Annual Report
Consolidated and Statutory Financial Statements

at 31 December 2008

FIAT GROUP

103rd financial year

Annual Report Consolidated and Statutory Financial Statements

At 31 December 2008

FIAT GROUP

Notice of General Meeting

Shareholders are invited to attend the Ordinary General Meeting to be held at Centro Congressi Lingotto, Via Nizza 280, on 26 March 2009 at 11 a.m. at first call and on 27 March at second call, to vote on the following:

Agenda

1. Motion for approval of the Statutory Financial Statements at 31 December 2008 and allocation of net profit for the year.

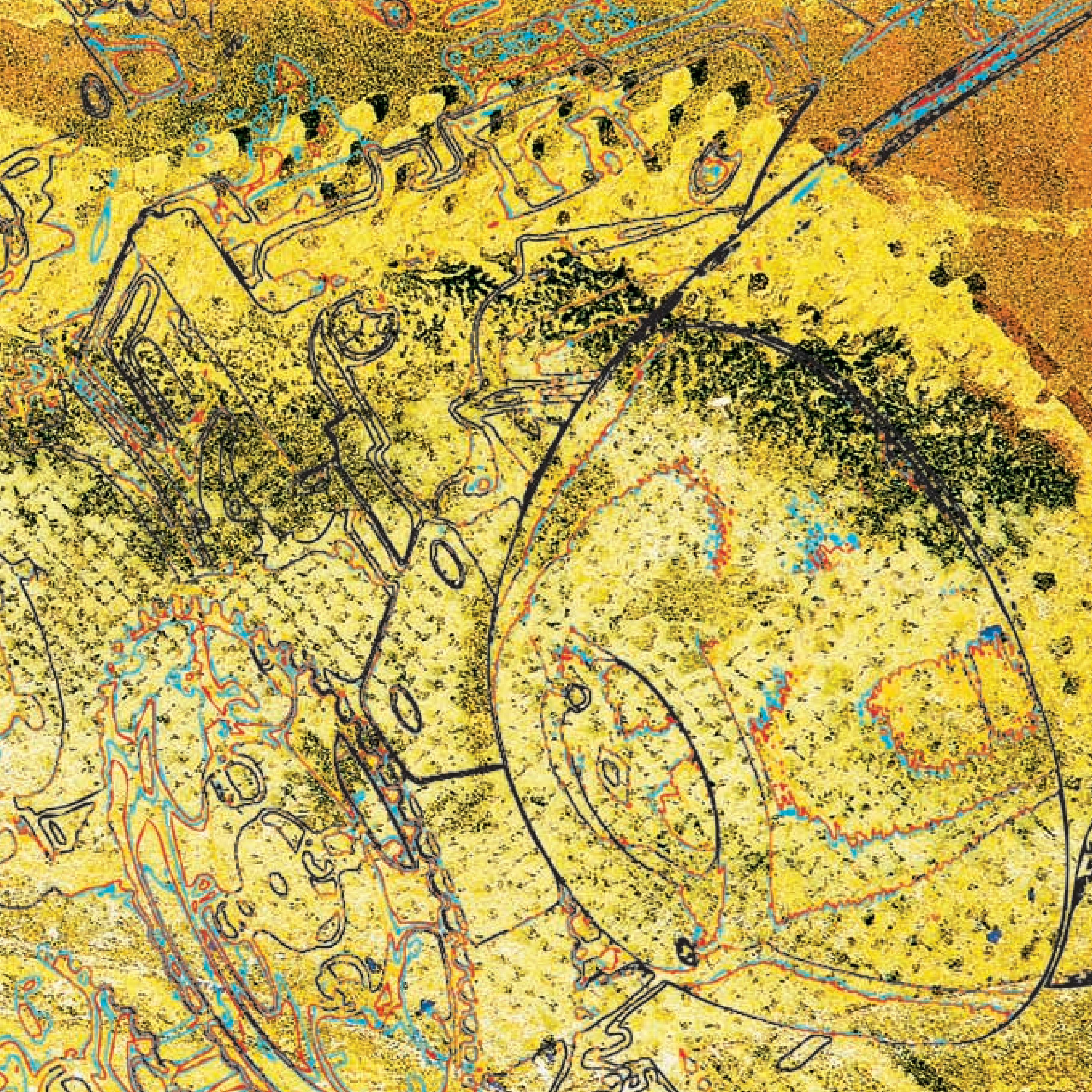
2. Election of the Board of Directors and determination of the number of members and their compensation; related resolutions.

3. Election of the Statutory Auditors and determination of compensation.

4. Authorisation for the purchase and disposal of own shares.

5. Resolutions pursuant to Article 114-*bis* of Legislative Decree 58/98.

Force without wisdom falls of its own weight. Horace



Contents

Fiat S.p.A.
Registered office: 250 Via Nizza, Turin (Italy)
Share Capital: €6,377,262,975
Turin Companies Register/Tax No.: 00469580013

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

Board of Directors and Auditors

Board of Directors

Chairman
Luca Cordero di Montezemolo (4)

Vice Chairman
John Elkann (1) (4)

Chief Executive Officer
Sergio Marchionne (4)

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

Secretary of the Board
Franzo Grande Stevens

Board of Statutory Auditors (*)

Regular Auditors
Carlo Pasteris – Chairman
Giuseppe Camosci
Piero Locatelli

Alternate Auditor
Roberto Lonzar

Independent Auditors
Deloitte & Touche S.p.A.

(*) On 15 May 2008, Cesare Ferraro and Giorgio Giorgi resigned their respective positions as Regular Auditor and Alternate Auditor. On the same date, Piero Locatelli was appointed as Regular Auditor
(1) Member of the Nominating and Corporate Governance Committee
(2) Member of the Internal Control Committee
(3) Member of the Compensation Committee
(4) Member of the Strategic Committee

Letter from the Chairman and the Chief Executive Officer

Dear Shareholders,
Characterising the Group's 2008 results is no easy task.
If we were only to consider trading profit, 2008 was clearly a record year - the best in our history.
But it was also a year of two halves: the outstanding performance of all our businesses in the first nine months was followed by widespread declines in the fourth quarter as a result of the dramatic change in the economic environment.
Yet our focus remains - as it constantly has in recent years - firmly on the future.
The challenging global economic situation we were faced with, particularly in the closing months of the year, is destined to continue to have a profound impact on Fiat's markets.
In fact, 2008 was a year of trials.
The crisis which was initially believed to be confined to the financial system and the U.S. spilled over into the real economy on a global scale, triggering significant and widespread deterioration of trading conditions in most sectors and regions where we operate.
There is significant uncertainty linked to the future performance of the economy which nobody currently is fully able to evaluate, not even the most authoritative international institutions.
This uncertainty has been further compounded by a severe credit crunch, both to consumers and to businesses.
For the Fiat Group, the prospects ahead will require additional commitment and sacrifice from us, as they will from you, our Shareholders. It is for this reason that the Board of Directors has decided not to propose a dividend for 2008, other than the mandatory dividend payable on savings shares.
We believe that this decision, even though 2008 profit was sufficient to enable distribution of a dividend, is indispensable in guaranteeing that, going forward, the Fiat Group maintains a strong capital structure and a level of liquidity adequate to meet its future commitments and challenges.

During 2008, we worked intensively on renewing the product range, improving industrial processes, strengthening the image of our brands and accelerating the Group's international expansion, including through targeted alliances.
Earlier this year, a letter of intent was signed with Chrysler and Cerberus Capital Management for the creation of a global strategic alliance. The agreement would not require cash investment by the Fiat Group or commitment to provide funding to Chrysler in the future. Rather, it is based on an underlying rationale of mutual benefit, with Fiat receiving an equity interest in Chrysler and gaining access to new markets and the U.S. automaker gaining access to competitive platforms for fuel-efficient vehicles, engines, transmissions and components where we are already well established. We are confident that such an agreement would provide an opportunity for our Group to create medium and long-term value.

Looking forward to 2009, we believe that difficult trading conditions will continue at least through the first half of the year and that it will only be possible to fully assess the effect of actions to underpin demand for the automotive sector in Italy, and other major European markets, as the year unfolds. However, we expect quarter-by-quarter performance will be uneven, with the first three months being particularly difficult. Improvements should be visible in the remaining three quarters, as the benefits of restructuring initiatives begin to be felt.

As we look forward, we are convinced that the industrial profile of our businesses, which has been carefully re-engineered in recent years, means we are well-placed for the next phase of development.
Fiat Group Automobiles has a strong presence in the smaller car segments and has invested significantly in being able to offer a range of low environmental impact models.
We expect current market trends, likely to be further accentuated by present circumstances, will continue toward demand for increasingly smaller, more environmentally-friendly and economical cars.
At Case and New Holland, we have been working with determination to ensure an extensive product offering and stronger global presence.
For Iveco, we have sought to balance an over-dependence on our domestic Western European market with an increased presence in Eastern Europe, Latin America and China.
FPT Powertrain Technologies has been committed to research and technological innovation enabling it to compete with the world's best powertrain makers in terms of performance and respect for the environment.
There was the same level of energy and focus in the components sector, with its fundamental role as a contributor to the overall competitiveness of the Group being further strengthened.

