferred income taxes)</b>      | <b>(31,053)</b> | <b>(43,801)</b> |

Theoretical income taxes are calculated by applying the IRES tax rate (27.5% for 2012 and 2011) to the result before taxes.

The permanent differences referred to above include, among other things, the tax effect of non-taxable income amounting to €275,035 thousand in 2012 (€198,735 thousand in 2011) and of non-deductible costs amounting to €271,458 thousand in 2012 (€64,783 thousand in 2011). In particular, for 2012 the tax effect of non-taxable income was principally attributable to dividends (€269,217 thousand vs. €101,408 thousand in 2011) and impairment reversals on investments (€5,799 thousand vs. €96,815 thousand in 2011). Non-deductible costs principally relate to impairment losses on investments whose tax effect was €270,591 thousand (€53,515 thousand in 2011).

A breakdown of deferred tax liabilities, net of deferred tax assets, is provided in the following table:

| (€ thousand)  | 31 December<br>2011 | Recognized<br>in income<br>statement | Charged to<br>equity | 31 December<br>2012 |
|---|---------------------|--------------------------------------|----------------------|---------------------|
| Deferred tax assets arising from:   |                     |                                      |                      |                     |
| - Taxed provisions and other minor differences                              | 30,095              | (1,160)                              | -                    | 28,935              |
| <b>Total deferred tax assets</b>  | <b>30,095</b>       | <b>(1,160)</b>                       | -                    | <b>28,935</b>       |
| Deferred tax liabilities arising from:                                      |                     |                                      |                      |                     |
| - Measurement of construction contracts by the percentage completion method | (48,357)            | 38                                   | -                    | (48,319)            |
| - Others  | (784)               | (143)                                | -                    | (927)               |
| <b>Total deferred tax liabilities</b>                                       | <b>(49,141)</b>     | <b>(105)</b>                         | -                    | <b>(49,246)</b>     |
| Theoretical tax benefit arising from tax loss carryforwards                 | 138,898             | 77,662                               | -                    | 216,560             |
| Adjustments for assets whose recoverability is not probable                 | (127,997)           | (80,448)                             | -                    | (208,445)           |
| <b>Total deferred tax liabilities, net of deferred tax assets</b>           | <b>(8,145)</b>      | <b>(4,051)</b>                       | -                    | <b>(12,196)</b>     |

Determination of deferred tax assets is based on an analysis of the existence of the conditions for their future realization, using updated plans and related tax aspects. As a consequence, the total theoretical future tax benefit arising from deductible temporary differences (€28,935 thousand at 31 December 2012 and €30,095 thousand at 31 December 2011) and tax loss carryforwards (€216,560 thousand at 31 December 2012 and €138,898 thousand at 31 December 2011) was reduced by €208,445 thousand at 31 December 2012 (€127,997 thousand at 31 December 2011).

Total temporary differences (deductible and taxable) and tax losses at 31 December 2012 and amounts for which deferred tax assets have not been recognized, broken down by year of expiry, are as follows:

| (€ thousand)  | Total at<br>31 December<br>2012 | Year of expiry  |                 |            |      |                |                                 |
|---|---------------------------------|-----------------|-----------------|------------|------|----------------|---------------------------------|
|   |                                 | 2013            | 2014            | 2015       | 2016 | Beyond<br>2016 | Non-expiring/<br>undeterminable |
| Temporary differences and tax losses relating to IRES:  |                                 |                 |                 |            |      |                |                                 |
| - Deductible temporary differences  | 105,216                         | 22,416          | 50,040          | 687        | -    | 32,073         | -                               |
| - Taxable temporary differences   | (149,458)                       | (82,706)        | (63,402)        | -          | -    | (3,350)        | -                               |
| - Tax losses  | 787,492                         | -               | -               | -          | -    | -              | 787,492                         |
| - Temporary differences and tax losses for which deferred tax assets have not been recognized | (757,980)                       | -               | -               | -          | -    | (29,512)       | (728,468)                       |
| <b>Temporary differences and tax losses subject to national taxation</b>                      | <b>(14,730)</b>                 | <b>(60,290)</b> | <b>(13,362)</b> | <b>687</b> | -    | <b>(789)</b>   | <b>59,024</b>                   |
| Temporary differences relating to IRAP:   |                                 |                 |                 |            |      |                |                                 |
| - Deductible temporary differences  | -                               | -               | -               | -          | -    | -              | -                               |
| - Taxable temporary differences   | (146,225)                       | (82,823)        | (63,402)        | -          | -    | -              | -                               |
| <b>Temporary differences and tax losses subject to local taxation</b>                         | <b>(146,225)</b>                | <b>(82,823)</b> | <b>(63,402)</b> | -          | -    | -              | -                               |

## 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 2012, intangible assets totaled €1,645 thousand and underwent the following changes during the year:

| (€ thousand)                    | 31 December<br>2011 | Increases | Amortization | (Decreases) and<br>Other changes | 31 December<br>2012 |
|---------------------------------|---------------------|-----------|--------------|----------------------------------|---------------------|
| <b>Goodwill</b>                 |                     |           |              |                                  |                     |
| - Gross carrying amount         | 1,330               | -         | -            | -                                | 1,330               |
| - Accumulated amortization      | -                   | -         | -            | -                                | -                   |
| - Net carrying amount           | <b>1,330</b>        | -         | -            | -                                | <b>1,330</b>        |
| <b>Licenses and software</b>    |                     |           |              |                                  |                     |
| - Gross carrying amount         | 273                 | 49        | -            | -                                | 322                 |
| - Accumulated amortization      | (91)                | -         | (107)        | -                                | (198)               |
| - Net carrying amount           | <b>182</b>          | <b>49</b> | <b>(107)</b> | -                                | <b>124</b>          |
| <b>Other intangible assets</b>  |                     |           |              |                                  |                     |
| - Gross carrying amount         | 468                 | -         | -            | -                                | 468                 |
| - Accumulated amortization      | (236)               | -         | (41)         | -                                | (277)               |
| - Net carrying amount           | <b>232</b>          | -         | <b>(41)</b>  | -                                | <b>191</b>          |
| <b>Total intangible assets</b>  |                     |           |              |                                  |                     |
| - Gross carrying amount         | <b>2,071</b>        | <b>49</b> | -            | -                                | <b>2,120</b>        |
| - Accumulated amortization      | <b>(327)</b>        | -         | <b>(148)</b> | -                                | <b>(475)</b>        |
| - Accumulated impairment losses | -                   | -         | -            | -                                | -                   |
| - Net carrying amount           | <b>1,744</b>        | <b>49</b> | <b>(148)</b> | -                                | <b>1,645</b>        |

Goodwill relates to consideration paid in excess of fair value to acquire, at year-end 2011, the business units that provide internal audit and financial advisory services to Fiat S.p.A. and Group companies.

Licenses and software relates to costs incurred for software, both internally-developed and purchased, 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 2011, changes in intangible assets were as follows:

| (€ thousand)                    | 31 December<br>2010 | Increases    | Amortization | (Decreases) and<br>Other changes | 31 December<br>2011 |
|---------------------------------|---------------------|--------------|--------------|----------------------------------|---------------------|
| <b>Goodwill</b>                 |                     |              |              |                                  |                     |
| - Gross carrying amount         | -                   | 1,330        | -            | -                                | 1,330               |
| - Accumulated amortization      | -                   | -            | -            | -                                | -                   |
| - Net carrying amount           | -                   | <b>1,330</b> | -            | -                                | <b>1,330</b>        |
| <b>Licenses and software</b>    |                     |              |              |                                  |                     |
| - Gross carrying amount         | -                   | 273          | -            | -                                | 273                 |
| - Accumulated amortization      | -                   | -            | (91)         | -                                | (91)                |
| - Net carrying amount           | -                   | <b>273</b>   | <b>(91)</b>  | -                                | <b>182</b>          |
| <b>Other intangible assets</b>  |                     |              |              |                                  |                     |
| - Gross carrying amount         | 512                 | -            | -            | (44)                             | 468                 |
| - Accumulated amortization      | (195)               | -            | (41)         | -                                | (236)               |
| - Net carrying amount           | <b>317</b>          | -            | <b>(41)</b>  | -                                | <b>232</b>          |
| <b>Total intangible assets</b>  |                     |              |              |                                  |                     |
| - Gross carrying amount         | <b>512</b>          | <b>1,603</b> | -            | <b>(44)</b>                      | <b>2,071</b>        |
| - Accumulated amortization      | <b>(195)</b>        | -            | <b>(132)</b> | -                                | <b>(327)</b>        |
| - Accumulated impairment losses | -                   | -            | -            | -                                | -                   |
| - Net carrying amount           | <b>317</b>          | <b>1,603</b> | <b>(132)</b> | <b>(44)</b>                      | <b>1,744</b>        |

## 10. Property, plant and equipment

At 31 December 2012, property, plant and equipment totaled €30,304 thousand and was subject to the following changes during the year:

| (€ thousand)                               | 31 December<br>2011 | Increases    | Depreciation   | (Decreases) and<br>Other changes | 31 December<br>2012 |
|--|---------------------|--------------|----------------|----------------------------------|---------------------|
| <b>Land and buildings</b>                  |                     |              |                |                                  |                     |
| - Gross carrying amount                    | 47,526              | -            | -              | (12)                             | 47,514              |
| - Accumulated depreciation                 | (19,610)            | -            | (1,410)        | -                                | (21,020)            |
| - Net carrying amount                      | <b>27,916</b>       | -            | <b>(1,410)</b> | <b>(12)</b>                      | <b>26,494</b>       |
| <b>Plant and machinery</b>                 |                     |              |                |                                  |                     |
| - Gross carrying amount                    | 11,044              | 975          | -              | -                                | 12,019              |
| - Accumulated depreciation                 | (10,178)            | -            | (148)          | -                                | (10,326)            |
| - Net carrying amount                      | <b>866</b>          | <b>975</b>   | <b>(148)</b>   | -                                | <b>1,693</b>        |
| <b>Other tangible assets</b>               |                     |              |                |                                  |                     |
| - Gross carrying amount                    | 5,377               | 70           | -              | (277)                            | 5,170               |
| - Accumulated depreciation                 | (2,979)             | -            | (298)          | 224                              | (3,053)             |
| - Net carrying amount                      | <b>2,398</b>        | <b>70</b>    | <b>(298)</b>   | <b>(53)</b>                      | <b>2,117</b>        |
| <b>Total property, plant and equipment</b> |                     |              |                |                                  |                     |
| - Gross carrying amount                    | <b>63,947</b>       | <b>1,045</b> | -              | <b>(289)</b>                     | <b>64,703</b>       |
| - Accumulated depreciation                 | <b>(32,767)</b>     | -            | <b>(1,856)</b> | <b>224</b>                       | <b>(34,399)</b>     |
| - Net carrying amount                      | <b>31,180</b>       | <b>1,045</b> | <b>(1,856)</b> | <b>(65)</b>                      | <b>30,304</b>       |

Land and buildings includes land valued at €610 thousand (unchanged over the prior year), while buildings mainly consists of the Company's headquarters at 250 Via Nizza, Turin.

Plant and equipment primarily related to general fixtures and fittings for buildings.

Other tangible assets comprised cars, office furniture and fixtures.

At 31 December 2012, there were no assets under development or contractual commitments to purchase items of property, plant and equipment of a significant amount.

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 2011, changes in Property, plant and equipment were as follows:

| (€ thousand)                                 | 31 December<br>2010 | Increases    | Depreciation   | (Decreases) and<br>Other changes | 31 December<br>2011 |
|--|---------------------|--------------|----------------|----------------------------------|---------------------|
| <b>Land and buildings</b>                    |                     |              |                |                                  |                     |
| - Gross carrying amount                      | 46,082              | 758          | -              | 686                              | 47,526              |
| - Accumulated depreciation                   | (18,229)            | -            | (1,381)        | -                                | (19,610)            |
| - <b>Net carrying amount</b>                 | <b>27,853</b>       | <b>758</b>   | <b>(1,381)</b> | <b>686</b>                       | <b>27,916</b>       |
| <b>Plant and machinery</b>                   |                     |              |                |                                  |                     |
| - Gross carrying amount                      | 10,475              | 569          | -              | -                                | 11,044              |
| - Accumulated depreciation                   | (10,105)            | -            | (73)           | -                                | (10,178)            |
| - <b>Net carrying amount</b>                 | <b>370</b>          | <b>569</b>   | <b>(73)</b>    | <b>-</b>                         | <b>866</b>          |
| <b>Other tangible assets</b>                 |                     |              |                |                                  |                     |
| - Gross carrying amount                      | 5,165               | 255          | -              | (43)                             | 5,377               |
| - Accumulated depreciation                   | (2,688)             | -            | (334)          | 43                               | (2,979)             |
| - <b>Net carrying amount</b>                 | <b>2,477</b>        | <b>255</b>   | <b>(334)</b>   | <b>-</b>                         | <b>2,398</b>        |
| <b>Assets under development and advances</b> | <b>686</b>          | <b>-</b>     | <b>-</b>       | <b>(686)</b>                     | <b>-</b>            |
| <b>Total property, plant and equipment</b>   |                     |              |                |                                  |                     |
| - Gross carrying amount                      | <b>62,408</b>       | <b>1,582</b> | <b>-</b>       | <b>(43)</b>                      | <b>63,947</b>       |
| - Accumulated depreciation                   | <b>(31,022)</b>     | <b>-</b>     | <b>(1,788)</b> | <b>43</b>                        | <b>(32,767)</b>     |
| - <b>Net carrying amount</b>                 | <b>31,386</b>       | <b>1,582</b> | <b>(1,788)</b> | <b>-</b>                         | <b>31,180</b>       |

## 11. Investments

At 31 December 2012, investments totaled €11,765,015 thousand and underwent the following changes during the year:

| (€ thousand)                   | 31 December<br>2011 | Increases      | Decreases       | Reclassification<br>and other changes | Impairment (losses)/<br>reversals<br>and Fair value<br>adjustments | 31 December<br>2012 |
|--------------------------------|---------------------|----------------|-----------------|---------------------------------------|--|---------------------|
| Investments in subsidiaries    | 11,725,979          | 574,848        | -               | -                                     | (927,612)  | 11,373,215          |
| Investments in associates      | 131,785             | -              | -               | -                                     | (35,266)   | 96,519              |
| Investments in other companies | 265,155             | 4              | (26,500)        | -                                     | 56,622   | 295,281             |
| <b>Total investments</b>       | <b>12,122,919</b>   | <b>574,852</b> | <b>(26,500)</b> | <b>-</b>                              | <b>(906,256)</b>   | <b>11,765,015</b>   |