None of these choices has been by chance.
Each and every decision – in terms of geographic expansion, technological development and repositioning of the product range – has been taken with our eyes firmly on the future.
Even now, with the uncertain economic landscape to be navigated, we are convinced that it is essential that we look beyond the typical responses to crises.
We are certain that most sectors where we have a presence will be forced to change and, almost inevitably, go through a period of consolidation.
In these uncertain times, there is one thing we can guarantee you our Shareholders: Fiat is ready.
We are ready to face change because change is part of who we are.
For some time, we have embraced the challenge of the new without, unlike many others, having to wait for a crisis to impose a culture of change upon us.
Through the hard work done to date, we have developed a natural instinct for handling the unpredictable and learned to think with extreme flexibility and react with great rapidity.
We are ready to find ever more efficient methods of reducing the risks associated with doing business.
We are ready to be the first movers in restoring order to a disoriented market and ensure that, in the restructuring process which the car industry will undoubtedly undergo, Fiat is one of the major players.
Our principal objective is to preserve our brands, businesses and management culture.
We are ready because we have a team of competent, courageous and determined leaders capable of demonstrating their worth once again as they manage this next phase, with the support of the committed, intelligent and passionate men and women who are part of the Fiat Group. They are our most important resource.
We have emerged from a turnaround which has given new life to a major industrial group.
We are determined to ensure that the Group’s true value is recognised, not only because it has achieved credibility in the market, but also because it has earned the right.
The Fiat of today has the strength, ability and determination to confront the challenges ahead and to build something new and lasting.

13 February 2009

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

/s/ SERGIO MARCHIONNE
Sergio Marchionne
Chief Executive Officer

True passion confers strength by giving courage. Voltaire

Report on Operations

2008 at a Glance

■ **Revenues** were €59.4 billion, increasing 1.5% over the prior year, with strong performance for the first nine months (+8.4% vs 2007) being offset by Q4 declines in most Sectors (-17.2% vs 2007).

■ **Trading profit** of €3.4 billion was up 4% or €129 million, with gains in agricultural equipment, truck and luxury auto more than offsetting declines for Fiat Group Automobiles, components and construction equipment.

■ **Trading margin** reached 5.7% (2007: 5.5%) with improvements in efficiency and pricing compensating for the impact of volume declines in Q4.

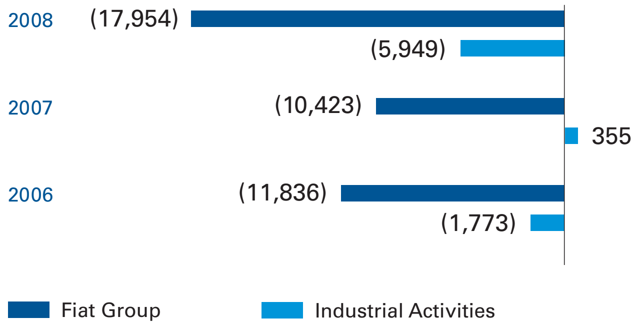
■ **Net profit** was €1.7 billion (16.2% lower than the prior year; 15.0% higher on a like-for-like basis).

■ **Net Industrial Debt** of €5.9 billion reflected a higher level of capital expenditure (36% higher than 2007) combined with working capital absorption associated with volume declines in Q4.

Revenues (€ millions)

Trading Profit (€ millions)

Net (Debt)/Cash (€ millions)



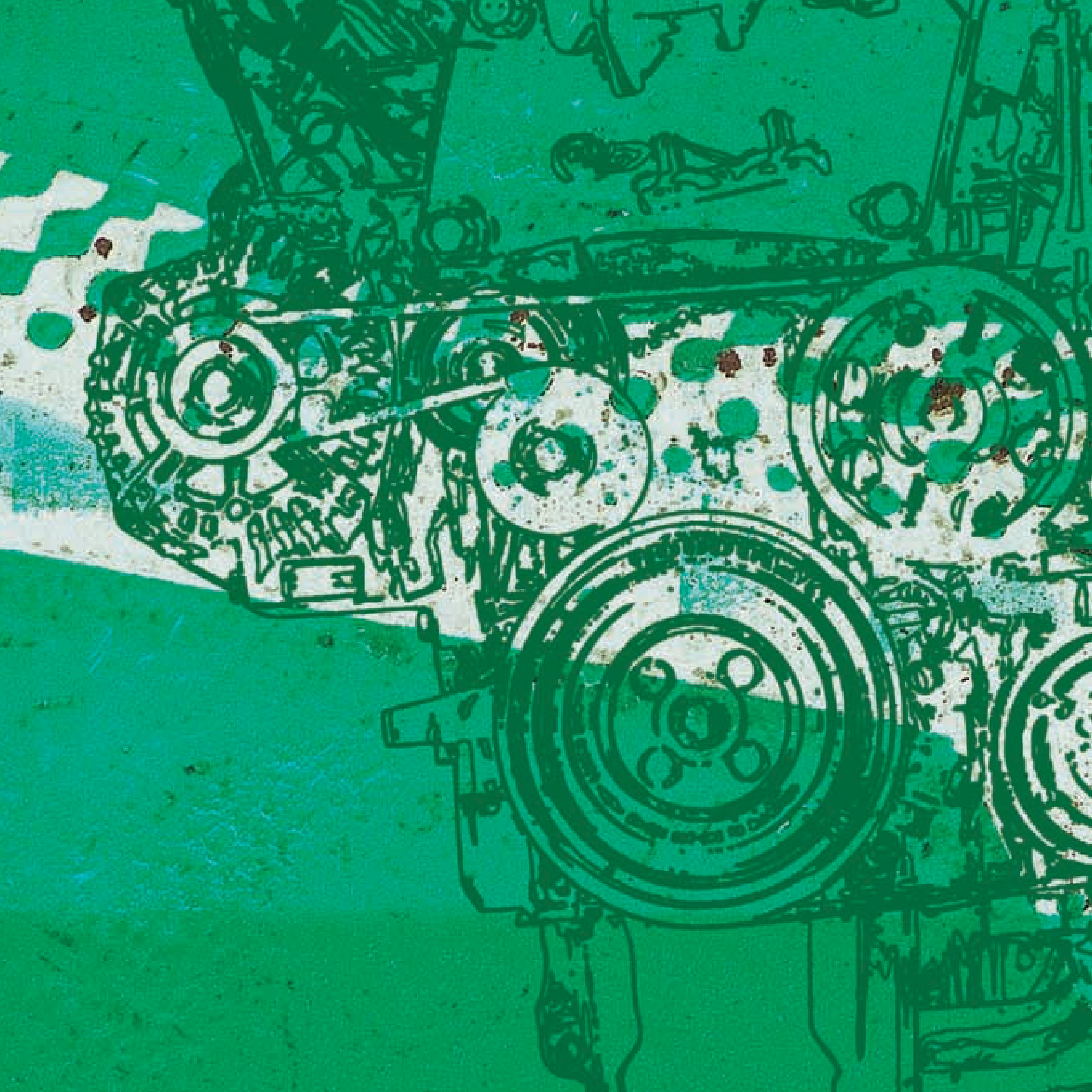
Highlights

(€ millions)	2008	2007	2006
Net revenues	**59,380**	58,529	51,832
Trading profit	**3,362**	3,233	1,951
Operating profit	**2,972**	3,152	2,061
Profit before taxes	**2,187**	2,773	1,641
Net profit for the year	**1,721**	2,054	1,151
Attributable to:			
- shareholders of the parent company	**1,612**	1,953	1,065
- minority shareholders	**109**	101	86
Basic earnings per ordinary and preference share (€) (1)	**1.290**	1.537	0.789
Basic earnings per savings share (€) (1)	**1.445**	1.692	1.564
Diluted earnings per ordinary and preference share (€) (1)	**1.285**	1.526	0.788
Diluted earnings per savings share (€) (1)	**1.440**	1.681	1.563
Investments in tangible and intangible assets	**5,263**	3,985	3,789
of which, capitalised R&D costs	**1,216**	932	813
R&D expenditure (2)	**1,986**	1,741	1,591
Total assets	**61,772**	60,136	58,404
Net (debt)/cash	**(17,954)**	(10,423)	(11,836)
of which: net industrial (debt)/cash	**(5,949)**	355	(1,773)
Total shareholders' equity	**11,101**	11,279	10,036
Equity attributable to shareholders of the parent company	**10,354**	10,606	9,362
Number of employees at the end of the year	**198,348**	185,227	172,012

(1) See Note 13 to the Consolidated Financial Statements for additional information on the calculation of basic and diluted earnings per share.
(2) Includes capitalised R&D and R&D charged directly to the income statement.

Select data by region

	Number of companies		Employees		Facilities		R&D Centres		Revenues by destination (€ m)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Italy	**145**	162	**82,371**	77,679	**70**	56	**50**	49	**14,316**	15,857
Europe (excluding Italy)	**274**	281	**50,159**	45,999	**62**	54	**33**	32	**23,739**	23,461
North America	**70**	74	**12,305**	11,364	**19**	22	**15**	14	**5,653**	5,842
Mercosur	**33**	32	**43,042**	39,324	**27**	24	**10**	10	**9,975**	8,318
Other regions	**111**	111	**10,471**	10,861	**25**	22	**10**	9	**5,697**	5,051
Total	**633**	660	**198,348**	185,227	**203**	178	**118**	114	**59,380**	58,529



Key events in 2008

January

Magneti Marelli and Sumi Motherson Group sign agreement to establish a joint venture in India for production of lighting and engine control systems.

Memorandum of Understanding signed between FPT, the Region of Piedmont, the Province of Biella and the City of Verrone (Province of Biella) to expand and upgrade Verrone plant prior to production of new transmission (C635) for medium-sized passenger vehicles.

Upgrade of product range for both brands with 2008 versions of the Sedici, Ulysse, Idea, Ypsilon and Phedra.

Launch of the telehandler line in North America for "load & carry" and "material handling" applications such as landscaping, specialty trades and commercial and residential construction.

February

Magneti Marelli, through subsidiary Magneti Marelli Sistemi di Scarico SpA, signs two joint venture agreements with the Krishna group for production of automotive exhaust systems in India.

CX210B crawler excavator earns the 18th Energy Conservation Award from the Natural Resources and Energy Agency of the Japanese Ministry of Economy and Trade, in addition to the "Top 50" new products award from the China Construction and Machinery Association.

US and European launch of four Tier III B-Series backhoe loader models offering new boom, tilting hood and reduced maintenance time and costs.

March

FPT signs agreement with Chrysler LLC to acquire 100% of the Tritec Motors plant located near Curitiba (Paraná, Brazil).

Production resumes at the G.B. Vico plant after significant technology upgrades, intensive training for 6,000 employees and investment of €110 million.

Four models premiered at the Geneva Motor Show: Lancia Delta, Alfa 8C Spider (limited edition), 500 Abarth (135 hp), and the Fiorino people transport.

At the Samoter exhibition in Verona, Iveco presents the Massif, its debut in the twin-cab, light off-road segment. Iveco Astra premieres the RD50 rigid dump truck with 50 ton payload capacity.

Launch of the 1221E wheel loader for the North American, European and RoW markets.

April

Fiat Group Automobiles (FGA) and Serbia's Ministry of Economy and Regional Development sign Memorandum of Understanding for acquisition of the Zastava plant in Kragujevac (140km south-east of Belgrade) by FGA.

Standard & Poor's upgrades Fiat to investment grade, raising the long-term rating from "BB+" to "BBB-" and short-term rating from "B" to "A3", with stable outlook.

The New Holland Construction plant in Lecce, Italy celebrates production of its 100,000th machine: a 23-ton W270B wheel loader.

May

Moody's raises Fiat's long-term debt rating to investment grade from "Ba1" to "Baa3" and short-term rating from "Not Prime" to "Prime-3", with stable outlook.

Launch of the new Eurocargo, the mid-sized representative of the product range, with fully redesigned cabin and upgraded transmission system, and powered by the successful Tector range of engines. For the second year running, Daily is awarded "Best Light Truck 2008" in the UK as part of the *Van Fleet* World Honours.

June

Fiat Group and OJSC-Sollers (formerly Severstal-Auto) sign two master joint venture agreements: one for the manufacture and distribution of Fiat passenger vehicles and the other for production of FPT Powertrain Technologies F1A diesel engines.

Magneti Marelli and Endurance Technologies Pvt. Ltd. sign a joint venture agreement for the production of shock absorbers for passenger vehicles in India and Thailand.

Lancia launches the new Delta, heralding a return to the mid-sized sedan segment, and Alfa Romeo launches the Alfa MiTo, the sportiest compact in Europe. Both are awarded the Euro NCAP five stars for safety.

Presentation of the Crealis Neo luxury coach at the European Mobility Exhibition in Paris.

July

Fiat Group Automobiles and BMW Group explore potential cooperation in components and platforms for both Alfa Romeo and Mini vehicles.

Presentation of the 500 Abarth, the “esseesse” tuning kit and the limited production 500 Assetto Corse, sold “competition ready” for the newly established single-make trophy.

Cummins, CNH – Case New Holland and FPT realign the shareholder structure of their two diesel engine joint ventures.

Fiat Group Automobiles Financial Services (FAFS) and Jaguar Land Rover announce cooperation agreement for provision of auto financing in Europe.

Delivery of 10 Daily vehicles with dual diesel/electric powerplants to leading global courier company for field testing. Production of new vehicle is scheduled for 2009.

The American Society of Agricultural and Biological Engineers (ASABE) assigns nine AE50 awards for engineering innovations to the two brands.

In India, production of the 100,000th tractor at plant near New Delhi manufacturing 35 to 80 hp tractors for the domestic market and more than 50 foreign markets.

Launch of new conventional model of crawler excavator, the E135B, manufactured at the San Mauro Torinese plant in Italy.

August

Debut of new mid-range Magnum row crop tractors, including limited edition "Stars & Stripes" to commemorate 165 years of continuous production in Racine (Wisconsin). The brand expands range of high-efficiency Axial-Flow™ combines manufactured in Grand Island (Nebraska), including two new Class VII models and a new Class IX model, the industry’s largest combine segment.

Launch of the new TC5070 combine in Brazil.

September

Magneti Marelli and Unitech Machines Limited sign agreement to establish a joint venture in India for the production of automotive electronic systems.

Fiat Group Automobiles and the Republic of Serbia reach a definitive joint venture agreement based on the MoU signed in April. Plant to have annual capacity of 200,000 cars. Initial investment of approx. €700 million, including contributions of approx. €200 million from the Serbian Government.

The Serbian Government, Iveco and Magneti Marelli sign a Memorandum of Understanding for potential collaboration in the production of buses, special use vehicles and automotive components.

Launch of the innovative Qubo, a “free space” vehicle that satisfies a variety of mobility needs.

The Natural Power versions of the Ducato and Fiorino (i.e., dual-powered by natural gas and gasoline) debut at the Hanover exhibition. Fiat Fiorino wins “International Van of the Year 2009”.

Launch of the Campagnola represents a return (in more than just name) of the historic off-road vehicle produced by Fiat for more than 35 years.

At the Hanover Motor Show, Iveco presents: the new Eurocargo 4x4; electric and hybrid versions (dual-powered diesel/electric) of the Daily and the Eurocargo Hybrid; and, two prototype hybrid passenger transports, the urban concept bus Irisbus Hynovis and the Irisbus Tourys minibus.

Launch of the new 591 hp CR9090 combine with the highest production capacity worldwide. It set a new Guinness World Record™ in the UK by harvesting 551 tons of wheat in 8 hours, while consuming only 13.3 litres of fuel per hectare.

October

Standard & Poor's changes outlook for Fiat SpA and CNH Global NV from stable to negative, while confirming investment grade status for both companies with long and short-term ratings of "BBB-/A-3" and "BBB-" respectively.

FASIFIAT, a health benefit plan for Fiat Group employees supplementing Italy's national health service begins to accept enrolments. The plan was established following agreement reached on 25 February 2008 between Fiat SpA and the labour unions Fim, Fiom, Uilm and Fismic, as well as the metalworkers' union of Ugl.

Presentation of the Grande Punto Natural Power, with minimal emissions and very low running costs, which is also permitted in restricted traffic zones. The brand's commitment to producing environmentally-friendly and efficient vehicles is further underscored by the three Pur-O_2® models (a 500, Croma and Bravo) presented at the Paris Motor Show.

Alfa MiTo awarded the "Auto Europa 2009", finishing ahead of the Lancia Delta which took second place.

November

Fiat Group Automobiles and OJSC-Sollers (formerly Severstal-Auto) announce signature of a Letter of Intent for possible expansion of their strategic cooperation to include distribution of B and/or C-segment Fiat passenger cars in the Russian Federation.

Iveco Daily awarded "Truck of the Year" in Brazil, repeating the success of the Stralis in 2007. The prestigious prize was awarded by *AutoData* magazine, the most important automotive magazine in Brazil.

The T4050F and T6080 tractors win "Best of Specialized" and "Golden Tractor for Design" awards, respectively, at the Bologna (Italy) EIMA show, where Fiat tractors also kicks off its 90th anniversary celebrations.

December

Iveco Daily awarded "Best Large Van 2008" from *What Van?* magazine, one of the most popular auto sector magazines in the UK. Iveco also won the MediaEye award for communication, in recognition of the perfect synergy between its values and those of the chosen spokespersons, the All Blacks.

In Spain, Magelys is named "Autobus Turistico 2009" by *Viajeros* magazine.

Shareholders

Financial communication

Fiat maintains a constant dialogue with individual shareholders, institutional investors and financial analysts through its Investor Relations function, which actively provides information to the market to consolidate and enhance confidence and level of understanding of the Group and its businesses.
Throughout the year, the Investor Relations team also communicates with the financial community through conference calls or public presentations which are held to present quarterly results or other events that require direct communication to the market.
Moreover, the IR programme includes seminars, industry conferences and non-deal roadshows in major financial centres, providing the opportunity for direct contact with the Group's top management and to gain a deeper understanding of the Group's strategy and performance.

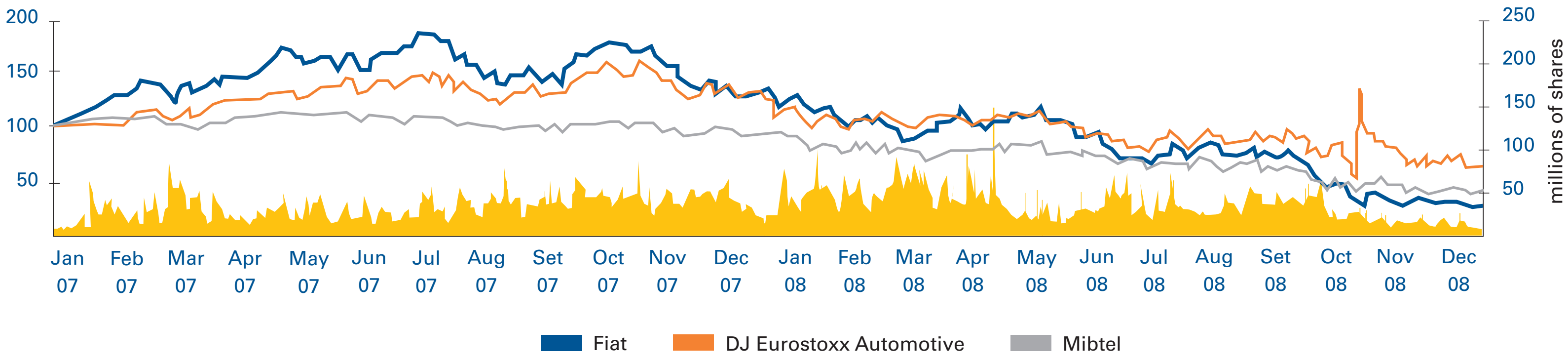
More and updated information is available on the Group's website (www.fiatgroup.com) relaunched this year. The Investor Relations section provides historical financial data and highlights, investor presentations, quarterly publications, official communications and real time trading information on Fiat shares.