Investments in subsidiaries and changes during the year were as follows:

| (€ thousand)                               | %<br>interest | 31 December<br>2011 | Increases      | Decreases | Reclassification<br>and other<br>changes | Impairment<br>(losses)/<br>reversals | 31 December<br>2012 |
|--|---------------|---------------------|----------------|-----------|--|--------------------------------------|---------------------|
| <b>Fiat Group Automobili S.p.A.</b>        | 100.00        | <b>5,524,081</b>    | 200,000        |           | 590,000                                  |                                      | <b>6,314,081</b>    |
| - Gross carrying amount                    |               | 8,431,081           | 200,000        |           | 648,912                                  |                                      | 9,279,993           |
| - Accumulated impairment losses            |               | (2,907,000)         |                |           | (58,912)                                 |                                      | (2,965,912)         |
| <b>Ferrari S.p.A.</b>                      | 90.00         | <b>1,187,635</b>    |                |           |  |                                      | <b>1,187,635</b>    |
| - Gross carrying amount                    |               | 1,187,635           |                |           |  |                                      | 1,187,635           |
| - Accumulated impairment losses            |               | -                   |                |           |  |                                      | -                   |
| <b>Maserati S.p.A.</b>                     | 100.00        | <b>173,798</b>      | 180,000        |           |  |                                      | <b>353,798</b>      |
| - Gross carrying amount                    |               | 173,798             | 180,000        |           |  |                                      | 353,798             |
| - Accumulated impairment losses            |               | -                   |                |           |  |                                      | -                   |
| <b>Fiat Powertrain Technologies S.p.A.</b> | 100.00        | <b>568,912</b>      |                |           | (590,000)                                | 21,088                               | <b>-</b>            |
| - Gross carrying amount                    |               | 648,912             |                |           | (648,912)                                |                                      | -                   |
| - Accumulated impairment losses            |               | (80,000)            |                |           | 58,912                                   | 21,088                               | -                   |
| <b>Magneti Marelli S.p.A.</b>              | 99.99         | <b>611,854</b>      |                |           |  |                                      | <b>611,854</b>      |
| - Gross carrying amount                    |               | 611,854             |                |           |  |                                      | 611,854             |
| - Accumulated impairment losses            |               | -                   |                |           |  |                                      | -                   |
| <b>Teksid S.p.A.</b>                       | 84.79         | <b>76,084</b>       |                |           |  |                                      | <b>76,084</b>       |
| - Gross carrying amount                    |               | 129,070             |                |           |  |                                      | 129,070             |
| - Accumulated impairment losses            |               | (52,986)            |                |           |  |                                      | (52,986)            |
| <b>Teksid Aluminum S.r.l.</b>              | 100.00        | <b>21,192</b>       | 25,000         |           |  | (15,000)                             | <b>31,192</b>       |
| - Gross carrying amount                    |               | 110,792             | 25,000         |           |  |                                      | 135,792             |
| - Accumulated impairment losses            |               | (89,600)            |                |           |  | (15,000)                             | (104,600)           |
| <b>Comau S.p.A.</b>                        | 100.00        | <b>97,850</b>       |                |           |  |                                      | <b>97,850</b>       |
| - Gross carrying amount                    |               | 742,781             |                |           |  |                                      | 742,781             |
| - Accumulated impairment losses            |               | (644,931)           |                |           |  |                                      | (644,931)           |
| <b>Fiat Gestione Partecipazioni S.p.A.</b> | 100.00        | <b>2,801,682</b>    |                |           |  | (933,700)                            | <b>1,867,982</b>    |
| - Gross carrying amount                    |               | 2,801,682           |                |           |  |                                      | 2,801,682           |
| - Accumulated impairment losses            |               | -                   |                |           |  | (933,700)                            | (933,700)           |
| <b>Fiat Partecipazioni S.p.A.</b>          | 100.00        | <b>387,060</b>      | 15,348         |           | 7,475                                    |                                      | <b>409,883</b>      |
| - Gross carrying amount                    |               | 403,060             | 15,348         |           | 7,475                                    |                                      | 425,883             |
| - Accumulated impairment losses            |               | (16,000)            |                |           |  |                                      | (16,000)            |
| <b>Fiat Finance S.p.A.</b>                 | 100.00        | <b>222,263</b>      |                |           |  |                                      | <b>222,263</b>      |
| - Gross carrying amount                    |               | 222,263             |                |           |  |                                      | 222,263             |
| - Accumulated impairment losses            |               | -                   |                |           |  |                                      | -                   |
| <b>Fiat Finance and Trade Ltd. S.A.</b>    | 40.00         | -                   | 115,500        |           |  |                                      | <b>115,500</b>      |
| - Gross carrying amount                    |               | -                   | 115,500        |           |  |                                      | 115,500             |
| - Accumulated impairment losses            |               | -                   |                |           |  |                                      | -                   |
| <b>Editrice La Stampa S.p.A.</b>           | 100.00        | <b>25,899</b>       | 39,000         |           | (7,475)                                  |                                      | <b>57,424</b>       |
| - Gross carrying amount                    |               | 25,899              | 39,000         |           | (7,475)                                  |                                      | 57,424              |
| - Accumulated impairment losses            |               | -                   |                |           |  |                                      | -                   |
| <b>Other subsidiaries</b>                  |               | <b>27,669</b>       |                |           |  |                                      | <b>27,669</b>       |
| - Gross carrying amount                    |               | 35,178              |                |           |  |                                      | 35,178              |
| - Accumulated impairment losses            |               | (7,509)             |                |           |  |                                      | (7,509)             |
| <b>Total investments in subsidiaries</b>   |               | <b>11,725,979</b>   | <b>574,848</b> | -         | -  | <b>(927,612)</b>                     | <b>11,373,215</b>   |
| - Gross carrying amount                    |               | 15,524,005          | 574,848        |           |  |                                      | 16,098,853          |
| - Accumulated impairment losses            |               | (3,798,026)         |                |           |  | (927,612)                            | (4,725,638)         |

Significant changes to investments in subsidiaries during the year were as follows:

- as part of the industrial reorganization aimed at consolidating the “passenger & light commercial vehicle” powertrain activities under the subsidiary Fiat Group Automobiles S.p.A. (FGA), Fiat S.p.A. transferred, as a contribution to capital, its 100% shareholding in Fiat Powertrain Technologies S.p.A. to FGA. Given that the transaction involved companies under the direct control of Fiat S.p.A., recognition was based on book values. Accordingly, the increase in the investment in Fiat Group Automobiles S.p.A., totaling €590 million, corresponds to the carrying amount of the shareholding transferred, net of accumulated impairment losses which were also transferred. As described in Note 2, there was a partial reversal of impairment losses (€21.1 million) prior to the transfer
- capital contributions were made to certain subsidiaries to strengthen their capital base in view of operating results. The capital contributions related to Fiat Group Automobiles S.p.A. (€200.0 million), Maserati S.p.A. (€180.0 million), Editrice La Stampa S.p.A. (€39.0 million) and Teksid Aluminum S.r.l. (€25.0 million)
- as part of an overall corporate rationalization of publishing activities, the following operations were undertaken:
  - ▣ merger of Itedi – Italiana Edizioni S.p.A. (a direct subsidiary of Fiat S.p.A.) with and into its subsidiary Editrice La Stampa S.p.A.
  - ▣ demerger of activities from Editrice La Stampa S.p.A. and transfer to Fiat Partecipazioni S.p.A.

As these transactions involved companies under the direct control of Fiat S.p.A., recognition was based on book values. Accordingly, the investment in Editrice La Stampa S.p.A. was recognized at the same amount as the previous shareholding in Itedi – Italiana Edizioni S.p.A., while the €7.5 million increase in the investment in Fiat Partecipazioni S.p.A. corresponds to the carrying amount of the assets and liabilities transferred from Editrice La Stampa S.p.A., determined on a pro rata basis with reference to the book value of equity reported in the subsidiary’s financial statements for the year ended 31 December 2012.

- The other increases related to the acquisition from Fiat Group Automobiles S.p.A. of the residual 3.29% holding in Fiat Partecipazioni S.p.A. (€15.3 million) and the acquisition from Fiat Finance S.p.A. of its 40% stake in Fiat Finance and Trade Ltd. S.A. (€115.5 million)

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 2011 carrying amount, increased by the capital contribution and book value of the investment in Fiat Powertrain Technologies S.p.A. transferred in 2012, as described above. The current book value of the shareholding in Fiat Group Automobiles S.p.A. (€6,314 million at 31 December 2012) reflects impairment losses of €2,966 million, recognized prior to 2005 and again in 2009, that could potentially be reversed in future periods.

Recoverability of the investment in Editrice La Stampa – recognized at a carrying amount of approximately €57 million – was analyzed on the basis of its business plan and the nature of specific assets, in particular the newspaper *La Stampa*, as well as its positioning in the publishing sector in Italy. Based on the assumptions and estimates made, the carrying amount of the investment at 31 December 2012 was deemed lower than the recoverable amount.

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.

A breakdown of investments in associates and changes during the year is as follows:

| (€ thousand)                           | %<br>interest | 31 December<br>2011 | Increases | Decreases | Impairment (losses)/<br>reversals | 31 December<br>2012 |
|--|---------------|---------------------|-----------|-----------|-----------------------------------|---------------------|
| <b>RCS MediaGroup S.p.A.</b>           | 10.09         | <b>131,785</b>      | -         | -         | (35,266)                          | <b>96,519</b>       |
| - Gross carrying amount                |               | 131,785             | -         | -         | -                                 | 131,785             |
| - Accumulated impairment losses        |               | -                   | -         | -         | (35,266)                          | (35,266)            |
| <b>Total investments in associates</b> |               | <b>131,785</b>      | -         | -         | <b>(35,266)</b>                   | <b>96,519</b>       |

The carrying amount of the interest in RCS MediaGroup S.p.A. (a listed company) was in line with its stock market value at the balance sheet date. Note 2 provides a description of impairment losses recognized during the year.

Investments in other companies and changes during the year were as follows:

| (€ thousand)                                | %<br>interest | 31 December<br>2011 | Increases | Decreases       | Fair value<br>adjustments | 31 December<br>2012 |
|---|---------------|---------------------|-----------|-----------------|---------------------------|---------------------|
| Fiat Industrial S.p.A.                      | 2.80          | 253,176             | 4         | (26,500)        | 55,773                    | 282,453             |
| Fin. Priv. S.r.l.                           | 14.28         | 9,795               | -         | -               | 454                       | 10,249              |
| Assicurazioni Generali S.p.A.               | 0.01          | 2,184               | -         | -               | 395                       | 2,579               |
| <b>Total investments in other companies</b> |               | <b>265,155</b>      | <b>4</b>  | <b>(26,500)</b> | <b>56,622</b>             | <b>295,281</b>      |

Pursuant to the Demerger, on 1 January 2011 Fiat S.p.A. was allotted Fiat Industrial S.p.A. ordinary shares, without consideration, equivalent to the number of own shares held at the date of the demerger. In accordance with IAS 39 and interpretations, those shares have been recognized at fair value since initial recognition.

At 31 December 2012, the Company held 34,216,027 Fiat Industrial ordinary shares, corresponding to 2.80% of share capital, with a total value of €282.5 million (at 31 December 2011, 38,215,333 ordinary shares, corresponding to 3.00% of share capital, with total value of €253.2 million). Of those shares, 18,496,875 (valued at €152.7 million) were allocated to servicing the stock option and stock grant plans and recognized at fair value through profit or loss, while the remaining 15,719,152 shares (valued at €129.8 million) were classified as available-for-sale and recognized at fair value directly in equity. Fair value measurement resulted in a €55.8 million increase in the value of the investment during the year, of which €30.3 million was recognized through profit and loss and entirely offset by an equivalent increase in the related liability (stock option and stock grant provisions – see Note 19) and €25.5 million directly in equity (see Note 18). Finally, the €26.5 million decrease described above related to the assignment of 4,000,000 ordinary shares to the Chief Executive Officer which had vested under the 2009 plan.

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 €849 thousand increase in the investments in Fin. Priv. S.r.l. and Assicurazioni Generali S.p.A. for 2012, with a corresponding adjustment to equity (see Note 18).

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 2012 and 2011, no investments held by the Company had been pledged as security for financial or contingent liabilities.

During 2011, changes in investments were as follows:

| (€ thousand)                   | 31 December<br>2010 | Increases      | Decreases       | Reclassification<br>and other<br>changes | Impairment<br>(losses)/reversals<br>and Fair Value<br>adjustments | 31 December<br>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             |
| <b>Total investments</b>       | <b>11,423,279</b>   | <b>699,678</b> | <b>(62,244)</b> | <b>-</b>                                 | <b>62,206</b>   | <b>12,122,919</b>   |

## 12. Other financial assets

A breakdown of other financial assets is provided in the following table:

| (€ thousand)                         | 31 December 2012 | 31 December 2011 | Change       |
|--------------------------------------|------------------|------------------|--------------|
| Fees receivable for guarantees given | 12,035           | 12,892           | (857)        |
| Debt securities                      | 74               | 74               | -            |
| <b>Total other financial assets</b>  | <b>12,109</b>    | <b>12,966</b>    | <b>(857)</b> |

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 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Other financial assets</b>            |                  |                  |
| due within one year                      | 3,789            | 3,920            |
| due after one year but within five years | 8,254            | 8,900            |
| due beyond five years                    | 66               | 146              |
| <b>Total</b>                             | <b>12,109</b>    | <b>12,966</b>    |

## 13. Other non-current assets

At 31 December 2012, other non-current assets totaled €65 thousand, a net decrease of €25 thousand over 31 December 2011, and consisted of amounts receivable from tax authorities and employees beyond 12 months.

## 14. Trade receivables

At 31 December 2012, trade receivables totaled €4,756 thousand, a net decrease of €107 thousand over 31 December 2011, and included the following:

| (€ thousand)   | 31 December 2012 | 31 December 2011 | Change       |
|--|------------------|------------------|--------------|
| Third parties  |                  |                  |              |
| - Receivables  | 2,926            | 2,600            | 326          |
| - Allowance for doubtful accounts                                    | (156)            | (156)            | -            |
| Total third parties  | 2,770            | 2,444            | 326          |
| Trade receivables due from Group companies and other related parties | 1,986            | 2,419            | (433)        |
| <b>Total trade receivables</b>                                       | <b>4,756</b>     | <b>4,863</b>     | <b>(107)</b> |

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. Those receivables match the trade payables to the consortia CAV.E.T. and CAV.TO.MI. in relation to contract work completed (see Note 23). At 31 December 2012, certain trade receivables relating to contract work completed on the Bologna-Florence high-speed railway line had been factored, however, as required by IAS 39, they continued to be recognized along with the corresponding liability under advances on factored receivables (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 2012, current financial receivables totaled €58,281 thousand, a net decrease of €316,525 thousand over 31 December 2011 and consisted of amounts receivable from Group companies, as detailed below:

| (€ thousand)   | 31 December 2012 | 31 December 2011 | Change           |
|--|------------------|------------------|------------------|
| Current account with Fiat Finance S.p.A.             | -                | 336,479          | (336,479)        |
| Assets arising from derivative financial instruments | 58,281           | 38,327           | 19,954           |
| <b>Total current financial receivables</b>           | <b>58,281</b>    | <b>374,806</b>   | <b>(316,525)</b> |

The item current account with Fiat Finance S.p.A. (€336,479 thousand at 31 December 2011) reflected the balance on the account held with that company as part of the Group's centralized treasury management.

At 31 December 2012, 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.

The carrying amount of financial receivables is deemed to approximate their fair value.

### 16. Other current receivables

At 31 December 2012, other current receivables totaled €302,707 thousand, a net increase of €25,354 thousand over 31 December 2011, and consisted of the following:

| (€ thousand)   | 31 December 2012 | 31 December 2011 | Change        |
|--|------------------|------------------|---------------|
| Receivables from Group companies and other related parties for consolidated IRES tax | 134,652          | 166,677          | (32,025)      |
| Other receivables from Group companies and other related parties                     | 1,566            | 1,250            | 316           |
| VAT receivables  | 108,315          | 51,891           | 56,424        |
| IRES tax receivables   | 50,309           | 55,328           | (5,019)       |
| IRAP tax receivables   | 131              | 647              | (516)         |
| Other  | 7,734            | 1,560            | 6,174         |
| <b>Total other current receivables</b>   | <b>302,707</b>   | <b>277,353</b>   | <b>25,354</b> |

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. At 31 December 2011, the item also included residual amounts receivable from companies transferred to Fiat Industrial Group through the demerger at the beginning of 2011.

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 2012 and previous years. At 31 December 2012, refund claims which had been factored amounted to €26,622 thousand (€26,162 thousand at 31 December 2011) and were recognized on balance sheet, with the corresponding liability recorded under advances on factored receivables (see Note 24), pursuant to IAS 39.

At 31 December 2012, no interest was recognized in relation to VAT receivables subject to refund (as was also the case at 31 December 2011), while interest on IRES tax receivables (100% factored) amounted to €3,622 thousand (€3,162 thousand at 31 December 2011).

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 2012 | 31 December 2011 | Change       |
|--|------------------|------------------|--------------|
| Cash at banks and post offices         | 554              | 744              | (190)        |
| <b>Total cash and cash equivalents</b> | <b>554</b>       | <b>744</b>       | <b>(190)</b> |

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. Equity

At 31 December 2012, equity totaled €8,902,104 thousand, a €151,140 thousand decrease over 31 December 2011. The €152,350 thousand loss for the year and dividends of €39,756 thousand (€0.217 per preference share and €0.217 per savings share) were partially offset by increases in the fair value measurement of investments in other companies (€26,330 thousand recognized directly in equity) and net other increases.

### Share capital

Share capital totaled €4,476,442 thousand (fully paid) at 31 December 2012, an increase of €10,842 thousand over €4,465,600 thousand at 31 December 2011, and consisted of the following:

| (no. of shares)                     | 31 December 2012     | 31 December 2011     |
|-------------------------------------|----------------------|----------------------|
| <b>Shares issued and fully paid</b> |                      |                      |
| Ordinary shares                     | 1,250,402,773        | 1,092,680,610        |
| Preference shares                   | -                    | 103,292,310          |
| Savings shares                      | -                    | 79,912,800           |
| <b>Total shares issued</b>          | <b>1,250,402,773</b> | <b>1,275,885,720</b> |
| <b>Par value per share</b>          | <b>€3.58</b>         | <b>€3.50</b>         |

On 4 April 2012, Shareholders approved the mandatory conversion of all 103,292,310 preference shares and 79,912,800 savings shares into 157,722,163 ordinary shares, with full participation rights. The exchange ratios for the conversion were 0.850 ordinary shares per preference share and 0.875 ordinary shares per savings share.

At 28 April 2012, with the period for withdrawal closed, Fiat had received notifications of withdrawal in relation to 1,016,190 preference shares and 1,616,509 savings shares.

On 21 May 2012, the Company completed the mandatory conversion of all preference and savings shares into ordinary shares at the exchange ratios approved by Shareholders. The final trading date for Fiat S.p.A. preference and savings shares was May 18th. From 21 May 2012, Fiat S.p.A. ordinary shares only were traded on Borsa Italiana ("MTA"). Following the conversion, the Company had 1,250,402,773 ordinary shares outstanding with a par value of €3.58 per share. The increase in par value per share, from €3.50 to €3.58, was paid through the transfer of €10,842 thousand from the share premium reserve.



On 23 May 2012, withdrawing shareholders were paid the redemption amount which, in accordance with Article 2437-ter (3) of the Civil Code, was set at €3.317 per preference share and €3.458 per savings share. The 863,761 ordinary shares resulting from conversion of the preference shares redeemed and 1,414,445 ordinary shares resulting from conversion of the savings shares redeemed were offered to existing shareholders pursuant to Article 2437-quater of the Civil Code. At the conclusion of the offer period on 20 June 2012 – during which Rights and Pre-emption Rights were exercised pursuant to Article 2437-quater (3) of the Civil Code – a total of 36,244 shares resulting from conversion of the preference shares had been purchased at the offer price of €3.902 per share and 46,242 shares resulting from conversion of the savings shares had been purchased at the offer price of €3.952 per share. All shares requested in relation to the exercise of Pre-emption Rights were allocated as requested. Payment for shares purchased through the exercise of Rights and/or Pre-emption Rights was on 3 July 2012 and the shares were credited to the purchasers on 4 July 2012.

Pursuant to Article 2437-quater (4) of the Civil Code, the Company offered the remaining 827,517 shares resulting from conversion of the preference shares and 1,368,203 shares resulting from conversion of the savings shares on the Mercato Telematico Azionario (MTA) on 4 July 2012. Settlement of those shares took place on 9 July 2012.

Following is a reconciliation between the number of shares outstanding at 31 December 2010 and at 31 December 2012:

| (shares in thousands)                       | 31 December<br>2010 | Capital<br>increase | (Purchases)/<br>sales of own<br>shares | 31 December<br>2011 | Conversion of<br>preference and<br>savings shares | (Purchases)/<br>sales of own<br>shares | 31 December<br>2012 |
|---|---------------------|---------------------|--|---------------------|---|--|---------------------|
| <b>Ordinary shares issued</b>               | <b>1,092,248</b>    | <b>433</b>          | -                                      | <b>1,092,681</b>    | <b>157,722</b>                                    | -                                      | <b>1,250,403</b>    |
| Less: Own shares                            | (38,568)            | -                   | -                                      | (38,568)            | -   | 3,990                                  | (34,578)            |
| Ordinary shares outstanding                 | 1,053,680           | 433                 | -                                      | 1,054,113           | 157,722   | 3,990                                  | 1,215,825           |
| 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)  | -                                      | -                   |
| <b>Total shares issued by Fiat S.p.A.</b>   | <b>1,275,453</b>    | <b>433</b>          | -                                      | <b>1,275,886</b>    | <b>(25,483)</b>                                   | -                                      | <b>1,250,403</b>    |
| <b>Less: Own shares</b>                     | <b>(38,568)</b>     | -                   | -                                      | <b>(38,568)</b>     | -   | <b>3,990</b>                           | <b>(34,578)</b>     |
| <b>Total Fiat S.p.A. shares outstanding</b> | <b>1,236,885</b>    | <b>433</b>          | -                                      | <b>1,237,318</b>    | <b>(25,483)</b>                                   | <b>3,990</b>                           | <b>1,215,825</b>    |

Following the conversion and free capital increase, the Company's annual results are allocated as follows:

- to the legal reserve, 5% of net profit until the amount of the reserve is equal to one-fifth of share capital
- further allocations to the legal reserve, allocations to the extraordinary reserve, retained profit reserve and/or other allocations that Shareholders may approve
- to each share, distribution of any remaining profit that Shareholders may approve

In the event of a winding up, the Company's assets are to be distributed in an equal pro rata amount to all shares.

Italian regulations regarding share capital and reserves for a joint stock corporation establish the following:

- Share capital must be a minimum of €120,000
- All changes in the amount of share capital must be approved by Shareholders, who may give the Board of Directors the authority, for a maximum period of 5 years, to increase share capital up to a pre-determined amount. Shareholders are also required to adopt appropriate measures when share capital is reduced by more than one-third as a result of recognized losses and to reduce share capital if, by the end of the following financial year, such losses have not been reduced to less than one-third of share capital. If, as a result of a loss of more than one-third, share capital falls below the legal minimum, Shareholders must approve both a reduction and simultaneous increase of share capital to a level at least equivalent to the legal minimum or change the company's legal form
- 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

Pursuant to resolutions adopted by the Board of Directors on 3 November 2006, the demerger of activities to Fiat Industrial S.p.A., and resolutions adopted by Shareholders at the Extraordinary Meeting on 4 April 2012, share capital may be increased, through paid capital contributions, by a maximum of €34,249,412.50 through the issue of up to 9,566,875 new ordinary shares, exclusively to managers employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.

In consideration of the Company's intention to maintain a high level of liquidity and the restrictions that exist on Chrysler's ability to distribute dividends, the Board of Directors has recommended to Shareholders that no dividend be paid in relation to the 2012 financial year.

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 €5,288,888 thousand at 31 December 2012 and €5,258,962 thousand at 31 December 2011), 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 €3,630,591 thousand at 31 December 2012 and €3,837,987 thousand at 31 December 2011, excluding gains and losses recognized directly in equity).

#### *Share premium reserve*

At 31 December 2012, the share premium reserve totaled €1,071,403 thousand. The decrease of €10,842 thousand over 31 December 2011 was attributable to the free capital increase associated with the conversion of the Fiat S.p.A. preference and savings shares into ordinary shares on 21 May 2012.

#### *Legal reserve*

At 31 December 2012, this reserve totaled €528,577 thousand, an increase of €4,958 thousand over 31 December 2011, following the allocation of 2011 profit approved by Shareholders on 4 April 2012.

#### *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.

At 31 December 2012, the reserve available for the purchase of own shares totaled €941,043 thousand, an increase of €29,926 thousand over 31 December 2011 attributable to:

- a resolution approved by Shareholders on 4 April 2012, as described below, revoking the existing share repurchase authorization, to the extent not already exercised, and renewing authorization for the purchase of own shares up to a maximum of €1.2 billion, including existing reserves for own shares of €259 million. As a consequence, the reserve available for the purchase of own shares was increased €29,960 thousand through a transfer from the retained profit reserve
- transfer of €34 thousand to the reserve for own shares relating to own shares purchased following the conversion of preference and savings shares into ordinary shares

On 4 April 2012, Shareholders renewed the authorization for the purchase and disposal of own shares, including through subsidiaries, while at the same time revoking the authorization given on 30 March 2011. The renewed authorization was for the purchase of a maximum number of shares, not to exceed the legally established percentage of share capital or a total value of €1.2 billion, inclusive of the €259 million in own shares already held. The authorization permitted the Company to purchase preference and savings shares redeemed as a result of shareholders exercising their right of withdrawal in relation to the conversion. As announced, the buy-back program is currently on hold and buy-backs are not obligatory under the authorization. The buy-back authorization is valid for a period of 18 months and any buy-backs must be executed in the manner established by law and at a price which is within 10% of the reference price published by Borsa Italiana on the date prior to the purchase.

Finally, on 20 February 2013, 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 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 2012, the reserve for own shares totaled €258,957 thousand, a decrease of €29,926 thousand over 31 December 2011. The reserve is subject to certain restrictions imposed by Article 2357-ter of the Civil Code and changes for the period were as follows:

- a decrease of €29,960 thousand following the assignment of 4,000,000 own shares to the Chief Executive Officer in January 2012 upon vesting of rights under the 2009 stock grant plan, net of
- an increase of €34 thousand for the transfer from the reserve available for purchase of own shares related to the own shares acquired following the conversion of preference and savings shares into ordinary shares

#### *Retained profit*

At 31 December 2012, retained profit totaled €1,910,973 thousand, an increase of €37,891 thousand over 31 December 2011 resulting from:

- an increase of €13,209 thousand, representing the fair value of rights on Fiat S.p.A. shares, through the transfer from the stock option reserve related to the 4,000,000 shares granted to the Chief Executive Officer in January 2012 for rights vested under the 2009 stock grant plan
- an increase of €54,452 thousand, representing the allocation of prior year's profit approved by Shareholders on 4 April 2012, following allocations to the Legal reserve and dividend distributions
- a decrease of €29,960 thousand, representing the transfer to the reserve available for the purchase of own shares, pursuant to the renewed authorization from Shareholders on 4 April 2012, as described above
- an increase following the transfer of €190 thousand from the stock option reserve, which represented the fair value of options on Fiat S.p.A. shares expiring 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 2012, the balance of this reserve was a negative €17,375 thousand, reflecting the gain of €26,330 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 2012, the stock option reserve totaled €53,562 thousand, a net increase of €1,271 thousand over 31 December 2011. The change for the year was attributable to the transfer to the retained profit reserve following the assignment of 4,000,000 shares to the CEO in January 2012, which was more than offset by increases related to stock option and stock grant plans serviced by Fiat S.p.A. shares.

#### *Other reserves*

At 31 December 2012, other reserves totaled €89,829 thousand and were unchanged from 31 December 2011. 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 2012, the book value of own shares held was €258,957 thousand, a decrease of €29,926 thousand over 31 December 2011 and related to 34,577,766 ordinary shares having a total par value of €123,788 thousand.

Changes during the year were as follows:

|  | Number of ordinary shares | Total carrying value (€ thousands) | Average unitary value (€) | % share capital |
|--|---------------------------|------------------------------------|---------------------------|-----------------|
| <b>31 December 2011</b>  | <b>38,568,458</b>         | <b>288,883</b>                     | <b>7.490</b>              | <b>3.02%</b>    |
| Assignment to Chief Executive Officer of shares vested under the 2009 stock grant plan | (4,000,000)               | (29,960)                           | 7.490                     | -0.31%          |
| Purchases following conversion of preference and savings shares into ordinary shares   | 9,308                     | 34                                 | 3.725                     | -               |
| <b>31 December 2012</b>  | <b>34,577,766</b>         | <b>258,957</b>                     | <b>7.489</b>              | <b>2.77%</b>    |

The number of own shares decreased following the assignment to the Chief Executive Officer in January 2012 of 4,000,000 own shares upon the vesting of rights related to the 2009 stock grant plan.

A total of 9,308 own shares were purchased from Shareholders during the year, which represented the fractions of ordinary shares resulting from the mandatory conversion of preference and savings shares into Fiat S.p.A. ordinary shares.

No own shares were bought or sold in 2011. A description of the authorizations from Shareholders for the purchase of own shares is provided above.

*Share-based compensation*

The following share-based compensation plans for managers of Group companies and the Chief Executive Officer of Fiat S.p.A. were in place at 31 December 2012 and 2011.

**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, options to purchase 10,670,000 Fiat S.p.A. ordinary shares at a price of €6.583 per share. Options are vested and exercisable at any time until 1 January 2016. Following the demerger of Fiat Industrial, he now has the right to receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each option held, at the original strike price.

At 31 December 2012, the features of the stock option plan were as follows:

| Plan                               | Beneficiary             | Date of amendment | Expiry date    | Strike price (€) | N° of options granted | Vesting date     | Vested 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 approval of Shareholders, 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 specified 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 the achievement of certain pre-determined profitability targets (Non-Market Conditions or "NMC") during the reference period and were exercisable from the date of approval of the 2010 financial statements. The additional 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 were exercisable from November 2010. Exercise of the options 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, granting beneficiaries one Fiat S.p.A. ordinary share and one Fiat Industrial S.p.A. ordinary share for each original option granted, 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   | Vested portion                           |
|----------------------------|-------------------------|-----------------|------------------|-----------------------|--|--|
| Stock Option November 2006 | Chief Executive Officer | 3 November 2014 | 13.37            | 5,000,000             | November 2007<br>November 2008<br>November 2009<br>November 2010   | 25%<br>25%<br>25%<br>25%                 |
| Stock Option November 2006 | Chief Executive Officer | 3 November 2014 | 13.37            | 5,000,000             | 1st Quarter 2008 <sup>(*)</sup><br>1st Quarter 2009 <sup>(*)</sup><br>1st Quarter 2010 <sup>(*)</sup><br>1st Quarter 2011 <sup>(*)</sup> | 25%*NMC<br>25%*NMC<br>25%*NMC<br>25%*NMC |
| Stock Option November 2006 | Managers                | 3 November 2014 | 13.37            | 10,000,000            | 1st Quarter 2008 <sup>(*)</sup><br>1st Quarter 2009 <sup>(*)</sup><br>1st Quarter 2010 <sup>(*)</sup><br>1st Quarter 2011 <sup>(*)</sup> | 25%*NMC<br>25%*NMC<br>25%*NMC<br>25%*NMC |

(\*) Upon approval of the prior year's consolidated financial statements and subject to continuation of the professional relationship.

With specific reference to the 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 of those rights 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 2012 is as follows:

| Exercise price (€) | Managers                                |   |  | Chief Executive Officer                 |   |  |
|--------------------|---|---|--|---|---|--|
|                    | Options outstanding at 31 December 2012 | Options outstanding at 31 December 2011 | Average remaining contractual life (years) | Options outstanding at 31 December 2012 | Options outstanding at 31 December 2011 | Average remaining contractual life (years) |
| 6.583              | -                                       | -                                       | -  | 10,670,000                              | 10,670,000                              | 3.0  |
| 13.370             | 1,576,875                               | 1,636,875                               | 1.8  | 6,250,000                               | 6,250,000                               | 1.8  |
| <b>Total</b>       | <b>1,576,875</b>                        | <b>1,636,875</b>                        |  | <b>16,920,000</b>                       | <b>16,920,000</b>                       |  |

Changes during the year were as follows:

|  | Managers          |                            | Chief Executive Officer |                            |
|--|-------------------|----------------------------|-------------------------|----------------------------|
|  | Number of options | Average exercise price (€) | Number of options       | Average exercise price (€) |
| Outstanding at beginning of year       | 1,636,875         | 13.37                      | 16,920,000              | 9.09                       |
| Granted                                | -                 | -                          | -                       | -                          |
| Forfeited                              | -                 | -                          | -                       | -                          |
| Exercised                              | -                 | -                          | -                       | -                          |
| Expired                                | (60,000)          | 13.37                      | -                       | -                          |
| <b>Outstanding at 31 December 2012</b> | <b>1,576,875</b>  | <b>13.37</b>               | <b>16,920,000</b>       | <b>9.09</b>                |
| <b>Exercisable at 31 December 2012</b> | <b>1,576,875</b>  | <b>13.37</b>               | <b>16,920,000</b>       | <b>9.09</b>                |
| <b>Exercisable at 31 December 2011</b> | <b>1,636,875</b>  | <b>13.37</b>               | <b>16,920,000</b>       | <b>9.09</b>                |

As they were already fully vested at 31 December 2010, there were no costs in 2012 or 2011 in relation to the above plans.