Shareholders can also contact the company at the following:

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

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

FIAT ORDINARY SHARES – 01/01/2007 to 31/12/2008 performance relative to Mibtel and Eurostoxx indexes (rebased to 100 at 01/01/07) and average monthly trading volume



From the perspective of the capital markets, 2008 will be remembered as one of the worst, if not the worst, years on record. The increasing rate of defaults in the U.S. sub-prime mortgage sector, already apparent in the second half of 2007, worsened during the year, precipitating a global liquidity crisis and price corrections on assets previously considered secure investments. This irrevocably compromised the solidity of some of the largest financial institutions which, in several cases, were taken over by other banks or rescued through state aid and/or nationalization. Despite repeated interventions through bailouts and monetary policy (first in the U.S., then in Europe and other countries around the world) the situation continued to deteriorate in the fourth quarter and the crisis in international financial markets deepened, with the worst performance seen for global equity indices since the second world war. In short, all of the major global indexes recorded negative performance: the Dow Jones lost 34%, the Nikkei recorded a 42% decrease, and some of the largest declines in Europe included Madrid (-39%), London (-31%) and Paris (-43%). The Italian stock market closed the year down by 49% and the S&P Mib40 was down 50%.
The automotive sector was heavily penalised and the leading automakers saw their market capitalisations fall significantly, dragged down by a drastic contraction in demand in the second half. Fiat's share price fell 74% during the year: a performance which was in line with its principal competitors.

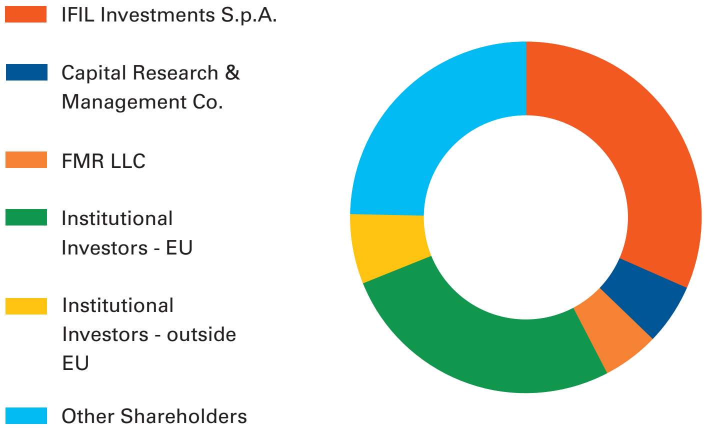
Major Shareholders

At the date of this Report, Fiat had a total of 1,092,247,485 ordinary shares outstanding and the following institutions held more than 2% of ordinary shares:

Ordinary shares: 1,092,247,485

IFIL Investments S.p.A. (*)	30.5%
Capital Research & Management Co.	5.4%
FMR LLC (**)	5.0%
Institutional Investors - EU	25.6%
Institutional Investors - outside EU	6.2%
Other Shareholders	23.8%

(*) in addition to 3.5% of treasury shares held by Fiat S.p.A.
(**) including 1.75% of ordinary shares in relation to which FMR has sole power to vote.



Earnings per share

(figures in €)	2008	2007	2006
Basic earnings per ordinary and preference share	**1.290**	1.537	0.789
Basic earnings per savings share	**1.445**	1.692	1.564
Diluted earnings per ordinary and preference share	**1.285**	1.526	0.788
Diluted earnings per savings share	**1.440**	1.681	1.563

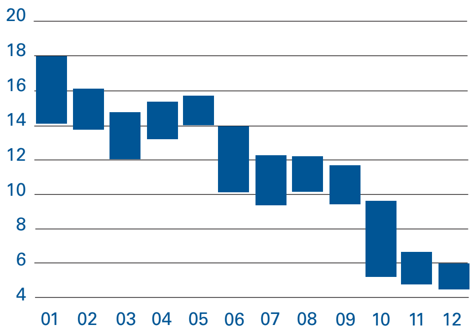
Reference price per share (*):

(figures in €)	31.12.08	28.12.07	29.12.06	30.12.05	30.12.04
Ordinary shares	**4.590**	17.695	14.468	7.360	5.900
Preference shares	**2.440**	14.640	12.119	5.930	3.979
Savings shares	**3.035**	14.655	13.880	6.584	4.277

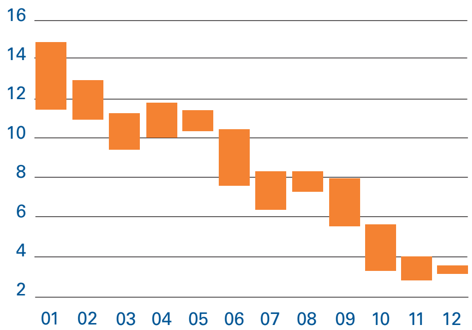
(Source: Reuters)
(*) Equivalent to the closing auction price.

Monthly minimum and maximum price in 2008 (figures in €)

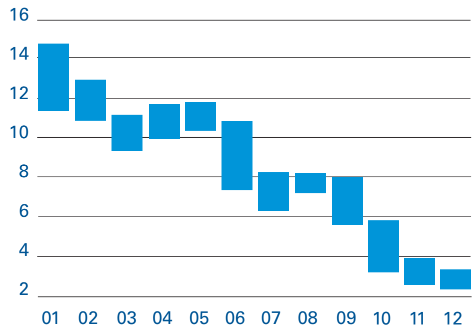
Fiat Ordinary



Fiat Savings



Fiat Preference



The Fiat Group

The Fiat Group carries out industrial activities and financial services in the automotive sector through companies located in approximately 50 countries and has commercial relationships with customers in approximately 190 countries.
The Group's activities are grouped into the following Businesses:

Automobiles

The Group develops, produces and sells automobiles (Fiat, Abarth, Alfa Romeo and Lancia brands) and light commercial vehicles (Fiat Professional brand) through **Fiat Group Automobiles**. This Sector's main financial services activities in Europe have been grouped into Fiat Group Automobiles Financial Services - FAFS (now FGA Capital), a 50-50 joint venture established at the end of 2006 with Crédit Agricole.
The Group also controls **Maserati** and **Ferrari**, both producers of luxury sport cars, which distinguish themselves for their exclusivity, technology and performance.

Agricultural and Construction Equipment

CNH – Case New Holland is active in the field of tractors and agricultural equipment through the Case IH and New Holland brands and in the construction equipment business through the Case and New Holland brands. It also offers financial services to its dealers and end customers.

Trucks and Commercial Vehicles

Iveco designs, produces and sells a full range of trucks and commercial vehicles under the Iveco brand, buses under the Iveco Irisbus brand, and fire-fighting and other special use vehicles under the Iveco, Astra and Magirus brands. In addition, Iveco provides a wide range of financial services to its customers and dealers, principally through Iveco Finance Holdings Ltd., 51% owned by the Barclays Group and 49% by Iveco.

Components and Production Systems

FPT Powertrain Technologies contains the Group's auto engine and transmission activities and the powertrain activities of Iveco and C.R.F. (Fiat's research centre *Centro Ricerche Fiat*). As part of its technology development, FPT also coordinates the powertrain activities of Elasis.

Magneti Marelli develops and produces components for automotive lighting systems, exhaust systems, suspensions and shock absorbers, engine control units, electronic systems and operates in the automotive aftermarket. This Sector also includes the Plastic Components and Modules business (moulding of plastic components) following acquisition of the Ergom group.

Teksid supplies engine blocks, cylinder heads and other cast-iron components for engines; cast-iron components for transmissions, gearboxes and suspensions; and aluminium cylinder heads.

Comau produces industrial automation systems for the automotive industry in the areas of product and process engineering, logistics and management, manufacturing, installation, production start-up and maintenance.

Other Businesses

Other Businesses includes companies operating in the publishing (*La Stampa* daily newspaper) and communications (*Publikompass*, a company that sells advertising space for multimedia customers) areas, Centro Ricerche Fiat (C.R.F.) and Elasis (research and development), Fiat Services S.p.A. (services exclusively to other companies in the Fiat Group), in addition to Holding and Other companies.