#### Grants of Fiat S.p.A. and Fiat Industrial S.p.A. ordinary shares

Following the vesting of the rights granted under the plans approved by Shareholders on 27 March 2009 and on 26 March 2010, as amended, at the beginning of 2012 the Chief Executive Officer was assigned 4,000,000 Fiat S.p.A. ordinary shares and 4,000,000 Fiat Industrial S.p.A. ordinary shares.

On 4 April 2012, Shareholders approved the adoption of a Long Term Incentive Plan (the "Retention LTI") in the form of stock grants.

On the basis of that shareholder approval, the Company attributed the Chief Executive Officer 7 million rights, representing an equivalent number of Fiat S.p.A. ordinary shares. The rights vest over a three-year period, with one-third vesting on 22 February 2013, one-third on 22 February 2014 and one-third on 22 February 2015, subject to the Chief Executive Officer remaining in office.

The Plan is to be serviced through treasury shares with no new shares being issued. The Company has the right to substitute shares vested under the Plan, in whole or in part, with a cash payment calculated on the basis of the official price of those shares published by Borsa Italiana on the vesting date.

At 31 December 2012, the principal contractual elements of the Plan were as follows:

| Plan          | Beneficiary             | Number of shares | Vesting date     | Vesting portion |
|---------------|-------------------------|------------------|------------------|-----------------|
| Retention LTI | Chief Executive Officer | 7,000,000        | 22 February 2013 | 2,333,333       |
|               |                         |                  | 22 February 2014 | 2,333,333       |
|               |                         |                  | 22 February 2015 | 2,333,333       |

Changes in the Retention LTI during 2012 were as follows:

|   | No. of shares    | Average fair value at grant date (€) |
|---|------------------|--------------------------------------|
| <b>Outstanding shares unvested at beginning of year</b> | -                | -                                    |
| Granted   | 7,000,000        | 4.205                                |
| Forfeited   | -                | -                                    |
| Vested  | -                | -                                    |
| <b>Outstanding shares unvested at end of year</b>       | <b>7,000,000</b> | <b>4.205</b>                         |

In 2012, a nominal cost of approximately €9 million was recognized in relation to this plan.

#### Availability for use of main components of equity

| (€ thousand)                                       | 31 December 2012 | Possible use           | Amount available |
|--|------------------|------------------------|------------------|
| <b>Share capital</b>                               | <b>4,476,442</b> | -                      | -                |
| <b>Reserves:</b>                                   |                  |                        |                  |
| - Share premium reserve                            | 1,071,403        | A, B, C <sup>(*)</sup> | 1,071,403        |
| - Legal reserve                                    | 528,577          | B                      | -                |
| - Reserve available for the purchase of own shares | 941,043          | A, B, C                | 941,043          |
| - Reserve for own shares                           | 258,957          | -                      | -                |
| - Retained profit                                  | 1,910,973        | A, B, C                | 1,910,973        |
| - 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 2012, the required increase would have been €366,711 thousand.

### 19. Provisions for employee benefits and other non-current provisions

At 31 December 2012, this item totaled €140,851 thousand, an increase of €3,487 thousand over 31 December 2011, and consisted of the following:

| (€ thousand)   | 31 December<br>2011 | Accruals      | Utilizations    | Other changes  | 31 December<br>2012 |
|--|---------------------|---------------|-----------------|----------------|---------------------|
| Provisions for employee benefits and similar                                   | 14,831              | 1,848         | (624)           | (899)          | <b>15,156</b>       |
| Provisions for stock option and stock grant plans                              | 121,604             | 30,292        | (26,500)        | (449)          | <b>124,947</b>      |
| Other non-current provisions   | 929                 | -             | (181)           | -              | <b>748</b>          |
| <b>Total provisions for employee benefits and other non-current provisions</b> | <b>137,364</b>      | <b>32,140</b> | <b>(27,305)</b> | <b>(1,348)</b> | <b>140,851</b>      |

#### *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 25). 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<br>2011 | Accruals     | Utilizations | Other<br>changes | 31 December<br>2012 |
|--|---------------------|--------------|--------------|------------------|---------------------|
| Post-employment benefits:  |                     |              |              |                  |                     |
| Leaving entitlement (TFR)  | 4,827               | 112          | (174)        | (1,246)          | <b>3,519</b>        |
| Other  | 9,082               | 1,133        | (230)        | 12               | <b>9,997</b>        |
| Total post-employment benefits                                       | 13,909              | 1,245        | (404)        | (1,234)          | <b>13,516</b>       |
| Other long-term employee benefits                                    | 922                 | 603          | (220)        | 335              | <b>1,640</b>        |
| <b>Total provisions for employee benefits and similar provisions</b> | <b>14,831</b>       | <b>1,848</b> | <b>(624)</b> | <b>(899)</b>     | <b>15,156</b>       |



Calculations for post-employment benefits and other long-term employee benefits are based on the following actuarial assumptions:

|                                   | 31 December 2012           | 31 December 2011   |
|-----------------------------------|----------------------------|--------------------|
| Discount rate                     | 3.17%                      | 3.90%              |
| Rate of future salary increases   | 1.94%                      | 3.20%              |
| Inflation rate                    | 2.00%                      | 2.00%              |
| Maximum retirement age            | As per current legislation | Years: 60(F)/65(M) |
| Mortality rate                    | SI08                       | SI08               |
| Average rate of annual departures | 8.07%                      | 10.45%             |

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 2012 and 2011, provisions for post-employment benefits consisted of the following:

|  | Leaving entitlement (TFR) |                  | Other            |                  | Total            |                  |
|--|---------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 31 December 2012          | 31 December 2011 | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| (€ thousand)   |                           |                  |                  |                  |                  |                  |
| Present value of unfunded defined benefit plan obligations | 4,547                     | 4,436            | 9,823            | 9,733            | 14,370           | 14,169           |
| Unrecognized actuarial gains/(losses)                      | (1,028)                   | 391              | 174              | (651)            | (854)            | (260)            |
| <b>Net liability</b>                                       | <b>3,519</b>              | <b>4,827</b>     | <b>9,997</b>     | <b>9,082</b>     | <b>13,516</b>    | <b>13,909</b>    |

Amounts recognized in the income statement for post-employment benefits were as follows:

|   | Leaving entitlement (TFR) |                  | Other            |                  | Total            |                  |
|---|---------------------------|------------------|------------------|------------------|------------------|------------------|
|   | 31 December 2012          | 31 December 2011 | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| (€ thousand)  |                           |                  |                  |                  |                  |                  |
| Service cost:   |                           |                  |                  |                  |                  |                  |
| - Current service cost                                    | -                         | -                | 917              | 1,030            | 917              | 1,030            |
| - Net actuarial (gains)/losses recognized during the year | -                         | (9)              | 30               | (98)             | 30               | (107)            |
| Total service cost  | -                         | (9)              | 947              | 932              | 947              | 923              |
| Interest costs  | 112                       | 112              | 186              | 190              | 298              | 302              |
| <b>Total cost/(return) for post-employment benefits</b>   | <b>112</b>                | <b>103</b>       | <b>1,133</b>     | <b>1,122</b>     | <b>1,245</b>     | <b>1,225</b>     |

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:

|  | Leaving entitlement (TFR) |                  | Other            |                  | Total            |                  |
|--|---------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 31 December 2012          | 31 December 2011 | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| (€ thousand)   |                           |                  |                  |                  |                  |                  |
| Present value of obligation at the beginning of the year | 4,436                     | 4,993            | 9,733            | 11,736           | 14,169           | 16,729           |
| Current service cost                                     | -                         | -                | 917              | 1,030            | 917              | 1,030            |
| Interest costs   | 112                       | 112              | 186              | 190              | 298              | 302              |
| Actuarial (gains)/losses arising during the year         | 1,419                     | 1,331            | (753)            | 2,563            | 666              | 3,894            |
| Benefits paid  | (1,861)                   | (2,608)          | (282)            | (5,947)          | (2,143)          | (8,555)          |
| Other changes  | 441                       | 608              | 22               | 161              | 463              | 769              |
| <b>Present value of obligation at year end</b>           | <b>4,547</b>              | <b>4,436</b>     | <b>9,823</b>     | <b>9,733</b>     | <b>14,370</b>    | <b>14,169</b>    |

The present value of defined benefit obligations in 2012 and the three previous years is as follows:

|  | 31 December 2012 | 31 December 2011 | 31 December 2010 | 31 December 2009 |
|--|------------------|------------------|------------------|------------------|
| (€ thousand)                             |                  |                  |                  |                  |
| Present value of obligation at year end: |                  |                  |                  |                  |
| - Leaving entitlement (TFR)              | 4,547            | 4,436            | 4,993            | 6,280            |
| - Others                                 | 9,823            | 9,733            | 11,736           | 17,486           |
| <b>Total</b>                             | <b>14,370</b>    | <b>14,169</b>    | <b>16,729</b>    | <b>23,766</b>    |

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:

|  | 2012         | 2011         |
|--|--------------|--------------|
| (€ thousand)                                       |              |              |
| Experience adjustments actuarial (gains)/losses:   |              |              |
| - Leaving entitlement (TFR)                        | 1,312        | 1,343        |
| - Others   | (229)        | 2,580        |
| <b>Total effect on present value of obligation</b> | <b>1,083</b> | <b>3,923</b> |

#### Provisions for stock option and stock grant plans

At 31 December 2012, this item totaled €124,947 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:

|  | 31 December 2011 | Fair value adjustment | Utilizations    | Other changes | 31 December 2012 |
|--|------------------|-----------------------|-----------------|---------------|------------------|
| (€ thousand)   |                  |                       |                 |               |                  |
| <b>Provisions for stock option and stock grant plans</b> | <b>121,604</b>   | <b>30,292</b>         | <b>(26,500)</b> | <b>(449)</b>  | <b>124,947</b>   |

In accordance with IFRS 2 and IAS 39, these liabilities were recognized at fair value upon initial recognition. In relation to the 2009 stock grant plan for the CEO, the fair value of the liability was considered equivalent to the market value of Fiat Industrial shares. For the 2004 and 2006 stock option plans for the CEO and the 2006 stock option plan for managers, fair value was based on a strike price which was considered equal to the par value of Fiat Industrial shares. Subsequent to initial recognition, changes in fair value are recognized to profit or loss. Changes in fair value have resulted in a €30.3 million increase in the liability, recognized through profit or loss, with a corresponding increase in the value of the investment in Fiat Industrial (see Note 11). Finally, the utilization of the provision during the year in the amount of €26.5 million related to the assignment, in January 2012, of 4,000,000 ordinary shares to the CEO which vested under the 2009 plan.

#### Other non-current provisions

At 31 December 2012, this item totaled €748 thousand (€929 thousand at 31 December 2011) 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 2011, changes in provisions for employee benefits and other non-current provisions were as follows:

| (€ thousand)   | 31 December<br>2010 | Accruals     | Utilizations    | Other changes  | 31 December<br>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                 |
| <b>Total provisions for employee benefits and other non-current provisions</b> | <b>20,072</b>       | <b>8,007</b> | <b>(10,914)</b> | <b>120,199</b> | <b>137,364</b>      |

#### 20. Non-current debt

At 31 December 2012, non-current debt totaled €1,412,035 thousand, a decrease of €750,857 thousand over 31 December 2011, and included the following:

| (€ thousand)                    | 31 December 2012 | 31 December 2011 | Change           |
|---------------------------------|------------------|------------------|------------------|
| Debt payable to Group companies | 1,400,000        | 2,150,000        | (750,000)        |
| Financial guarantees            | 12,035           | 12,892           | (857)            |
| <b>Total non-current debt</b>   | <b>1,412,035</b> | <b>2,162,892</b> | <b>(750,857)</b> |

Debt payable to Group companies related to euro-denominated loans received from Fiat Finance S.p.A. 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 6.52% and 7.18%. Changes during the year included a €400 million loan received on 30 March 2012 (due 31 March 2014) and repayment of a €400 million loan received 5 March 2010 (due 5 March 2012) and a €750 million loan received 23 June 2010 (due 22 June 2012).

By maturity, loans were as follows:

| (€ thousand)                                 | 31 December 2012 |
|--|------------------|
| Expiring in 2013                             | 1,000,000        |
| Expiring in 2014                             | 400,000          |
| <b>Total debt payable to Group companies</b> | <b>1,400,000</b> |

The fair value of these loans at 31 December 2012 was €1,424 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 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Financial guarantees</b>              |                  |                  |
| due within one year                      | 3,789            | 3,920            |
| due after one year but within five years | 8,242            | 8,888            |
| due beyond five years                    | 4                | 84               |
| <b>Total</b>                             | <b>12,035</b>    | <b>12,892</b>    |

## 21. Other non-current liabilities

At 31 December 2012, other non-current liabilities totaled €17,165 thousand, representing a net decrease of €1,049 thousand over 31 December 2011.

The item consisted of the following:

| (€ thousand)  | 31 December 2012 | 31 December 2011 | Change         |
|---|------------------|------------------|----------------|
| <b>Non-current post-employment benefits to be paid:</b> |                  |                  |                |
| to a former Chief Executive Officer                     | 3,743            | 4,069            | (326)          |
| to former employees                                     | 13,422           | 14,145           | (723)          |
| <b>Total other non-current liabilities</b>              | <b>17,165</b>    | <b>18,214</b>    | <b>(1,049)</b> |

The item non-current post-employment benefits to be paid represents the present value of benefits (see Note 19) 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 2012 | 31 December 2011 |
|--|------------------|------------------|
| <b>Other non-current liabilities</b>     |                  |                  |
| due within one year                      | 1,087            | 1,050            |
| due after one year but within five years | 4,748            | 5,834            |
| due beyond five years                    | 11,330           | 11,330           |
| <b>Total</b>                             | <b>17,165</b>    | <b>18,214</b>    |

## 22. Provisions for employee benefits and other current provisions

At 31 December 2012, this item totaled €15,251 thousand, a net decrease of €4,129 thousand over 31 December 2011, and consisted of the following:

| (€ thousand)   | 31 December 2011 | Accruals     | Utilizations and Other changes | 31 December 2012 |
|--|------------------|--------------|--------------------------------|------------------|
| Provisions for employee bonuses and similar provisions                     | 19,380           | 7,430        | (11,559)                       | 15,251           |
| <b>Total provisions for employee benefits and other current provisions</b> | <b>19,380</b>    | <b>7,430</b> | <b>(11,559)</b>                | <b>15,251</b>    |

This item essentially reflects the best estimate for the variable compensation component.

Changes in provisions for employee benefits and other current provisions during 2011 were as follows:

| (€ thousand)   | 31 December<br>2010 | Accruals      | Utilizations and<br>Other changes | 31 December<br>2011 |
|--|---------------------|---------------|-----------------------------------|---------------------|
| <b>Total provisions for employee benefits and other current provisions</b> | <b>9,274</b>        | <b>10,998</b> | <b>(892)</b>                      | <b>19,380</b>       |

### 23. Trade payables

At 31 December 2012, trade payables totaled €17,301 thousand, a net decrease of €2,097 thousand over 31 December 2011, and consisted of the following:

| (€ thousand)   | 31 December 2012 | 31 December 2011 | Change         |
|--|------------------|------------------|----------------|
| Trade payables to third parties  | 10,493           | 14,149           | (3,656)        |
| Trade payables to Group companies and other related parties for goods and services | 6,808            | 5,249            | 1,559          |
| <b>Total trade payables</b>  | <b>17,301</b>    | <b>19,398</b>    | <b>(2,097)</b> |

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.

### 24. Current debt

At 31 December 2012, current debt totaled €1,294,074 thousand, representing a net increase of €218,642 thousand over 31 December 2011, and related to:

| (€ thousand)  | 31 December 2012 | 31 December 2011 | Change         |
|---|------------------|------------------|----------------|
| Intercompany debt:  |                  |                  |                |
| - Current account with Fiat Finance S.p.A.                  | 331,403          | -                | 331,403        |
| - Loans from Fiat Finance S.p.A.                            | 900,000          | 1,000,000        | (100,000)      |
| - Liabilities arising from derivative financial instruments | 8,282            | 19,969           | (11,687)       |
| - Accrued interest expense                                  | 27,089           | 30,777           | (3,688)        |
| Total intercompany debt                                     | 1,266,774        | 1,050,746        | 216,028        |
| Debt payable to third parties:                              |                  |                  |                |
| - Advances on factored receivables                          | 27,300           | 24,686           | 2,614          |
| Total debt payable to third parties                         | 27,300           | 24,686           | 2,614          |
| <b>Total current debt</b>                                   | <b>1,294,074</b> | <b>1,075,432</b> | <b>218,642</b> |

The item current account with Fiat Finance S.p.A. represents the balance of the account held with Fiat Finance S.p.A. as part of the Group's centralized treasury management.

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 2012, 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 CEO in 2006, as described in Note 7. The fair value of those equity swaps was based on market quotations at the balance sheet date.

Advances on factored receivables relate to advances on IRES receivables totaling €24,686 thousand (see Note 16) and from Rete Ferroviaria Italiana S.p.A. for the advancement of work on the Bologna-Florence railway line totaling €2,614 thousand (see Note 14).

Current debt is denominated in euros. The carrying amount of that debt is deemed to be in line with its fair value.

#### Transfer of receivables

At 31 December 2012, the carrying amount of transferred receivables and related liabilities was as follows:

| (€ thousand)                               | 31 December 2012  |                          |        |
|--|-------------------|--------------------------|--------|
|  | Trade receivables | Current taxes receivable | Total  |
| Carrying amount of receivables             | 1,689             | 26,622                   | 28,311 |
| Carrying amount of the related liabilities | 2,614             | 24,686                   | 27,300 |

At 31 December 2012, the Company had VAT receivables of €47,000 thousand that had been sold on a non-recourse basis and consequently derecognized (no outstanding receivables sold on a non-recourse basis at 31 December 2011).

#### 25. Other debt

At 31 December 2012, other debt amounted to €364,460 thousand, a net increase of €31,865 thousand over 31 December 2011, and included the following:

| (€ thousand)   | 31 December 2012 | 31 December 2011 | Change        |
|--|------------------|------------------|---------------|
| Advances   | 700              | 940              | (240)         |
| Other debt:  |                  |                  |               |
| - Debt payable to Group companies and other related parties              |                  |                  |               |
| - Consolidated VAT   | 211,221          | 158,260          | 52,961        |
| - Consolidated IRES  | 137,891          | 158,271          | (20,380)      |
| - Other debt payable to Group companies and other related parties        | 6                | 1,975            | (1,969)       |
| - Total debt payable to Group companies and other related parties        | 349,118          | 318,506          | 30,612        |
| - Social security payables   | 2,128            | 1,811            | 317           |
| - Current amounts payable to employees, directors and statutory auditors | 7,439            | 4,262            | 3,177         |
| - Dividends payable  | 373              | 376              | (3)           |
| - Other  | 667              | 377              | 290           |
| Total other debt   | 359,725          | 325,332          | 34,393        |
| Taxes payable:   |                  |                  |               |
| - VAT payable  | 1,588            | 3,675            | (2,087)       |
| - Taxes withheld on payments to employees and independent contractors    | 1,972            | 2,144            | (172)         |
| - Other  | 428              | 441              | (13)          |
| Total taxes payable  | 3,988            | 6,260            | (2,272)       |
| Accrued expenses and deferred income                                     | 47               | 63               | (16)          |
| <b>Total other debt</b>  | <b>364,460</b>   | <b>332,595</b>   | <b>31,865</b> |

**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 2012 | 31 December 2011 | Change       |
|---------------------------------------|------------------|------------------|--------------|
| Contract work in progress             | 244,858          | 244,331          | 527          |
| Less: Net advances for work completed | 245,426          | 245,130          | 296          |
| Gross amount due to the customer      | 568              | 799              | (231)        |
| Net contractual advances              | 132              | 141              | (9)          |
| <b>Total advances</b>                 | <b>700</b>       | <b>940</b>       | <b>(240)</b> |

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 2012, the contractual amounts (including for additional work, monetary adjustments and other contractual amounts) totaled €5,233 million for the Bologna-Florence line and €2,285 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 2012 | 31 December 2011 | Change       |
|--|------------------|------------------|--------------|
| <b>Contract work in progress</b>             | <b>244,858</b>   | <b>244,331</b>   | <b>527</b>   |
| - Florence-Bologna line                      | 162,212          | 161,777          | 435          |
| - Novara-Milan line                          | 82,646           | 82,554           | 92           |
| <b>Less: Net advances for work completed</b> | <b>245,426</b>   | <b>245,130</b>   | <b>296</b>   |
| - Florence-Bologna line                      | 162,580          | 162,294          | 286          |
| - Novara-Milan line                          | 82,846           | 82,836           | 10           |
| <b>Gross amount due to the customer</b>      | <b>568</b>       | <b>799</b>       | <b>(231)</b> |
| - Florence-Bologna line                      | 368              | 517              | (149)        |
| - Novara-Milan line                          | 200              | 282              | (82)         |

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 €98,750 thousand at 31 December 2012 (€98,106 thousand at 31 December 2011). 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 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:

| (€ thousand)                                | Advances received from customers |                  | Advances paid to suppliers |                  | Net advances for work completed |                  |
|---|----------------------------------|------------------|----------------------------|------------------|---------------------------------|------------------|
|   | 31 December 2012                 | 31 December 2011 | 31 December 2012           | 31 December 2011 | 31 December 2012                | 31 December 2011 |
| Florence-Bologna line                       | 5,232,434                        | 5,203,837        | 5,069,854                  | 5,041,543        | 162,580                         | 162,294          |
| Novara-Milan line                           | 2,277,543                        | 2,276,845        | 2,194,697                  | 2,194,009        | 82,846                          | 82,836           |
| <b>Progress payments for work completed</b> | <b>7,509,977</b>                 | <b>7,480,682</b> | <b>7,264,551</b>           | <b>7,235,552</b> | <b>245,426</b>                  | <b>245,130</b>   |

Advances relates 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:

| (€ thousand)                | Contractual advances received from customers |                  | Contractual advances paid to suppliers |                  | Net contractual advances |                  |
|-----------------------------|--|------------------|--|------------------|--------------------------|------------------|
|                             | 31 December 2012                             | 31 December 2011 | 31 December 2012                       | 31 December 2011 | 31 December 2012         | 31 December 2011 |
| Florence-Bologna line       | 52   | 71               | 51                                     | 69               | 1                        | 2                |
| Novara-Milan line           | 5,168  | 5,812            | 5,037                                  | 5,673            | 131                      | 139              |
| <b>Contractual advances</b> | <b>5,220</b>                                 | <b>5,883</b>     | <b>5,088</b>                           | <b>5,742</b>     | <b>132</b>               | <b>141</b>       |

At 31 December 2012, bank guarantees and sureties totaling €494 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, €477 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, €100 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 €1 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 €97 million, while those for the CAV.TO.MI. consortium totaled €379 million for the Novara-Milan sub-line and €1 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, given that at 31 December 2012 (as also at 31 December 2011), 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 2012, debt payable to Group companies and other related parties for consolidated VAT, totaling €211,221 thousand (€158,260 thousand at 31 December 2011), 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 2012, debt payable to Group companies and other related parties in connection with the IRES tax consolidation amounting to €137,891 thousand (€158,271 thousand at 31 December 2011) represents the remuneration due for the tax losses contributed by the Italian subsidiaries to the domestic tax consolidation for 2012, the IRES tax credits of the Italian subsidiaries transferred to Fiat S.p.A. as part of the tax consolidation procedure for 2012 and debt relating to the domestic tax consolidation for 2011.

Taxes payable and other debt are all due within one year and their carrying amount is deemed to approximate their fair value.

## 26. Guarantees granted, commitments and contingent liabilities

### Guarantees issued

The breakdown of guarantees issued is as follows:

| (€ thousand)                   | 31 December 2012  | 31 December 2011  | Change         |
|--------------------------------|-------------------|-------------------|----------------|
| Guarantees issued              |                   |                   |                |
| Sureties                       |                   |                   |                |
| - on behalf of Group companies | 208,229           | 230,100           | (21,871)       |
| - on behalf of third parties   | 850               | 886               | (36)           |
| Total sureties                 | 209,079           | 230,986           | (21,907)       |
| Other guarantees               |                   |                   |                |
| - on behalf of Group companies | 12,677,284        | 11,684,864        | 992,420        |
| - on behalf of third parties   | -                 | -                 | -              |
| Total other guarantees         | 12,677,284        | 11,684,864        | 992,420        |
| <b>Total guarantees issued</b> | <b>12,886,363</b> | <b>11,915,850</b> | <b>970,513</b> |

At 31 December 2012, guarantees issued totaled €12,886.4 million, an increase of €970.5 million over 31 December 2011, and related principally to new bonds issued by the subsidiary Fiat Finance and Trade Ltd. S.A. (representing the difference between guarantees on new bonds issued during the year in the amount of €2,533.4 million and guarantees on bonds repaid during the year in the amount of €1,450 million).

Guarantees outstanding at 31 December 2012 were as follows:

### Sureties

At 31 December 2012, sureties totaled €209.1 million, a decrease of €21.9 million over 31 December 2011.

This amount mostly relates to sureties provided on behalf of Group companies on Billets de Trésorerie issued (Fiat Finance and Trade Ltd. S.A. €16.9 million), medium- to long-term loans granted by banks (€6.0 million) and lease payments on property (€185.3 million). Sureties granted to third parties (€0.9 million) relate to the remaining interest-bearing certificates issued by Sava and not yet redeemed.

### Other guarantees

At 31 December 2012, other guarantees totaled €12,677.3 million, an increase of €992.4 million over 31 December 2011.

All guarantees were issued on behalf of Group companies and consisted of the following:

- €1,335.9 million for loans (Fiat Finance S.p.A. €650.0 million, Fiat Automoveis S.A. - FIASA €351.5 million, Fiat Automobiles Serbia Doo €294.4 million, Fiat Finance and Trade Ltd. S.A. €40.0 million)
- €10,130.5 million for bonds issued (Fiat Finance and Trade Ltd. S.A. €9,099.4 million and Fiat Finance North America Inc. €1,031.1 million)
- €563.8 million for credit lines (Fiat Finance S.p.A. €413.0 million, Fiat Finance North America Inc. 75.8 million, Fiat Finance et Services S.A. €50.0 million and Fiat Finance and Trade Ltd. S.A. €25.0 million)

- €647.1 million for VAT receivables related to the VAT consolidation, pursuant to the Ministerial Decree of 13 December 1979 (as subsequently amended)

In addition:

- In 2011, 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 2012 (as also 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.). At 31 December 2012, the residual financial commitment was €3.2 million.

### **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 2012, potential obligations relating to these indemnities were approximately €368 million (approximately €360 million at 31 December 2011), 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.

**27. 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 2012, 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 26).

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 2012, 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 2012, 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 20). The change in fair value of these loans resulting from a hypothetical, immediate and adverse change of 10% in market interest rates would not be material (€6 million at 31 December 2011)
- current debt consists mainly of current account deposits with and loans received from Fiat Finance S.p.A. as well as liabilities related to advances on the sale of receivables to banks (see Note 24). In addition, non-current debt to Fiat Finance S.p.A. (see Note 20) 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 not be material (approximately €2 million at 31 December 2011)

### 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 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 2012 would total approximately €20 million (approximately €17 million at 31 December 2011). The change 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.

## 28. 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 2012 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) | 285,032        | 10,249        | -        | 295,281        |
| Derivative financial assets (current)  | (15) | -              | 58,281        | -        | 58,281         |
| <b>Total assets</b>  |      | <b>285,032</b> | <b>68,530</b> | <b>-</b> | <b>353,562</b> |
| Liabilities at fair value:   |      |                |               |          |                |
| Derivative financial liabilities (current)   | (24) | -              | 8,282         | -        | 8,282          |
| <b>Total liabilities</b>   |      | <b>-</b>       | <b>8,282</b>  | <b>-</b> | <b>8,282</b>   |

In 2012, there were no transfers from Level 1 to Level 2 of the fair value hierarchy or vice versa.

## 29. 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 2012 and 2011 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) |                  |
|--|------------------------|---------------|-----------------|---------------|-----------------------|---------------|----------------------------|------------------|
|  | 2012                   | 2011          | 2012            | 2011          | 2012                  | 2011          | 2012                       | 2011             |
| (€ thousand)   |                        |               |                 |               |                       |               |                            |                  |
| Abarth & C. S.p.A.                                     | 316                    | 405           | -               | -             | -                     | 1             | 1                          | -                |
| Chrysler Group LLC                                     | 379                    | -             | -               | -             | 299                   | -             | -                          | -                |
| Comau S.p.A.   | 2,606                  | 1,227         | -               | -             | -                     | -             | (5)                        | -                |
| C.R.F. S.c.p.A.  | -                      | 70            | -               | -             | 157                   | 133           | 4                          | -                |
| Deposito Avogadro S.p.A.                               | 171                    | -             | -               | -             | -                     | -             | (5)                        | -                |
| Editrice La Stampa S.p.A.                              | 50                     | -             | -               | -             | 30                    | -             | (5)                        | -                |
| Elasis S.c.p.A.  | -                      | 70            | -               | -             | -                     | -             | (5)                        | (5)              |
| Ferrari S.p.A.   | 6,467                  | 3,783         | -               | -             | 4                     | 6             | 9                          | (1)              |
| Fiat (China) Business Co. Ltd.                         | -                      | -             | -               | -             | 845                   | 93            | -                          | -                |
| Fiat do Brasil S.A.                                    | -                      | -             | -               | -             | 1,049                 | 86            | -                          | -                |
| Fiat Group Automobiles S.p.A.                          | 45,005                 | 20,499        | -               | -             | 372                   | 347           | 320                        | 85               |
| Fiat Group Automobiles Belgium S.A.                    | -                      | 1             | -               | -             | 118                   | 110           | -                          | -                |
| Fiat Automoveis S.A. – FIASA                           | -                      | -             | -               | -             | -                     | -             | 203                        | 229              |
| Fiat Finance S.p.A.                                    | 676                    | 945           | -               | -             | 117                   | 1,823         | (216,802)                  | (429,750)        |
| Fiat Finance and Trade Ltd. S.A.                       | -                      | 15            | -               | -             | -                     | -             | 2,702                      | 2,851            |
| Fiat Finance North America Inc.                        | -                      | -             | -               | -             | -                     | -             | 338                        | 329              |
| Fiat France  | -                      | -             | -               | -             | 18                    | 5             | -                          | -                |
| Fiat Services S.p.A.                                   | 1,204                  | 423           | -               | -             | 2,197                 | 1,472         | (5)                        | (5)              |
| Fiat Services Polska Sp. z o.o.                        | -                      | -             | -               | -             | 495                   | -             | -                          | -                |
| Fiat Finance et Services S.A.                          | -                      | -             | -               | -             | 527                   | -             | -                          | -                |
| Fiat Group Marketing & Corporate Comm. S.p.A.          | 691                    | 746           | -               | -             | 4,491                 | 4,688         | (5)                        | (5)              |
| Fiat Group Purchasing S.r.l.                           | 194                    | 1,711         | -               | -             | 4                     | 13            | (5)                        | -                |
| Fiat Partecipazioni S.p.A.                             | 740                    | 796           | -               | -             | 3,631                 | 2,835         | -                          | -                |
| Fiat Polska Sp. z o.o.                                 | -                      | 256           | -               | -             | -                     | -             | -                          | -                |
| Fiat Powertrain Technologies S.p.A.                    | -                      | 2,155         | -               | -             | -                     | -             | -                          | (5)              |
| Fiat-Revisione Interna S.c.r.l.                        | -                      | 145           | -               | -             | -                     | 2,658         | -                          | (5)              |
| Fiat Servizi per l'Industria S.c.p.A.                  | 67                     | 32            | -               | -             | 1,426                 | 1,298         | (5)                        | (5)              |
| Fiat I.T.E.M. S.p.A.                                   | 368                    | 424           | -               | -             | 2,546                 | 2,216         | (5)                        | (5)              |
| FGA Capital S.p.A.                                     | 37                     | -             | -               | -             | 52                    | 50            | 3                          | 3                |
| Fidis S.p.A.   | 304                    | 435           | -               | -             | -                     | -             | (1,765)                    | (476)            |
| Leasys S.p.A.  | -                      | 6             | -               | -             | 1,558                 | 1,378         | -                          | -                |
| Maserati S.p.A.  | 1,102                  | 683           | -               | -             | -                     | -             | 20                         | -                |
| Magneti Marelli S.p.A.                                 | 8,198                  | 4,546         | -               | -             | -                     | -             | -                          | (5)              |
| Orione S.c.p.A.  | 3                      | 1             | -               | -             | 3,167                 | 3,121         | (5)                        | (5)              |
| Risk Management S.p.A.                                 | 5                      | 203           | -               | -             | 29                    | 37            | (5)                        | (4)              |
| Sirio S.c.p.A.   | 173                    | 79            | -               | -             | 1,714                 | 1,704         | (5)                        | (3)              |
| Sisport Fiat S.p.A.                                    | 35                     | 20            | -               | -             | 39                    | 24            | -                          | (2)              |
| Teksid S.p.A.  | 1,541                  | 1,030         | -               | -             | -                     | -             | (5)                        | -                |
| Other Group companies                                  | 7                      | 46            | -               | -             | 307                   | 262           | 159                        | 252              |
| <b>Total Group companies</b>                           | <b>70,339</b>          | <b>40,752</b> | <b>-</b>        | <b>-</b>      | <b>25,192</b>         | <b>24,360</b> | <b>(214,873)</b>           | <b>(426,532)</b> |
| Other related parties                                  | 4,406                  | 1,453         | 9,543           | 11,217        | 16,021                | 24,564        | (15)                       | 361              |
| <b>Total Group companies and other related parties</b> | <b>74,745</b>          | <b>42,205</b> | <b>9,543</b>    | <b>11,217</b> | <b>41,213</b>         | <b>48,924</b> | <b>(214,888)</b>           | <b>(426,171)</b> |
| Total  | 77,374                 | 45,331        | 36,054          | 35,172        | 76,259                | 80,473        | (216,080)                  | (434,646)        |
| <b>% of total line item</b>                            | <b>97%</b>             | <b>93%</b>    | <b>26%</b>      | <b>32%</b>    | <b>54%</b>            | <b>61%</b>    | <b>99%</b>                 | <b>98%</b>       |