Brands

Revenues (€ millions)

2008	29,380
2007	29,015

Trading Profit (€ millions)

2008	1,102
2007	1,093

Revenues (€ millions)

2008	12,723
2007	11,843

Trading Profit (€ millions)

2008	1,122
2007	990

Revenues (€ millions)

2008	10,768
2007	11,196

Trading Profit (€ millions)

2008	838
2007	813

Revenues (€ millions)

2008	13,793
2007	13,375

Trading Profit (€ millions)

2008	402
2007	509

Highlights by Sector

(€ millions)	Net revenues 2008	Net revenues 2007	Trading profit 2008	Trading profit 2007	Operating profit 2008	Operating profit 2007	Total operating assets (1) 2008	Total operating assets (1) 2007
Fiat Group Automobiles	**26,937**	26,812	**691**	803	**460**	635	**15,958**	15,203
Maserati	**825**	694	**72**	24	**72**	22	**437**	364
Ferrari	**1,921**	1,668	**339**	266	**341**	266	**1,542**	1,079
Agricultural and Construction Equipment (CNH)	**12,723**	11,843	**1,122**	990	**1,146**	953	**19,958**	18,816
Trucks and Commercial Vehicles (Iveco)	**10,768**	11,196	**838**	813	**779**	803	**8,097**	6,839
FPT Powertrain Technologies	**7,000**	7,075	**166**	271	**162**	257	**4,953**	4,337
Components (Magneti Marelli)	**5,447**	5,000	**174**	214	**93**	209	**3,123**	2,658
Metallurgical Products (Teksid)	**837**	783	**41**	47	**49**	47	**497**	565
Production Systems (Comau)	**1,123**	1,089	**21**	(23)	**–**	(33)	**751**	1,132
Other Businesses and **Eliminations**	**(8,201)**	(7,631)	**(102)**	(172)	**(130)**	(7)	**(575)**	(825)
Group	**59,380**	58,529	**3,362**	3,233	**2,972**	3,152	**54,741**	50,168

(€ millions)	Total operating liabilities (2) 2008	Total operating liabilities (2) 2007	Capital expenditure (3) 2008	Capital expenditure (3) 2007	R&D expense (4) 2008	R&D expense (4) 2007	Number of employees 2008	Number of employees 2007
Fiat Group Automobiles	**15,184**	16,860	**2,288**	1,865	**843**	751	**52,634**	50,542
Maserati	**657**	571	**73**	97	**47**	54	**767**	695
Ferrari	**1,726**	1,300	**311**	246	**164**	147	**3,017**	2,926
Agricultural and Construction Equipment (CNH)	**20,257**	19,891	**676**	648	**286**	308	**31,521**	28,173
Trucks and Commercial Vehicles (Iveco)	**7,948**	7,690	**426**	347	**246**	207	**27,108**	26,461
FPT Powertrain Technologies	**3,908**	3,823	**898**	365	**141**	70	**20,507**	19,876
Components (Magneti Marelli)	**2,675**	2,915	**474**	319	**268**	221	**33,216**	27,962
Metallurgical Products (Teksid)	**431**	501	**41**	32	**3**	1	**7,600**	7,826
Production Systems (Comau)	**667**	1,052	**17**	33	**13**	12	**11,445**	11,960
Other Businesses and **Eliminations**	**(2,006)**	(1,740)	**59**	33	**(25)**	(30)	**10,533**	8,806
Group	**51,447**	52,863	**5,263**	3,985	**1,986**	1,741	**198,348**	185,227

(1) Figures for 2007 differ from those published in the 2007 Consolidated Financial Statements as they also include Investments of the individual Sectors.
(2) Figures for 2007 differ from those published in the 2007 Consolidated Financial Statements as they also include Shareholders' Equity of the individual Sectors.
(3) Expenditure in tangible and intangible assets (net of vehicles sold under buy-back commitments).
(4) Including capitalised R&D and R&D charged directly to the income statement.

Main Risks and Uncertainties to which Fiat S.p.A. and the Group are exposed

Risks associated with general economic conditions

The Group's earnings and financial position are influenced by various macro-economic factors – including increases or decreases in gross national product, the level of consumer and business confidence, changes in interest rates on consumer loans, the cost of raw materials and the rate of unemployment – existing in the various countries in which it operates. During 2008, and particularly in the last quarter, the financial markets were affected by high levels of volatility with significant impacts on many financial institutions and, more generally, on the overall performance of the economy. The significant and widespread deterioration of trading conditions has been compounded by a severe tightening of credit in all major markets, both at the consumer and corporate level, and has begun to create a shortage of liquidity which will ultimately impact the industrial development of most businesses, including and especially those of the Group.

A weakening in the general condition of the economy and in the industries in which the Group operates combined with a progressive deterioration of financial markets and a contraction in consumers' available income have driven, particularly since the third quarter of 2008, a significant decline in demand in the Group's key markets.

There can be no certainty that measures taken by governments and financial authorities in response to this situation will succeed in re-establishing the conditions necessary to overcome this situation in a reasonable time. Therefore, uncertainty remains as to the period of time necessary to restore normal trading conditions and many countries are aware that their economies could undergo a severe and protracted recession.
Should the current weakness and uncertainty continue for a sufficiently long period, the Group's business, strategy and future prospects could be negatively affected with consequent negative impacts on its earnings and financial position.

Risks associated with the Group's results

The Fiat Group principally operates in industries which have historically been highly cyclical, such as the manufacture and distribution of automobiles, agricultural and construction equipment and commercial vehicles, in addition to components for those products. The Fiat Group also provides financial services, primarily through joint ventures with leading international banking groups.

It should also be noted that it is difficult to predict the magnitude and duration of the various economic cycles and the cyclical nature of those industries in which the Fiat Group operates tends to reflect the general performance of the economy and, in certain cases, even amplifying the effect. Therefore, any macro-economic event - such as a significant downturn in a key market, volatility in financial markets and the consequent deterioration of capital markets, increases in energy prices, fluctuations in the price of commodities or other raw materials, adverse shifts in sector-specific factors such as interest and currency rates, government policies (including environmental regulation), potentially having negative consequences for the industries in which the Group operates - could have a material adverse effect on the Group's activities and future prospects, as well as its earnings and financial position. The profitability of the Group's activities also involves risks relating to changes in interest and inflation rates and the creditworthiness of counterparties, as well as general economic conditions in countries where it conducts those activities.

Risks associated with financing requirements

Changes in the Group's financial position are dependent on numerous factors, including, in particular, the achievement of targets established as well as the general condition of the economy, the financial markets and the industries in which the Group operates that, moreover, require significant levels of investment. The Fiat Group expects to be able to meet funding

requirements related to debt maturity and planned investments with cash flow from operations, liquidity on hand, renewal or refinancing of existing bank loans and/or facilities and possible recourse to capital markets.
Even under current circumstances, the Group expects to maintain adequate capacity to generate cash from its operating activities. Actions taken to reduce production volumes should enable a return to inventory levels compatible with current sales volumes and to reverse, at least partially, the working capital absorption experienced in the second half of 2008. Nevertheless, a further significant and unexpected drop off in volumes could have a negative impact on cash-generating capacity from operating activities.
It is the Group's policy to maintain liquidity in demand or short-term deposits and readily negotiable money market instruments, splitting such investments over an appropriate number of counterparties, primarily banking institutions, with the principal purpose of having investments which are suitably liquid. Counterparties are selected according to their creditworthiness, reliability and the quality of service provided. However, in consideration of the current financial crisis, conditions in the bank or money markets which might negatively affect normal financial transactions cannot be excluded.
Finally, although the Group has the continued support of bank counterparties and the financial markets for the refinancing of its debt, it could have a requirement for additional funding in unfavourable market conditions, with limited availability of certain sources of financing and an increase in the related costs.

Risks associated with the Group's credit ratings

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. Fiat is currently rated investment grade with a Baa3 "Under Review for Possible Downgrade" from Moody's Investors Service, BBB- with Rating Watch Negative from Fitch Ratings and BBB- with CreditWatch Negative from Standard & Poor's Rating Services. Any downgrade by the rating agencies could limit the Group's ability to access the capital markets and increase its cost of capital, having an adverse effect on the Group's earnings and financial position.

Risks associated with fluctuations in currency and interest rates

The Fiat Group, which operates in various markets worldwide, is naturally exposed to market risks stemming from fluctuations in currency and interest rates. Its exposure to currency risk is mainly connected to the geographic distribution of its manufacturing and sales activities, which result in cash flows from its export activities being denominated in currencies different from those connected to its production activities. In particular, the Group is mainly exposed to net exports from the euro zone to other currency areas (principally the U.S. dollar and the British pound) and to exports from Poland to the euro zone.

The Fiat Group uses various forms of financing to cover the borrowing requirements of its industrial activities and financing offered to customers and dealers. Changes in interest rates can increase or reduce the cost of financing or interest margins of the financial services companies.

Consistent with its risk management policies, the Fiat Group seeks to manage risks associated with fluctuations in currency and interest rates through the use of financial hedging instruments. Despite these hedging transactions, sudden fluctuations in currency or interest rates could have an adverse effect on the Group's earnings and financial position.

Risks associated with the policy of targeted industrial alliances

The Group has a policy of seeking opportunities for joint ventures and industrial alliances in order to optimise its capital commitments and reduce risk. There can be no assurance that the Group will succeed in securing such opportunities or that transactions entered into will be devoid of administrative, technical, political or financial difficulties. Neither can there be any assurance that such transactions will succeed in producing the expected benefits.

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 labour agreements which 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 labour agreements applicable to the Group could impair its flexibility in reshaping and/or strategically repositioning its business activities. Fiat's ability to reduce personnel or implement other permanent or temporary redundancy measures is subject to government approvals and the agreement of the labour 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 unionised. Close collaboration between a manufacturer and its suppliers is common in the industries in which the Group operates and although, on one hand, this offers economic benefits in terms of cost reduction, it also means that the Group is reliant on those suppliers and is exposed to the possibility that difficulties they experience (whether they are attributable to internal or external factors) could have negative effects on the Group.