The impact of intercompany and related-party transactions on the income statement, as detailed in the previous table in relation to 2011, 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 2012

| Counterparty<br>(€ thousand)                               | Other<br>fin.<br>assets | Trade<br>recs. | Current<br>financial<br>receivables | Other<br>current<br>recs. | Non-<br>current<br>employee<br>provisions | Non-<br>current<br>debt | Other non-<br>current<br>liabilities | Trade<br>pays. | Current<br>debt  | Other<br>debt  |
|--|-------------------------|----------------|-------------------------------------|---------------------------|---|-------------------------|--------------------------------------|----------------|------------------|----------------|
| Chrysler Group LLC   | -                       | 379            | -                                   | -                         | -   | -                       | -                                    | 1,311          | -                | -              |
| Ferrari S.p.A.   | -                       | 159            | -                                   | -                         | -   | -                       | -                                    | 5              | -                | -              |
| Fiat Group Automobiles S.p.A.                              | -                       | 724            | -                                   | -                         | -   | -                       | -                                    | 180            | -                | 6              |
| Fiat Finance S.p.A.  | -                       | -              | 58,281                              | -                         | -   | 1,400,000               | -                                    | -              | 1,266,774        | -              |
| Fiat Group Marketing & C.C. S.p.A.                         | -                       | -              | -                                   | -                         | -   | -                       | -                                    | 1,683          | -                | -              |
| Fiat Servizi per l'Industria S.c.p.A.                      | -                       | -              | -                                   | -                         | -   | -                       | -                                    | 667            | -                | -              |
| Fiat Service S.p.A.  | -                       | -              | -                                   | -                         | -   | -                       | -                                    | 267            | -                | -              |
| Fiat I.T.E.M. S.p.A.                                       | -                       | -              | -                                   | -                         | -   | -                       | -                                    | 139            | -                | -              |
| Fiat Partecipazioni S.p.A.                                 | -                       | 2              | -                                   | -                         | -   | -                       | -                                    | 1,379          | -                | -              |
| Leasys S.p.A.  | -                       | -              | -                                   | -                         | -   | -                       | -                                    | 302            | -                | -              |
| Maserati S.p.A.  | -                       | 161            | -                                   | -                         | -   | -                       | -                                    | -              | -                | -              |
| Sirio S.c.p.A.   | -                       | -              | -                                   | -                         | -   | -                       | -                                    | 124            | -                | -              |
| Other Group companies                                      | -                       | 151            | -                                   | -                         | -   | -                       | -                                    | 467            | -                | -              |
| IRES tax consolidation                                     | -                       | -              | -                                   | 134,652                   | -   | -                       | -                                    | -              | -                | 137,891        |
| VAT consolidation  | -                       | -              | -                                   | -                         | -   | -                       | -                                    | -              | -                | 205,989        |
| Financial guarantees                                       | 12,035                  | -              | -                                   | -                         | -   | 12,035                  | -                                    | -              | -                | -              |
| <b>Total Group companies</b>                               | <b>12,035</b>           | <b>1,576</b>   | <b>58,281</b>                       | <b>134,652</b>            | <b>-</b>                                  | <b>1,412,035</b>        | <b>-</b>                             | <b>6,524</b>   | <b>1,266,774</b> | <b>343,886</b> |
| Other related parties                                      | -                       | 409            | -                                   | 1,566                     | 126,173                                   | -                       | -                                    | 284            | -                | 6,744          |
| <b>Total Group companies<br/>and other related parties</b> | <b>12,035</b>           | <b>1,985</b>   | <b>58,281</b>                       | <b>136,218</b>            | <b>126,173</b>                            | <b>1,412,035</b>        | <b>-</b>                             | <b>6,808</b>   | <b>1,266,774</b> | <b>350,630</b> |
| Total  | 12,109                  | 4,756          | 58,281                              | 302,707                   | 140,851                                   | 1,412,035               | 17,165                               | 17,301         | 1,294,074        | 364,460        |
| <b>% of total line item</b>                                | <b>99%</b>              | <b>42%</b>     | <b>100%</b>                         | <b>45%</b>                | <b>90%</b>                                | <b>100%</b>             | <b>0%</b>                            | <b>39%</b>     | <b>98%</b>       | <b>96%</b>     |

## 31 December 2011

| Counterparty<br>(€ thousand)                               | Other<br>fin.<br>assets | Trade<br>recs. | Current<br>financial<br>receivables | Other<br>current<br>recs. | Non-<br>current<br>employee<br>provisions | Non-<br>current<br>debt | Other non-<br>current<br>liabilities | Trade<br>pays. | Current<br>debt  | Other<br>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                  | -                                    | -              | -                | -              |
| <b>Total Group companies</b>                               | <b>12,892</b>           | <b>738</b>     | <b>374,806</b>                      | <b>166,648</b>            | <b>-</b>                                  | <b>2,162,892</b>        | <b>-</b>                             | <b>4,646</b>   | <b>1,050,746</b> | <b>313,337</b> |
| Other related parties                                      | -                       | 1,681          | -                                   | 1,479                     | 123,341                                   | -                       | 2,994                                | 603            | -                | 5,471          |
| <b>Total Group companies<br/>and other related parties</b> | <b>12,892</b>           | <b>2,419</b>   | <b>374,806</b>                      | <b>168,127</b>            | <b>123,341</b>                            | <b>2,162,892</b>        | <b>2,994</b>                         | <b>5,249</b>   | <b>1,050,746</b> | <b>318,808</b> |
| Total  | 12,966                  | 4,863          | 374,806                             | 277,354                   | 137,364                                   | 2,162,892               | 18,214                               | 19,398         | 1,075,432        | 332,596        |
| <b>% of total line item</b>                                | <b>99%</b>              | <b>50%</b>     | <b>100%</b>                         | <b>61%</b>                | <b>90%</b>                                | <b>100%</b>             | <b>16%</b>                           | <b>27%</b>     | <b>98%</b>       | <b>96%</b>     |

Items arising from the domestic tax consolidation (see Notes 16 and 25) and the consolidated VAT settlement (see Note 25) 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 20).

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., Teksid S.p.A., Comau S.p.A., Fiat Services 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 26) 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 S.p.A., Fiat Automoveis S.A.- FIASA, Fiat Finance and Trade Ltd. S.A., 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 and management of derivative financial instruments (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 China Business Co. Ltd., Fiat do Brasil S.A., Fiat Services Polska Sp. z o.o., Fiat Finance et Service S.A.), vehicle leases (Leasys S.p.A.), management and maintenance services and office space (Fiat Partecipazioni S.p.A.) and expense recoveries

During 2012, 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:

- dividends received from investees (see Note 1)
- subscription to capital increases of €200.0 million for Fiat Group Automobiles S.p.A., €180.0 million for Maserati S.p.A., €39.0 million for Editrice La Stampa S.p.A. and €25.0 million for Teksid Aluminum S.r.l. to strengthen their capital structure in consideration of their financial results (see Note 11)
- the acquisition from Fiat Group Automobiles S.p.A. of the residual 3.29% holding in Fiat Partecipazioni S.p.A. (€15.3 million) and the acquisition from Fiat Finance S.p.A. of its 40% stake in Fiat Finance and Trade Ltd. S.A. (€115.5 million)

Related-party transactions (as defined under IAS 24) not involving subsidiaries are reported above under "Other related parties". Those transactions essentially related to:

- dividends received from Fiat Industrial S.p.A. (see Note 1)
- personnel and other services rendered (to Fiat Industrial S.p.A.) and financial advisory services (to Fiat Industrial Finance S.p.A.)
- lease of office space (to Fiat Industrial S.p.A., Fiat Industrial Finance S.p.A., Exor S.p.A., Fondazione Giovanni Agnelli and Giovanni Agnelli & C. S.a.p.az.) and cost charge-backs
- purchase of services provided by management personnel (Fiat Industrial S.p.A.) and cost charge-backs
- 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

### 30. Net financial position

Pursuant to 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 2012 is as follows:

| (€ thousand)                   | 31 December 2012   | 31 December 2011   | Change         |
|--------------------------------|--------------------|--------------------|----------------|
| Cash and cash equivalents      | 554                | 744                | (190)          |
| Current financial receivables: | 58,281             | 374,806            | (316,525)      |
| - from Group companies         | 58,281             | 374,806            | (316,525)      |
| - from third parties           | -                  | -                  | -              |
| Non-current debt:              | (1,412,035)        | (2,162,892)        | 750,857        |
| - due to Group companies       | (1,412,035)        | (2,162,892)        | 750,857        |
| - due to third parties         | -                  | -                  | -              |
| Current debt:                  | (1,294,074)        | (1,075,432)        | (218,642)      |
| - due to Group companies       | (1,266,774)        | (1,050,746)        | (216,028)      |
| - due to third parties         | (27,300)           | (24,686)           | (2,614)        |
| <b>Net financial position</b>  | <b>(2,647,274)</b> | <b>(2,862,774)</b> | <b>215,500</b> |
| - due to Group companies       | (2,620,528)        | (2,838,832)        | 218,304        |
| - due to third parties         | (26,746)           | (23,942)           | (2,804)        |



**31. Significant non-recurring transactions and unusual or abnormal transactions**

During 2012, 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.

**32. Subsequent Events**

- On 9 January 2013, Chrysler Group announced that it had received a demand from VEBA, pursuant to the Shareholder Agreement, seeking registration of approximately 16.6% of Chrysler Group's outstanding equity interests currently owned by VEBA
- On 18 January 2013, Fiat Group Automobiles S.p.A. (FGA) and Mazda Motor Corporation (Mazda) signed a final agreement for the development and manufacture of a new roadster for the Mazda and Alfa Romeo brands, based on Mazda's next-generation MX-5 rear-wheel-drive architecture. Each model will be powered by proprietary engines unique to the respective brands. Both vehicles will be manufactured at the Mazda plant in Hiroshima, Japan. Production of the Alfa Romeo model is scheduled to begin in 2015
- On 6 February 2013, Chrysler signed a 10-year private-label agreement, subject to early termination in certain circumstances, with Santander Consumer USA Inc. to provide a full range of wholesale and retail financing services to Chrysler and Fiat customers and dealers, which will be provided under the Chrysler Capital brand name. The new financing service is scheduled to launch 1 May 2013 and Ally Financial Inc. will continue to provide financial services to Chrysler and Fiat customers and dealers until that date

## List of equity investments with additional information required by Consob (Communication DEM/6064293 of 28 July 2006)

### Subsidiaries

| Company and registered office  | Share Capital <sup>(*)</sup><br>(€) | Result for the<br>latest financial<br>year <sup>(*)</sup> (€) | Equity <sup>(*)</sup> (€) | % owned by<br>Fiat S.p.A. | Number<br>of shares | Book value<br>(€)    |
|--|-------------------------------------|---|---------------------------|---------------------------|---------------------|----------------------|
| <b>Fiat Group Automobiles S.p.A. – Turin</b>   |                                     |   |                           |                           |                     |                      |
| At 31.12.11  | 745,031,979                         | (791,190,074)   | 1,484,682,749             | 100.00                    | 745,031,979         | 5,524,081,024        |
| contribution of investment in<br>Fiat Powertrain Technologies S.p.A.                   |                                     |   |                           |                           | 24,968,021          | 590,000,000          |
| capital contribution   |                                     |   |                           |                           |                     | 200,000,000          |
| <b>At 31.12.12</b>   | <b>770,000,000</b>                  | <b>(1,352,333,589)</b>  | <b>922,349,161</b>        | <b>100.00</b>             | <b>770,000,000</b>  | <b>6,314,081,024</b> |
| <b>Ferrari S.p.A. – Modena</b>   |                                     |   |                           |                           |                     |                      |
| At 31.12.11  | 20,260,000                          | 176,591,960   | 664,936,050               | 90.00                     | 7,293,600           | 1,187,634,587        |
| <b>At 31.12.12</b>   | <b>20,260,000</b>                   | <b>227,030,630</b>  | <b>891,966,680</b>        | <b>90.00</b>              | <b>7,293,600</b>    | <b>1,187,634,587</b> |
| <b>Maserati S.p.A. – Modena</b>  |                                     |   |                           |                           |                     |                      |
| At 31.12.11  | 40,000,000                          | (28,041,337)  | 102,052,702               | 100.00                    | 40,000,000          | 173,798,379          |
| capital contribution   |                                     |   |                           |                           |                     | 180,000,000          |
| <b>At 31.12.12</b>   | <b>40,000,000</b>                   | <b>(55,558,032)</b>   | <b>226,494,668</b>        | <b>100.00</b>             | <b>40,000,000</b>   | <b>353,798,379</b>   |
| <b>Magneti Marelli S.p.A. – Corbetta</b>   |                                     |   |                           |                           |                     |                      |
| At 31.12.11  | 254,325,965                         | (9,087,570)   | 378,695,166               | 99.99                     | 254,301,607         | 611,854,217          |
| <b>Ordinary shares</b>   |                                     |   |                           |                           |                     |                      |
| At 31.12.11  |                                     |   |                           | 100.00                    | 250,500,601         | 602,696,271          |
| <b>At 31.12.12</b>   |                                     |   |                           | <b>100.00</b>             | <b>250,500,601</b>  | <b>602,696,271</b>   |
| <b>Preference shares</b>   |                                     |   |                           |                           |                     |                      |
| At 31.12.11  |                                     |   |                           | 99.36                     | 3,801,006           | 9,157,946            |
| <b>At 31.12.12</b>   |                                     |   |                           | <b>99.36</b>              | <b>3,801,006</b>    | <b>9,157,946</b>     |
| <b>At 31.12.12</b>   | <b>254,325,965</b>                  | <b>(8,701,516)</b>  | <b>369,993,650</b>        | <b>99.99</b>              | <b>254,301,607</b>  | <b>611,854,217</b>   |
| <b>Teksid S.p.A. – Turin</b>   |                                     |   |                           |                           |                     |                      |
| At 31.12.11  | 71,403,261                          | 14,929,985  | 162,137,765               | 84.79                     | 60,543,388          | 76,083,758           |
| <b>At 31.12.12</b>   | <b>71,403,261</b>                   | <b>13,141,810</b>   | <b>175,279,575</b>        | <b>84.79</b>              | <b>60,543,388</b>   | <b>76,083,758</b>    |
| <b>Teksid Aluminum S.r.l. – Carmagnola</b>   |                                     |   |                           |                           |                     |                      |
| At 31.12.11  | 5,000,000                           | (39,572,964)  | 634,861                   | 100.00                    |                     | 21,192,021           |
| capital contribution   |                                     |   |                           |                           |                     | 25,000,000           |
| impairment   |                                     |   |                           |                           |                     | (15,000,000)         |
| <b>At 31.12.12</b>   | <b>5,000,000</b>                    | <b>(14,941,773)</b>   | <b>10,693,089</b>         | <b>100.00</b>             |                     | <b>31,192,021</b>    |
| <b>Comau S.p.A. – Grugliasco</b>   |                                     |   |                           |                           |                     |                      |
| At 31.12.11  | 48,013,959                          | (144,690,594)   | 72,715,049                | 100.00                    | 48,013,959          | 97,850,496           |
| <b>At 31.12.12</b>   | <b>48,013,959</b>                   | <b>(9,418,342)</b>  | <b>82,133,391</b>         | <b>100.00</b>             | <b>48,013,959</b>   | <b>97,850,496</b>    |
| <b>Fiat Gestione Partecipazioni S.p.A. – Turin</b>                                     |                                     |   |                           |                           |                     |                      |
| At 31.12.11  | 614,071,587                         | 33,175,919  | 2,363,561,882             | 100.00                    | 614,071,587         | 2,801,682,264        |
| impairment   |                                     |   |                           |                           |                     | (933,700,00)         |
| <b>At 31.12.12</b>   | <b>614,071,587</b>                  | <b>53,011,259</b>   | <b>1,416,453,658</b>      | <b>100.00</b>             | <b>614,071,587</b>  | <b>1,867,982,264</b> |
| <b>Fiat Partecipazioni S.p.A. – Turin</b>  |                                     |   |                           |                           |                     |                      |
| At 31.12.11  | 148,679,554                         | 175,801,290   | 453,637,856               | 96.71                     | 143,783,794         | 387,059,228          |
| purchase   |                                     |   |                           | 3.29                      | 4,895,760           | 15,348,110           |
| transfer of activities from Editrice La Stampa S.p.A.<br>to Fiat Partecipazioni S.p.A. |                                     |   |                           |                           | 2,000,000           | 7,475,000            |
| <b>At 31.12.12</b>   | <b>150,679,554</b>                  | <b>(6,313,106)</b>  | <b>449,324,750</b>        | <b>100.00</b>             | <b>150,679,554</b>  | <b>409,882,338</b>   |

(\*) 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 (*)<br>(€) | Result for the<br>latest financial<br>year (*) (€) | Equity (*) (€)     | % owned by<br>Fiat S.p.A.     | Number<br>of shares           | Book value<br>(€)     |
|--|--------------------------|--|--------------------|-------------------------------|-------------------------------|-----------------------|
| <b>Fiat Finance S.p.A. – Turin</b>   |                          |  |                    |                               |                               |                       |
| At 31.12.11  | 224,440,000              | 25,289,882   | 268,609,696        | 100.00                        | 224,440,000                   | 222,262,897           |
| <b>At 31.12.12</b>   | <b>224,440,000</b>       | <b>24,449,968</b>                                  | <b>269,034,782</b> | <b>100.00</b>                 | <b>224,440,000</b>            | <b>222,262,897</b>    |
| <b>Fiat Finance and Trade Ltd. S.A. – Luxembourg</b>   |                          |  |                    |                               |                               |                       |
| purchase   |                          |  |                    | 40.00                         | 5,366                         | 115,500,000           |
| <b>At 31.12.12</b>   | <b>251,494,000</b>       | <b>1,216,507</b>                                   | <b>288,693,442</b> | <b>40.00</b><br><b>+60.00</b> | <b>5,366</b><br><b>ind.</b>   | <b>115,500,000</b>    |
| <b>Editrice La Stampa S.p.A. – Turin</b><br>(formerly Itedi – Italiana Edizioni S.p.A. – Turin)                |                          |  |                    |                               |                               |                       |
| At 31.12.11  | 5,980,000                | (5,141,785)  | 5,459,580          | 100.00                        | 5,980,000                     | 25,899,105            |
| transfer of activities from Itedi – Italiana Edizioni S.p.A.<br>to Editrice La Stampa S.p.A.                   |                          |  |                    | 100.00                        | (5,980,000)<br>7,700,000      |                       |
| capital contribution   |                          |  |                    |                               |                               | 39,000,000            |
| transfer of activities from Editrice La Stampa S.p.A.<br>to Fiat Partecipazioni S.p.A.                         |                          |  |                    |                               | (2,000,000)                   | (7,475,000)           |
| <b>At 31.12.12</b>   | <b>5,700,000</b>         | <b>(26,956,408)</b>                                | <b>15,503,171</b>  | <b>100.00</b>                 | <b>5,700,000</b>              | <b>57,424,105</b>     |
| <b>Fiat U.S.A. Inc. – New York (USA)</b>   |                          |  |                    |                               |                               |                       |
| 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         |                               |                               |                       |
| <b>At 31.12.12</b>   | <b>12,755,798</b>        | <b>(79,746)</b>                                    | <b>25,821,058</b>  | <b>100.00</b>                 | <b>1,000</b>                  | <b>27,257,726</b>     |
| USD  | <b>16,830,000</b>        | <b>(105,217)</b>                                   | <b>34,068,305</b>  |                               |                               |                       |
| <b>Isvor Fiat Società consortile di sviluppo<br/>e addestramento Industriale per Azioni – Turin</b>            |                          |  |                    |                               |                               |                       |
| At 31.12.11  | 300,000                  | 323,679  | 1,765,626          | 3.00                          | 9,000                         | -                     |
| <b>At 31.12.12</b>   | <b>300,000</b>           | <b>(210,288)</b>                                   | <b>1,555,338</b>   | <b>3.00</b><br><b>+97.00</b>  | <b>9,000</b><br><b>ind.</b>   | <b>-</b>              |
| <b>Fiat-Revisione Interna S.c.p.A. – Turin</b>   |                          |  |                    |                               |                               |                       |
| At 31.12.11  | 300,000                  | 1,240,867  | 1,893,915          | 71.00                         | 213,000                       | 317,580               |
| <b>At 31.12.12</b>   | <b>300,000</b>           | <b>(95,925)</b>                                    | <b>1,797,991</b>   | <b>71.00</b><br><b>+13.00</b> | <b>213,000</b><br><b>ind.</b> | <b>317,580</b>        |
| <b>Fiat Servizi per l'Industria S.c.p.A. – Turin</b>   |                          |  |                    |                               |                               |                       |
| At 31.12.11  | 1,652,669                | 160,478  | 4,111,263          | 5.00                          | 82,633                        | 70,720                |
| <b>At 31.12.12</b>   | <b>1,652,669</b>         | <b>279,799</b>                                     | <b>4,391,062</b>   | <b>5.00</b><br><b>+86.00</b>  | <b>82,633</b><br><b>ind.</b>  | <b>70,720</b>         |
| <b>Orione S.c.p.A. - Società Industriale per la<br/>Sicurezza e la Vigilanza Consortile per Azioni – Turin</b> |                          |  |                    |                               |                               |                       |
| At 31.12.11  | 120,000                  | 106,814  | 812,449            | 18.00                         | 21,603                        | 21,108                |
| <b>At 31.12.12</b>   | <b>120,000</b>           | <b>196,956</b>                                     | <b>1,009,405</b>   | <b>18.00</b><br><b>+79.58</b> | <b>21,603</b><br><b>ind.</b>  | <b>21,108</b>         |
| <b>SIRIO - Sicurezza Industriale Società<br/>consortile per Azioni – Turin</b>                                 |                          |  |                    |                               |                               |                       |
| At 31.12.11  | 120,000                  | 381,911  | 4,389,781          | 0.75                          | 901                           | 764                   |
| <b>At 31.12.12</b>   | <b>120,000</b>           | <b>1,760,933</b>                                   | <b>6,150,714</b>   | <b>0.75</b><br><b>+85.92</b>  | <b>901</b><br><b>ind.</b>     | <b>764</b>            |
| <b>Total subsidiaries</b>  |                          |  |                    |                               |                               | <b>11,373,213,984</b> |

(\*) 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 <sup>(*)</sup><br>(€) | Result for the<br>latest financial<br>year <sup>(*)</sup> (€) | Equity <sup>(*)</sup> (€) | % owned by<br>Fiat S.p.A. | Number<br>of shares | Book value<br>(€) |
|--------------------------------------|-------------------------------------|---|---------------------------|---------------------------|---------------------|-------------------|
| <b>RCS MediaGroup S.p.A. – Milan</b> |                                     |   |                           |                           |                     |                   |
| At 31.12.11                          | 762,019,050                         | (43,176,408)  | 1,188,711,933             | 10.09                     | 76,907,627          | 131,785,440       |
| impairment                           |                                     |   |                           |                           |                     | (35,266,000)      |
| <b>At 31.12.12</b>                   | <b>762,019,050</b>                  | <b>(112,771,537)</b>  | <b>1,051,425,837</b>      | <b>10.09</b>              | <b>76,907,627</b>   | <b>96,519,440</b> |
| <b>Total associate companies</b>     |                                     |   |                           |                           |                     | <b>96,519,440</b> |

(\*) Figures taken from the 2010 and 2011 Separate Financial Statements.

### Other companies

| Company and registered office   | % owned by Fiat S.p.A. | Number of shares  | Book value (€)     |
|---|------------------------|-------------------|--------------------|
| <b>Fiat Industrial S.p.A. – Turin</b>   |                        |                   |                    |
| At 31.12.11   | 3.00                   | 38,215,333        | 253,176,581        |
| Allocation to the Chief Executive Officer of Fiat Industrial S.p.A.<br>ordinary shares following vesting of rights related to the 2009 stock plan |                        | (4,000,000)       | (26,500,000)       |
| purchase  |                        | 694               | 4,141              |
| fair value adjustment   |                        |                   | 55,772,581         |
| <b>At 31.12.12</b>  | <b>2.80</b>            | <b>34,216,027</b> | <b>282,453,303</b> |
| <b>Assicurazioni Generali S.p.A. – Trieste</b>  |                        |                   |                    |
| At 31.12.11   | 0.01                   | 187,710           | 2,183,067          |
| fair value adjustment   |                        |                   | 396,068            |
| <b>At 31.12.12</b>  | <b>0.01</b>            | <b>187,710</b>    | <b>2,579,135</b>   |
| <b>Fin. Priv. S.r.l. – Milan</b>  |                        |                   |                    |
| At 31.12.11   | 14.29                  |                   | 9,795,047          |
| fair value adjustment   |                        |                   | 453,833            |
| <b>At 31.12.12</b>  | <b>14.29</b>           |                   | <b>10,248,880</b>  |
| <b>Consorzio Lingotto – Turin</b>   |                        |                   |                    |
| At 31.12.11   | 5.40                   |                   | 279                |
| <b>At 31.12.12</b>  | <b>5.40</b>            |                   | <b>279</b>         |
| <b>Total other companies</b>  |                        |                   | <b>295,281,597</b> |

20 February 2013

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 2012 for audit and other services provided by the independent auditors and entities in their network.

| (€ thousand)          | Service Provider                            | 2012 Fees    |
|-----------------------|---|--------------|
| <b>Audit</b>          | Reconta Ernst & Young S.p.A. <sup>(1)</sup> | 3,170        |
| <b>Attestation</b>    | Reconta Ernst & Young S.p.A. <sup>(2)</sup> | 680          |
| <b>Other services</b> | -   | -            |
| <b>Total</b>          |   | <b>3,850</b> |

(1) Includes €3,053,000 fees for ISA 600 audit procedures on Chrysler Group LLC reporting package consolidated into Fiat.

(2) Attestation related to review of Internal Control over Financial Reporting.

# 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 2012.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2012 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 2012:

- 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 Council, 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 2012 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.

20 February 2013

/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**



Auditors' Reports  
and Motions for AGM

# Reports of the Independent Auditors



# Consolidated Financial Statements at December 31, 2012

## Independent Auditors' Report pursuant to Articles 14 and 16 of Legislative Decree n. 39 dated January 27, 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 December 31, 2012, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Fiat S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.  
  
For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to the report issued by other auditors dated February 27, 2012.
3. In our opinion, the consolidated financial statements of the Fiat Group at December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Fiat Group for the year then ended.

4. The management of Fiat S.p.A. is responsible for the preparation of the Report on Operations and the Annual Report on Corporate Governance, published in the section “Corporate Governance” of Fiat S.p.A.’s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Annual Report on Corporate Governance, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Annual Report on Corporate Governance, are consistent with the consolidated financial statements of the Fiat Group as of December 31, 2012.

Turin, February 25, 2013

**RECONTA ERNST & YOUNG S.P.A.**

Signed by  
Felice Persico  
**Partner**

*This report has been translated into the English language solely for the convenience of international readers*

# Statutory Financial Statements at December 31, 2012

## Independent Auditors' Report pursuant to Articles 14 and 16 of Legislative Decree n. 39 dated January 27, 2010

### **To the Shareholders of Fiat S.p.A.**

1. We have audited the financial statements of Fiat S.p.A. as of and for the year ended December 31, 2012, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Fiat S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
3. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.  
  
For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to the report issued by other auditors dated February 27, 2012.
3. In our opinion, the financial statements of Fiat S.p.A. at December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Fiat S.p.A. for the year then ended.

4. The management of Fiat S.p.A. is responsible for the preparation of the Report on Operations and the Annual Report on Corporate Governance, published in the section “Corporate Governance” of Fiat S.p.A.’s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-*bis* of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Annual Report on Corporate Governance, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-*bis* of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Annual Report on Corporate Governance, are consistent with the financial statements of Fiat S.p.A. as of December 31, 2012.

Turin, February 25, 2013

**RECONTA ERNST & YOUNG S.P.A.**

Signed by  
Felice Persico  
**Partner**

*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 Fiat S.p.A. 2012 consolidated financial statements presented to you report a net profit of €1,411 million, of which €1,063 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 have been 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 Reconta Ernst & Young S.p.A., the independent auditors, led to their opinion that:

*“the consolidated financial statements of the Fiat Group at December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Fiat Group for the year then ended.”*

The audit report also stated that:

*“In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Annual Report on Corporate Governance, are consistent with the consolidated financial statements of the Fiat Group as of December 31, 2012.”*

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.

Determination of the scope of consolidation, and the methods and procedures applied for consolidation of investees conform to the requirements of IFRS. The structure of the consolidated financial statements can therefore be considered technically correct and consistent overall with those standards.

The report on operations adequately represents the operating and financial performance of the Group for 2012, as well as events occurring subsequent to year end relevant to the consolidated group. Based on the examination conducted, we found the report to be consistent with the consolidated financial statements.

Turin, 26 February 2013

## **The Statutory Auditors**

**Ignazio Carbone** /s/ Ignazio Carbone

**Lionello Jona Celesia** /s/ Lionello Jona Celesia

**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 to Shareholders on its activities 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.

The following report is based on the activities carried out during the year in fulfillment of our responsibilities under Article 149 of Legislative Decree 58/98.

We attended meetings of the Board of Directors at which we were informed on activities and transactions approved by the Board and carried out by the Company and/or its subsidiaries that had a significant impact on the financial statements.

On the basis of the information received, we ascertained that those transactions complied with the applicable provisions of law and the By-laws, were not in 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 size 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) examination of the Compliance Officer's reports on the 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 management and the statutory and independent auditors of the principal and most significant subsidiaries, pursuant to Article 151 (1) & (2) of Legislative Decree 58/1998; vi) participation in the activities of the Internal Control and Risk Committee, a Board Committee composed of three independent directors. Participation in those activities also enabled the Statutory Auditors to coordinate with the Committee in relation to 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 19 February 2013, we received a communication from Reconta Ernst & Young 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:
  - ▣ audit of the internal control system in relation to Fiat Group's financial reporting for the 2012 financial year – fees totaling €680,000
  - ▣ agreed audit procedures for the reporting package prepared by Chrysler Group LLC for the purposes of the 2012 consolidated financial statements, half-year financial report and quarterly reports for Fiat S.p.A. and subsidiaries – fees totaling €3,053,000
 Those activities were approved by the Shareholders of Fiat S.p.A.