Risks associated with management

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

Risks associated with the high level of competitiveness in the industries in which the Group operates

The Group operates in markets which are highly competitive in terms of product quality, innovation, pricing, fuel efficiency, reliability, safety and customer assistance. The Group competes with other major multinational groups and domestic firms in Europe, North America and Latin America.

The Group's ability to maintain or improve its position in markets in which it currently operates and/or to expand into new markets through the development of innovative, high-quality products which guarantee it adequate levels of profitability are fundamental to its success. In particular, failure by the Group to develop and offer products that compare favourably to those of its competitors - particularly in terms of price, quality and features - or potential delays in bringing to market new models that are strategic to the Group's business could result in a decline in market shares, having an adverse effect on its earnings and financial position.

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

A significant portion of the Group's existing activities and sales take place outside of the European Union. The Group is subject to risks inherent to operating globally, including those risks 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.

In particular, the Fiat Group operates in a number of emerging markets, principally Brazil. It is also active in other countries – such as Turkey, India, China and Russia – through joint ventures. The Group's exposure to these countries has increased in recent years, as the number and importance of such joint ventures and cooperation agreements has increased.

Unfavourable political or economic developments in any one of these areas (which may vary from country to country) could have a material adverse effect on the Group's activities and future prospects, as well as its earnings and financial position.

Risks associated with environmental regulation

The Group's products and operations 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 for emissions of polluting gases, fuels and safety becoming increasingly stricter – and industrial plants – with requirements for emissions, treatment of waste and water and prohibitions on soil contamination. To comply with such regulations, the Group expects to continue to incur substantial costs in the future.

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Fiat S.p.A., as Parent Company of the Group, is exposed in substance to the same risks and uncertainties as those described above for the Group.

Corporate Social Responsibility

The Fiat Group has always been conscious of the fundamental role it plays in the social, economic and environmental well-being of the communities where it is present.

This awareness, formalised in the Group's Code of Conduct, goes far back in time and has evolved over the course of our history:

- In 1993, we published our first Environmental Report, on a voluntary basis, to inform stakeholders about our environmental policies and performance;

- In 2005, the first Sustainability Report was published, extending coverage to also include the Group's commitments and achievements on the social and economic fronts.

In 2008, yet another milestone was reached. The Group set up a dedicated unit tasked with introducing an integrated sustainability management system, drafting the Sustainability Plan, and supporting, coordinating and monitoring projects to improve our environmental and social performance.
The Sustainability Plan, approved by the Group Executive Council (GEC) – a decision-making body consisting of the Chief Executive Officer, the heads of several key departments and the CEOs of the operating sectors – establishes the strategies, goals and management responsibilities for the Group's many activities to ensure that the interests of all stakeholders are served.

The Plan is presented in the **2008 Sustainability Report**, which has a new format this year. To combine rigorous reporting with clarity, the document – which continues to follow the Global Reporting Initiative (*GRI-G3 Sustainability Reporting Guidelines*) – is divided into three sections.

The **first section** presents the Group's strategic approach to corporate responsibility, the Sustainability Plan, and an overview of our economic, environmental and social performance in 2008.

The **second section** addresses several key aspects of sustainability which affect the various stakeholder groups: investors, customers, suppliers, employees, communities, environmental groups, etc. It includes a presentation of the Group's principal efforts in environmental management at its manufacturing facilities and in development of environmentally friendly products. In addition, it provides an overview of our research work and its impact on safe, sustainable mobility. In the area of social responsibility, the Report examines our relationship with our employees, focusing particularly on health and safety in the workplace, efforts on behalf of the communities around us, and our relationships with suppliers, dealers and customers.

The **third section**, devoted to performance indicators, provides a measure of the Group's economic, environmental and social impacts using the GRI-G3 reporting format. The environmental indicators quantify performance in such areas as energy, water, emissions, effluents, waste, biodiversity and the sustainability of the Group's products and services. The social performance indicators cover such key aspects as labour practices, labour/management relations, occupational health and safety, employee training and education, diversity and equal opportunity, human rights, society and product responsibility.

The disclosures and other information published in the Sustainability Report supplement the area dedicated to sustainability on the Group's website (www.fiatgroup.com), where stakeholders can download the Report in electronic format and give us feedback on our corporate social responsibility by e-mailing us at csr@fiatgroup.com.

Research and Innovation

To promote sustainable mobility on multiple fronts, the Fiat Group conducts its research and innovation activities through the Centro Ricerche Fiat (C.R.F.) and Elasis. The activities of both companies are coordinated at the strategic level by the Group Executive Council.
In 2008, the Group's expenditure on research and development (1) totalled approximately €2 billion or 3.4% of net industrial revenues. Overall, R&D activities involve some 14,500 people at 118 centers.

Centro Ricerche Fiat (C.R.F.)

Profile

C.R.F. was established in 1978 as the Group's centre of expertise in innovation, research and development. Now an internationally recognized centre of excellence, C.R.F.'s work constitutes a strategic lever for the Group's businesses, enhancing performance through development and transfer of innovative content which makes the Group's products both competitive and distinctive.
In addition to its headquarters in Orbassano on the outskirts of Turin, the C.R.F. has three other centres located in Bari, Trento and Foggia, as well as a controlling interest in CRP, the plastics and optics research centre in Udine, which focuses on advanced research in optics and plastics for automotive lighting systems. C.R.F. also works in close synergy with CSST, the centre for the study of transportation systems in Turin. With over 850 employees, C.R.F. draws on a broad array of technical skills, in addition to a series of cutting-edge laboratories for powertrain systems testing, electromagnetic compatibility investigations, NVH analyses, driving simulations, materials and process development, optoelectronics and microtechnologies.
C.R.F. achieved significant results for the year, as demonstrated by the 51 new patent applications it filed in 2008, bringing the total number of patents it holds to over 2,300. A further 600 patents are currently pending. At the international level, C.R.F. was awarded more than 50 projects under the EU's Seventh Framework Programme for 2007-2013, confirming its status as a well-recognised European research centre. C.R.F. has also developed a global network of more than 150 universities and research centres and 1,000 industrial partners around the world. This network further strengthens its global innovation strategies, ensuring that it can carry out specific operations locally and helping it acquire skills and continually monitor its competitiveness and growth in such fields as motor vehicles and components, energy, safe and environmentally-friendly mobility, telematics, innovative materials and production technologies, mechatronics and optics, as well as the work in innovative powerplants, alternative propulsion systems and transmissions (conducted through the Powertrain Research and Technology unit of FPT Powertrain Technologies).

Further information is available on C.R.F.'s website: www.crf.it.

Focus

Particularly active in sustainable mobility research, C.R.F. applys a systematic approach to developing innovative solutions which embody a 360 degree concept of sustainability which includes reducing emissions through innovative engines,, as well as improving fuel efficiency through downsizing and enhanced aerodynamics, infomobility, the use of recyclable environmentally-friendly materials, and extending even to reducing traffic congestion and noise and ensuring that manufacturing processes are eco-compatible.
In addition, C.R.F. pays close attention to the concrete possibilities for the future that its sustainable mobility research can open up. Sustainability is a complex challenge that can be achieved only by linking together the many centres of excellence in Italy, thereby establishing an efficient network of collaboration for emerging technologies. Phylla, the Multi-Ecological Sustainable Urban Vehicle prototype promoted by the Piedmont regional authority and unveiled in 2008 is the result of a synergistic project that brought industry together with the academic world and local government and demonstrates the potential of a flexible, open network which enables access to the best expertise available, harnessing it in service of a common goal. As Vehicle Project Leader, C.R.F. coordinated the working group that succeeded in one year in creating a laboratory on wheels, which incorporates the most innovative solutions in sustainable urban mobility.

In an increasingly complex market which requires that time to develop and bring a product to market is significantly reduced, C.R.F. is responsible, together with Elasis, for developing methods for the entire Fiat Group which, through utilisation of

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

advanced virtual simulation techniques, can reproduce the entire design and production process, reducing cost and time and increasing the opportunity for inter-Sector synergies.

C.R.F.'s activities are focused in the following areas.

Powertrain Research and Technology

Here, the principal objective is to develop and apply innovative technologies which improve powerplant performance, cutting engine and vehicle emissions, and boosting fuel economy. C.R.F.'s most significant achievements in this area during 2008 are as follows:

■ **Multijet II**. In 2008, C.R.F. completed development work, functional validation and reliability testing on the Multijet II system applied to the Euro 5-compliant 1.3-litre SDE Small Diesel Engine, demonstrating the new solenoid injector's potential in cutting fuel consumption and emissions. The Multijet II system is scheduled to enter production in 2009 on the 95 hp Euro 5 1.3-litre SDE Lancia Musa, and will later be installed on all Euro 5-compliant applications with 75 and 95 horsepower 1.3-litre SDE engines. In addition, the Centre launched a study of the technology's potential on heavy commercial vehicle engines, installing the Multijet II servovalve developed for passenger car applications on initial prototype injectors which were then bench-tested on the Cursor 9 truck engine.

■ **Multiair**. The Multiair technology will go into production during 2009 on the 1.4-litre 16-valve FIRE gasoline engine and the new 900 cc two-cylinder SI engine in the Small Gasoline Engine (SGE) family. The technology was applied to the cylinder head of the 2.0-litre B Family diesel engine to test the potential of the system's fast, flexible and precise air metering and internal EGR exhaust gas recirculation. An Alfa 159 demo vehicle showed that the system produces significant benefits for oxides of nitrogen emissions. Further benefits include higher low-end torque, smoother cold weather operation, more even torque delivery, and no engine shake at shut-off. The additional cost of installing the system on a diesel engine is largely offset by the fact that all external HP-EGR high-pressure exhaust gas recirculation components and the throttle valve can be eliminated, while a lower noble metal content is required in the catalytic converter.