On 25 February 2013, Reconta Ernst & Young S.p.A. presented a report pursuant to Article 19 (3) of Legislative Decree 39/2010 in which it communicated that no material 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 notification of 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 2012 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 management and the statutory and independent 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 reports of the Compliance Program Supervisory Body on activities carried out during 2012 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 Reconta Ernst & Young S.p.A, issued on 25 February 2013, 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 Corporate Governance Code for Italian Listed Companies issued in December 2011, with modifications that take into account the specific characteristics of the Group."

The above is discussed in detail in the Annual Report on Corporate Governance (February 2013) prepared by the Board of Directors, which is available for your review.

During the year, the Board of Statutory Auditors actively followed the activities carried out by Reconta Ernst & Young S.p.A. in relation to monitoring Fiat Group's liquidity.

The Board of Statutory Auditors focused on the most significant aspects of the Fiat-Chrysler agreements, including reviewing the Master Transaction Agreement with the support of Fiat's legal department. In particular, the Board of Statutory Auditors was briefed on the procedures, terms and conditions for exercise of the various call options contained within those agreements.

During the year, the Board of Statutory Auditors received a number of complaints from the shareholder Marco Bava – which the shareholder defined as within the scope of “Article 2408 of the Civil Code” – to which we reply herein.

The complaints received from the shareholder – dated April 12, July 23, July 24 and October 29 – related respectively to:

- the conduct of business and proceedings at the General Meeting of Shareholders of 4 April 2012
- the archiving of materials relating to solicitations for appointment as proxy on the website [www.fiatspa.com](http://www.fiatspa.com)
- the exclusion (removal) of Mr. Bava from events organized by subsidiary companies which were by invitation only (July 2: presentation of the 500L to the media; October 29: inauguration of new offices and museum for the newspaper *La Stampa*)

Irrespective of whether the complaints received were within its remit, for each matter referred the Board of Statutory Auditors undertook a rigorous examination of the facts and found no censurable acts, pursuant to Article 2408 of the Civil Code, or legal or regulatory violations.

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 2012, which report a loss of €152,349,998, 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 a total of 19 times, of which 15 were conducted by the current Board of Statutory Auditors, which has been in office since 4 April 2012. In addition, the Board of Statutory Auditors was present at the 6 meetings of the Board of Directors (of which 4 were attended by the Statutory Auditors in office since 4 April 2012) and the 8 meetings of the Internal Control and Risk Committee (of which 6 were attended by the Statutory Auditors in office since 4 April 2012), which it also attended in its role as Internal Control and Audit Committee pursuant to Article 19 of Legislative Decree 39/2010.

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 2012 or the motions put forward by the Board of Directors.

Turin, 26 February 2013

### **The Statutory Auditors**

**Ignazio Carbone** /s/ Ignazio Carbone

**Lionello Jona Celesia** /s/ Lionello Jona Celesia

**Piero Locatelli** /s/ Piero Locatelli



# Motions for AGM

# 1) Motion for Approval of the Statutory Financial Statements and Allocation of 2012 Net Result

Shareholders,

We hereby submit for your approval the Statutory Financial Statements for the year ended 31 December 2012, which report a net loss of €152,349,998. We propose that the loss be allocated to the Retained Profit reserve, bringing the value of the reserve to €1,758,623,155.

20 February 2013

*On behalf of the Board of Directors*

/s/ John Elkann

John Elkann

**CHAIRMAN**

## 2) Compensation and Own Shares

### a) Compensation Policy pursuant to Article 123-ter of 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, Consob Regulation 11971 of 14 May 1999 – that was published in accordance with legal requirements and is available on the corporate website [www.fiatspa.com](http://www.fiatspa.com).

#### “Definitions

|   |   |
|---|---|
| <b>Annual Total Direct Compensation</b>           | 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, (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, including the granting of shares occurred during the year upon satisfaction of the vesting conditions of an equity incentive plan |
| <b>Board of Directors</b>                         | means the board of directors of the Company   |
| <b>Board of Statutory Auditors</b>                | means the board of statutory auditors of the Company  |
| <b>CEO</b>  | means the Chief Executive Officer of the Company, namely Mr. Sergio Marchionne  |
| <b>Chief Human Resources Officer</b>              | means the Chief Human Resources Officer of the Group  |
| <b>Company</b>                                    | means Fiat S.p.A.   |
| <b>Compensation Committee</b>                     | means the Compensation Committee, entirely composed of independent directors, namely, as of the date of this Compensation Report: Mr. René Carron (as Chairman), Mr. Gian Maria Gros-Pietro and Ms. Patience Wheatcroft   |
| <b>Compensation Policy</b>                        | means the compensation policy described in Section 1 of this Compensation Report  |
| <b>Compensation Report</b>                        | 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   |
| <b>Corporate Governance Code</b>                  | means the Corporate Governance Code for Italian Listed Companies issued by Borsa Italiana, to which the Company adheres   |
| <b>EU Recommendations</b>                         | means the EU Recommendation 2004/913 and EU Recommendation 2009/385   |
| <b>Executive Directors</b>                        | means the directors granted by the Board of Directors with a special office and duties and namely Mr. John Elkann and Mr. Sergio Marchionne   |
| <b>Executives with Strategic Responsibilities</b> | means the members of the Group Executive Council and other key corporate executives reporting to the CEO  |
| <b>Financial Act</b>                              | means the Legislative Decree no. 58 of February 24, 1998  |

|  |  |
|--|--|
| <b>Group</b>                                 | means the Company together with its subsidiaries   |
| <b>Group Executive Council</b>               | 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 |
| <b>Issuers' Regulation</b>                   | means the CONSOB Regulation no. 11971 of May 14, 1999  |
| <b>LTI</b>                                   | means the LTI Plan based on equity instruments approved by the shareholders' meeting of the Company on April 4, 2012 and described in the Report to the shareholders issued by the Company pursuant to Article 114- <i>bis</i> of the Financial Act  |
| <b>Performance and Leadership Bonus Plan</b> | 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  |
| <b>Related Parties Regulation</b>            | 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 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 and approved for the first time by the Board of Directors in February 2012 and then approved by the shareholders' meeting of the Company. On February 20, 2013 the Board of Directors, with the concurring advice of the Compensation Committee, approved this Policy, which will be submitted for approval to the shareholders' meeting called to resolve also on the 2012 financial statements.

### 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 2012 financial statements, was adopted by the Board of Directors on February 20, 2013.

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. In the meeting held on 19 February, 2013, the Compensation Committee was advised by the Chief Human Resources Officer that the Compensation Policy had been followed by the Company in its dealings with the Executive Directors and the Executives with Strategic Responsibilities.

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. On a yearly basis the Chief Human Resources Officer reports to the Compensation Committee and advises such Committee on the implementation 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<br>Compensation Committee | Directors, absent the Executive Directors | Yes   |
| Executives with Strategic Responsibilities | Chief Human Resources Officer | 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. René Carron (as Chairman), Mr. Gian Maria Gros-Pietro and Ms. Patience Wheatcroft, 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](http://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:

- presenting proposals to the Board in relation to compensation policies for directors and executives with strategic responsibilities;
- 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;
- examining proposals from the Chief Executive Officer concerning compensation and performance evaluations for executives with strategic responsibilities;
- 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;
- carrying out the functions of the committee for transactions with related parties, where related to compensation;
- 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 the Compensation Policy were prepared and approved for the first time by the Compensation Committee on February 22, 2012.

In the first months of 2012, the Compensation Committee met twice to perform the preliminary activities necessary to submit to the Board of Directors the proposal of an equity incentive plan (LTI).

During 2012, the Committee was advised by the Company's management on a benchmark analysis, carried out on a European basis and taking into particular consideration the forty most traded companies on the Milan Stock Exchange (which compose the so called FTSE-MIB Index), on the compensation of non- executive directors. On the basis also of this benchmark analysis, and with the aim to align the compensation of non-Executive Directors holding special offices on the average of the sample examined, the Board of Directors, based on the Compensation Committee proposal, approved to grant, pursuant to Article 2389 of the Italian Civil Code, a fixed compensation to the Directors who are also members of the Committees established by the Board (see also paragraph D3).

In accordance with the Procedures for Transactions with Related Parties, the Committee held a session on February 19, 2013 to examine the proposal of variable compensation of the CEO for 2012, proposing also the confirmation of fixed remuneration as determined in 2011.

On February 19, 2013 the Compensation Committee reviewed 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 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 and of the criteria for the determination of the fixed compensation of the non-Executive Directors.

In particular:

- The LTI Plan was approved by the shareholders meeting on April 4, 2012
- Since the shareholders meeting held on April 4, 2012, the fixed compensation of non-Executive Directors not holding particular offices has been determined in euro 50,000 (whereas, before such shareholders meeting resolution, in addition to such fixed compensation directors benefitted of a meeting fee for each Board or Committee session).

As mentioned above, in 2012 the Board of Directors, pursuant to Article 2389 third paragraph of the Italian Civil Code, resolved to grant to the non-Executive Directors who are also members of the Committees established by the Board the following annual fixed compensation:

- Chair of the Internal Control and Risk Committee: euro 30,000
- Members of Internal Control and Risk Committee: euro 20,000
- Chair of the other Committees: euro 20,000
- Members of the other Committees: euro 15,000.

With reference to the said resolution of the Board of Directors, the Compensation Committee conducted the preliminary advisory activities mentioned in paragraph B3 above.

## **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. Non-Executive Directors holding particular offices receive also the additional compensation referred to in the previous paragraph D3. 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, which can be 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 Business Plan. 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.

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.

For information on the LTI Plan approved in 2012, please refer to the Report on such LTI Plan available on the Company's website, [www.fiatspa.com](http://www.fiatspa.com).

## *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 Responsibilities

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 yearly 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.

Following to the shareholders' approval of the LTI Plan on April 4, 2012, 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. The selection of the beneficiaries is attributed to the CEO.

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 the share-based incentives contemplated by the LTI Plan approved by the shareholders on April 4, 2012).

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 long-term variable components.

The short-term variable component is subject to the achievement of financial targets established yearly 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.

Following the approval of the LTI Plan on April 4, 2012, 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 114-*bis* 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 114-*bis* 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](http://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 (regarding allowances granted in the previous years, please refer to Section II, Part I, (v) of this Report).

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.”

20 February 2013

*On behalf of the Board of Directors*

/s/ John Elkann

John Elkann

**CHAIRMAN**

## b) Authorization for the Purchase and Disposal of Own Shares

Shareholders,

On 4 April 2012, you 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, inclusive of existing reserves for own shares held of €259 million. The authorization related to the three classes of shares (ordinary, preference and savings) outstanding on that date. No shares were repurchased under that authorization with the exception of the 9,332 ordinary shares acquired from shareholders, which represented fractions of ordinary shares resulting from the mandatory conversion, based on the approved conversion ratios, of all preference and savings shares into ordinary shares. With the exception of those acquisitions, the most recent purchase of own shares was in June 2008, following which the Company's share buyback program was suspended.

Over the years, the Group has established stock grant and stock option plans based on the Company's own shares to incentivize the executive directors and managers having a significant influence on business results toward the achievement of Company and Group performance targets.

For that purpose, on 4 April 2012 you approved a new 3-year incentive plan based on the Company's shares and authorized the use of up to a maximum of 31,000,000 ordinary shares, in addition to the 16,920,000 shares necessary to service the incentive plans already existing at the time. At 20 February 2013, the Company held 34,577,790 own ordinary shares, which are available to service those plans, corresponding to 2.76% of share capital, and 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 4 October 2013. 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.

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 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 €3.58 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 reported by Borsa Italiana on the day prior to the purchase.

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 20 February 2013).

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.

20 February 2013

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

**CHAIRMAN**





# 2013 Corporate Calendar

## JANUARY

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**30**

Group Results for 4th Quarter and Full-Year 2012

## FEBRUARY

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**20**

Consolidated and Parent Company Financial Statements for 2012

## APRIL

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**09**

Annual General Meeting

**29**

Group Results for 1st Quarter 2013

## JULY

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**30**

Group Results for 2nd Quarter and 1st Half 2013

## OCTOBER

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**30**

Group Results for 3rd Quarter 2013



# Other Corporate Publications and Web

## CORPORATE GOVERNANCE



## INTERACTIVE REPORT



<http://www.fiatspa.com/en-us>

## SUSTAINABILITY REPORT



## FIAT CORPORATE HUB



Apple Store > Economia > Message

# Fiat on Social Networks



FIAT SPACE



<http://www.fiatspace.com>

FACEBOOK



[www.facebook.com/  
FiatS.p.a](http://www.facebook.com/FiatS.p.a)

LINKEDIN



[www.linkedin.com/  
company/fiat-spa](http://www.linkedin.com/company/fiat-spa)

FLICKR



[www.flickr.com/  
photos/fiatgroup](http://www.flickr.com/photos/fiatgroup)

TWITTER



[www.twitter.com/  
fiatspa](http://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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By using this paper, rather than a non-recycled paper, the environmental impact was reduced by:

971

kg of landfill

25,353

liters of water

105

kg of CO<sub>2</sub>

2,387

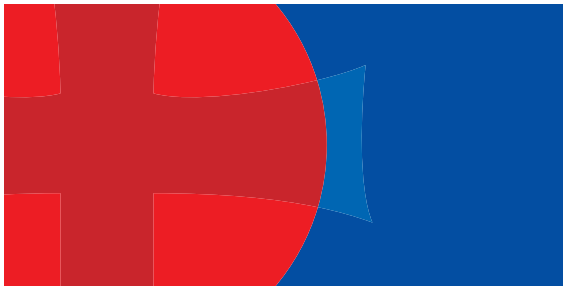
kWh of energy

1,052

km travel in the average European car

1,578

kg of wood



### Parading the Flags

Flags are an emblem, a sign of belonging, a symbol of culture. They can be used to identify a place, a region, a nation or even an international organization.

I consider myself a Swiss and French artist, my two countries of origin. However, I am also drawn by other cultures and lands, such as Burgundy and Tuscany, and consider myself a citizen of the world, enriched by the many cultures I have had the opportunity to experience during my life.

For Fiat Group's 2012 annual publications, I explored the concept of flags as a universal symbol of culture and a representation of the many nations where the Turin-based multinational is present.

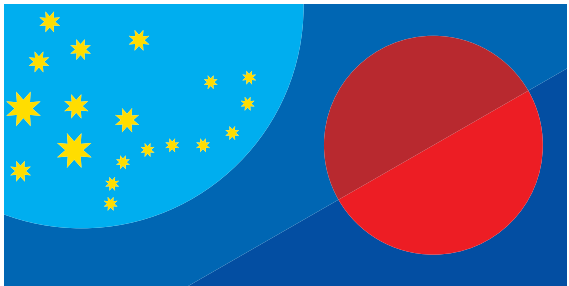
I took elements characteristic of each national flag, placed them on a fresh canvas, interweaving and unifying those elements – some figurative, some abstract – in a dance of vivid color.

Through this melange of symbols, I wanted to portray the interdependence that exists in the world of Fiat and emphasize the cultural cross-fertilization fundamental to the success of a Group whose genetic composition reflects its global presence encompassing EMEA, APAC, LATAM and NAFTA.

The notion of national identity is transformed into a sense of belonging to a vast, modern and open community: a community of men and women that share the same passion for their work, the same desire for success, the same ambition to work together toward a common objective.

March 2013

*Roger Pfund*





**Illustrations and creative design**

Atelier Roger Pfund, Communication visuelle S.A.  
Geneva, Switzerland

**Graphic design**

Sunday  
Turin, Italy

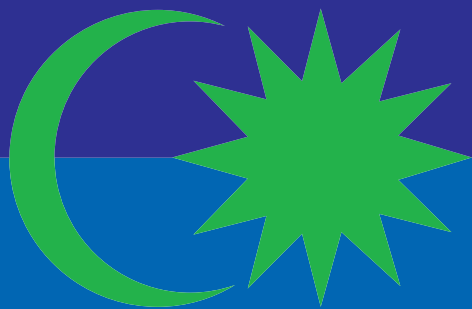
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