■ **Cursor CNG Multiair engine**. In recent years, the performance of heavy compressed natural gas engines has advanced to the point where it is comparable, if not indistinguishable, from that of their diesel counterparts, as a result of structural improvements in cylinder head design. In 2008, moreover, CNG engines featuring spark ignition stoichiometric combustion technology together with 3-way catalytic exhaust gas aftertreatment were shown to meet all Euro 6 emissions limits, a full five years in advance of these regulations coming into effect in Europe. In 2008, the Multiair technology was applied to the 6-cylinder 7.8-litre HD CNG Cursor engine to test its potential in cutting CO_2 emissions. The results demonstrated that the same levels of performance as the equivalent diesel version can be achieved with even lower CO_2 output and consumption than the Cursor CNG engine currently in production.

■ **Hybrid city car propulsion system**. During 2008, development began on a hybrid propulsion system tailored to city cars. This hybrid drive setup consists of the 900 cc two-cylinder SI engine from the SGE family, combined with an innovative DDCT Dual Dry Clutch Transmission featuring an electric motor coupled to one of its two mainshafts. The SGE engine's small size makes it possible to use a simple, efficient transmission architecture, while coupling the motor downstream of the clutches means that all the characteristic functions of a parallel hybrid propulsion system, including electric drive, regenerative braking and torque boost from the two motors, can be provided in a compact, lightweight package: essential for small urban runabouts. The hybrid propulsion system uses air-cooled lithium ion batteries housed in the car's trunk. Other features include plug-in traction battery recharging and an HVAC system that can be powered by either the IC engine or the electric motor, using whichever unit provides peak efficiency at any given time.

Advanced Technology for Mobility and Safety

The principle objective of this activity is to guarantee the Fiat Group has the technical know-how in secondary systems, electronics, telematics and preventive safety needed to improve mobility by making vehicles safer, more versatile and more eco-compatible. Major achievements in 2008 included:

■ **Driving Advisor**. Together with Fiat Group Automobiles, C.R.F. developed a lane departure warning system with haptic interface which is available on the new Lancia Delta launched 2008. Dubbed the Driving Advisor, the system signals the steering system whenever the car is about to drift out of its lane. Active when the car is traveling at speeds over 55 kph, the system turns the steering wheel slightly – applying a different level of resistance depending to whether the lane markings detected by the system are solid or dashed lines – to warn the driver to get back on course.

The Driving Advisor relies on a video system consisting of a T camera and image processing software that relays information about the road, scanning ahead up to 30 metres. The video device tracks the lines marking the edges of the lane and indicates the vehicle's position in terms of both orientation and movement away from the center of the lane. The processing unit then selects an actuation command that will be sent to the steering system. Electric power steering, guided by the actuation motor and the torque/steering wheel angle sensors required for correct operation, carries out the control order.

■ **Preventive safety systems for commercial vehicles**. As part of its commitment to improving road safety, C.R.F. has continued to develop preventive safety systems for Iveco's light and medium/heavy range trucks. The Centre's Collision Warning system, for instance, uses radar and TV cameras to monitor what's going on around the truck and alert drivers if they are following too closely behind the vehicle ahead or traveling at an unsafe speed. The Lane Change Assistant uses two radar units to monitor adjacent lanes and the driver's blind spot, warning if the truck is about to move into the path of another vehicle when passing or merging back into traffic. The Turning Assistant alerts the driver if there are pedestrians or cyclists to the side of the vehicle when making right turns, and keeps the truck from moving off again if people are still in the danger zone. Finally, the Driver Attention Support system continuously monitors driver alertness, detecting signs of fatigue and implementing countermeasures. When necessary, the system signals the driver when it's time to take a break.

■ **Evolution of telematic platforms**. In 2008, C.R.F. was involved in two major programmes for the development of new telematic applications, one conducted together with other European partners, and the other carried out within the Fiat Group.
In the first of these programmes, C.R.F. is working to design and implement cooperative systems based on communication between vehicles and the road infrastructure, thus contributing to safe, sustainable future mobility. This R&D work is being carried out in concert with major automakers throughout Europe to create systems that are interoperable across the EU. Alongside these research and development activities, C.R.F. and Fiat Group Automobiles are members of the Car-2-Car Communication Consortium, whose objectives are to establish a European industry standard for car-to-car communication systems based on wireless LAN components and to promote the establishment of a royalty-free frequency band for road safety applications. This frequency band was assigned in August 2008. At the 2008 Car-2-Car Forum, Fiat Group Automobiles and C.R.F. presented their first road safety applications for signalling hazardous situations such as a stationary vehicle in the road.

Also in 2008, C.R.F. worked with the Group Sectors to establish the requirements and preliminary design for an inter-Sectoral platform which, if completed, would make it possible to offer increasingly advanced services and functions in the future. The platform would provide enhanced performance and extended processing and memory capacity and be fully integrated with latest-generation telecommunications standards (3G, satellite, etc.), with evolving wireless standards (Bluetooth 2.0, Wi-Fi), and with consumer electronics interfaces (smartphones, memory cards, etc.). In addition, the platform would make it possible to view graphical interfaces on different types of display, thus ensuring maximum design flexibility. The platform's modular approach would also reduce costs through end-product scalability.

■ **Low environmental impact air conditioning systems**. The Energy Saving control developed by C.R.F. for air conditioning system compressors was introduced on Fiat Group subcompacts, while applications on other Group vehicles are currently under study. By regulating the compressor activation threshold, the control algorithm cuts the amount of fuel consumed by air conditioning around 30%.
Also during 2008, C.R.F. demonstrated the feasibility of innovative ways of reducing the impact that air conditioning systems' refrigerant emissions have on greenhouse gases by developing three Fiat Panda prototypes featuring high efficiency air conditioning systems using low global warming potential refrigerants that comply with the European Union's new F-Gas Regulation, which calls for phasing out fluorinated gases such as today's R-134a refrigerant.

■ **PERFECTS software**. In the first half of 2008, C.R.F. developed a new proprietary fuel consumption simulation tool based on existing software and earlier experience by C.R.F., FPT Powertrain Technologies, Fiat Group Automobiles and Iveco.

■ **Energy efficiency technologies for CNH vehicles**. During 2008, C.R.F. worked together with CNH on auxiliary systems and, more generally, on ways to recover and manage the electrical, thermal and hydraulic energy produced or used by the vehicle. In the short term, this work will help increase the efficiency of vehicles currently in production, while over the next few years, medium- to long-term development will contribute to achieving the energy savings which will be required under new European regulations and reducing operating costs.

Vehicles and advanced manufacturing and materials
The principal objectives in this area are to develop innovative body and interior architectures for vehicle systems that increase performance and product distinctiveness while meeting cost criteria and the need for effective, technologically advanced solutions.

Major accomplishments in 2008 included:

■ **Stralis Engage Concept center console**. C.R.F. helped Iveco develop an innovative center console for the Stralis instrument panel which was presented on a concept vehicle at the 2008 IAA International Motor Show in Hannover.
With the console's cutting-edge ergonomics and flexible approach to man-machine interaction, Iveco's heavy range will be able to satisfy the growing demand for cabs that meet the individual driver's requirements.
For HVAC system control, the conventional buttons and knobs are replaced by an innovative black backlit touchscreen that provides fingertip control for all functions.

■ **Environmentally friendly and recycled plastics**. During 2008, C.R.F. continued to study the use of environmentally friendly plastics for vehicle interior components. These plastics are reinforced with vegetable fibres rather then mineral fibres, providing environmental benefits over the entire product life cycle: the fibres come from plants that absorb CO_2 as they grow, while the methods used to process and mold vegetable fibre are more environmentally and energy efficient. These benefits continue in the end-of-life vehicle dismantling – an increasingly critical stage – where plastics with vegetable fibers offer higher potential for energy recovery.

■ **Ecofactory: energy efficiency in production**. On this front, C.R.F. has begun to work together with several Fiat Group Sectors, providing know-how and practical support in optimizing energy consumption at manufacturing facilities.
In 2008, there was a focus on improving energy efficiency at the Iveco plant in Suzzara and Fiat Group Automobiles' Mirafiori plant, with energy audits being conducted to determine measures that can be introduced in the plant's systems, processes and buildings to achieve savings.
This program will be extended and improved in the coming years, when the Ecofactory model's energy-savings criteria and low environmental impact technologies will be applied to system, process and facility design, construction and refurbishment.

Elasis
Established in 1988 to provide the Group an R&D presence in Southern Italy, Elasis has grown into a highly specialized

research centre whose activities are focused on technology innovation, complete vehicle development, mobility and its environmental impact, and traffic safety.
In October 2008, Elasis acquired Comau's Engineering division in Turin. Its sites now include Elasis Research & Development in Pomigliano d'Arco, Elasis Product & Process Development in Turin, and the Elasis Centre in Lecce. With approximately 1,200 employees, Elasis is equipped with sophisticated computer-aided design and measurement tools and advanced physical and virtual testing equipment which result from its significant capability in the development and management of information systems. At Elasis, as at C.R.F., work on engines and transmissions is carried out as part of Fiat Powertrain Technologies' development projects.
In 2008, Elasis continued in its strategy of creating new links in the research/innovation value chain and of promoting local development. In pursuing this goal, Elasis worked together with consortia of universities and private institutions in basic research and training, continuing to sharpen its focus on the issues related to mobility and its environmental impact.

In addition, Elasis collaborated with the Naples trade association and chambers of commerce in Southern Italy to help SMEs in the areas to leverage and transfer their existing competencies.

Further information is available on the Centre's website: www.elasis.it.
During the year, significant achievements were made in the following areas:

■ **Innovative methods for products and processes**. During 2008, Elasis developed new product and process methodologies for Group Sectors, with the aim of reducing development time and cost and improving end-product quality.

For example, the Centre continued to work on vehicle dynamics design, realistic simulation of vehicle interiors, workplace ergonomics and biomechanical analyses. In the latter area, the Elasis Biomechanic & Passenger Protection Centre contributed to passenger safety enhancements for the new Lancia Delta with a dual pre-tension seat belt system, modified sidebag and optimized window-bag, all of which helped the new model achieve a 5-star Euro NCAP rating.
Elasis also developed a 3D graphics solution based on advanced DMU digital mock-up methods that will enrich the Fiat service network's manuals with interactive graphic models. This solution has now been applied to the new Lancia Delta and the Alfa Romeo MiTo, making Fiat Group Automobiles the world's first automaker to provide its service network with such a capability.

■ **Vehicle research**. Highlights in this area included development of the new Fiat Qubo and the Alfa 8C Spider design.
Featuring two sliding rear side doors and reconfigurable interior, the Fiat Qubo is practical and economical, with excellent fuel mileage and CO_2 emissions of only 119 g/km. To achieve this, body shell weight was minimized using computer modelling and multiobjective structural optimizers which made it possible to use thinner gauge (and hence lighter) sheet metal with no loss of strength.
For the 8C Spider, like the earlier Coupé version, Elasis was responsible for development of the body and electrical/electronic systems, as well as having overall responsibility for systems integration and virtual vehicle development.

Elasis also participated in developing the new cab for Iveco medium and heavy trucks.
Development of body shell and trim for two new 8-cylinder Ferrari models also continued.

■ **Electronic control systems**. Elasis continued development of methodologies for FGA in electrical system development and simulation. Transfers to other Sectors were intensified, extending methods developed for FGA to CNH and Iveco and providing on-site training for FIASA.

Elasis continued to develop and improve Hardware-in-the-Loop and Software-in-the-Loop methods for the Fiat Group Sectors for testing and for automation of functional tests for electrical and electronic systems. During the year, for example, a Hardware-in-the-Loop video system was produced which integrates a programmable TV camera in the test environment to automatically check the status of ECU-controlled indicator lamps and displays.
Elasis also assisted Ferrari in developing a number of electronic control systems, including those for the Dual Clutch transmission, the traction system for the E-2WD demonstrator, the high-performance ABS system on the F430 Scuderia prototype, the Start&Stop system, and instrument panels and electrical/electronic architectures for several Ferrari models.

■ **Fire engines**. Elasis conduct product engineering activities on the Fire Multiair engine, the first application of the innovative Multiair valve control system. Combining the new technology (developed entirely by FPT) with the Fire engine will bring further improvements in fuel economy while at the same time increasing the engine's power output. The engine will be produced in 135 and 105 horsepower versions. A 165 hp version is also planned for high-performance vehicles. In addition to this work, Elasis carried out product engineering on the Small Gasoline Engine, which will be produced in turbocharged and naturally aspirated versions. This engine, which features all the benefits of ultra-downsizing, will have significantly lower CO_2 emissions and will be installed on compacts, sub-compacts and entry level mid-size cars. A turbocharged natural gas version of this engine is now in the design stage.

Human Resources

The Group had 198,348 employees at year-end 2008, compared with 185,227 at year-end 2007, with approximately 33,300 new hires being made during the year and 27,400 individuals leaving the Group. The remaining net increase of around 7,200 employees was attributable to changes in the Group's scope of operations, which principally included: consolidation of the Plastic Components and Modules business line by Magneti Marelli, the insourcing of logistics services by Fiat Group Automobiles in Italy, and the insourcing of parts distribution activities by CNH in North America and Latin America.
Approximately 30,000 employees (classified internally as Professional) have specific professional qualifications, and 44% of them work outside Italy.

Organizational and managerial changes

In 2008, the Group continued implementation of the organisational model which, in 2007, resulted in the creation of Group-level positions to coordinate the principal business processes, thereby encouraging the sharing of skills and experience, creating synergies and ensuring increased collaboration across Sectors.
This central coordination has contributed toward harmonisation of the decision-making process at Group level and has played a fundamental role in the identification of talented personnel within each of the various professional areas, promoting its internal growth to more effectively respond to the needs of the organisation. As part of this process, a global, inter-sectoral review was conducted of 15 professional families enabling, subsequent to selection and approval by the Group Executive Council, managers and professionals having the characteristics necessary to cover certain key positions to be transferred between Sectors.
All human resource management processes are based on the leadership model which has been in place for the past four years for all professionals globally. A pilot project has been instituted at certain European entities with the model being extended to include all white-collar employees.

Training

Investment in training to support Group activities and individual professional development totalled about €91 million.

Isvor Fiat provided training, consulting and professional support representing an equivalent of 18,686 days of training and 'on-the-job' support. A further 89,104 hours of web-based distance learning were also provided to 17,825 users.

Grants and Scholarships

The Fiat Grant and Scholarship Programme for children of Group employees was a well-received initiative once again this year. In addition to Italy, other countries which have participated so far include France, Spain, Poland, Belgium, Brazil, North America, China and the United Kingdom. In 2008, a total of 1,148 grants were awarded (351 in Italy and 797 outside Italy) amounting to €2.2 million.

Industrial relations

A **constant dialogue** was maintained with trade unions and employee representatives at company level throughout the year to achieve consensus-based solutions to manage the impact on workers of various measures taken to respond to changed market conditions. Discussions in the first half of the year mainly focused on measures to meet growing market demand through increased work flexibility at manufacturing plants, mainly through utilisation of overtime, fixed-term workers, and increase in the number of shifts. In the second half – due to the global financial crisis and its impact on the real economy which exposed the Group to a significant, abrupt and unexpected reduction in orders and subsequent decline in production levels – discussions with trade unions mainly focused on the gradual reduction of agency workers and workers with fixed-term employment contracts, and the implementation of measures to suspend production in some European countries and in North America.

There was also intense **collective bargaining** at various levels resulting in major **agreements** being reached with the trade unions in relation to pay and employment conditions in those countries where the Group's activities are located.

Social dialogue

At the **European** level, the Fiat Group **European Works Council (EWC)**, a representative body for Group employees in the European Union, took part in information and consultation on the Group's activities, as provided under EU Directive 45/94/EC, with particular reference to issues having a transnational impact. The EWC, which has 30 members, was established in 1997 and its composition reflects the geographic distribution of Group employees in Europe. A meeting was held with the EWC's select committee in May. At the annual plenary meeting, held on 20 and 21 November 2008, management representatives gave a presentation of Group results, the principal areas of development, market evolution and production trend in 2008, in addition to the outlook for 2009.

In **Italy**, dialogue with the trade unions continued at both national and local level. At a meeting with the CEO on 23 July 2008, the General Secretaries of the Italian metalworkers unions (Fim, Fiom, Uilm and Fismic), together with local representatives from the Turin area, were updated on the progress of Fiat's relaunch and development plan and the initiatives taken to achieve the Group's stated targets. In November, the trade unions (Fim, Fiom, Uilm and Fismic) presented bargaining proposals for renewal of the Group's supplemental agreement which expired on 31 December 2008. A meeting was held at the Employers' Association of Turin on 16 December with the General Secretaries of the metalworkers unions and representatives from the local coordinating bodies. Union representatives presented their bargaining proposals at the meeting and company representatives described the current production and employment situation and outlook. Discussion was also related to the current economic environment and, in particular, the significant market turbulence affecting the Group's business activities, which caused a sizeable drop in orders and, consequently, a significant reduction in production levels in the latter part of the year. At the conclusion of the meeting, the Company stated its unwillingness to negotiate on the basis of the bargaining proposals presented by the unions, which it considered incompatible with current economic reality. However, the Company did indicate its willingness to negotiate on employment conditions and evaluate, together with the unions, the most appropriate method for addressing the fall in business volumes and the resulting under-utilisation of production capacity.

Management of production demand

In **Italy**, the increase in production in the first half of the year allowed the Group to convert more than 900 fixed-term employment contracts to unlimited term contracts and to take on about 370 youths under professional apprenticeship contracts.
Conversely, to deal with the drop in business volumes experienced in the second half, many plants reduced weekly shifts and five-day work weeks were reinstated at most plants which had previously been operating on a longer work week. A six-day work week remains in effect only for certain areas of activity and for a limited number of employees.
In addition to having reduced the number of employees with fixed-term contracts and agency workers in most Group companies, it was also necessary for the Group to make utilisation of an ordinary temporary layoff benefit scheme in Italy (*Cassa Integrazione Guadagni Ordinaria*). This procedure was initiated in July at a limited number of plants and was gradually extended to most of the Group's Italian plants (with the exception of CNH Agricultural Equipment and Comau). Production stoppages reached the peak level in November and December.

Outside Italy, during the first half of the year there was an increase in production at plants located in Brazil and Poland in particular. This involved extensive use of overtime, which in certain cases exceeded 10% of normal working hours, an increase in the number of shifts, and the use of fixed-term workers.
CNH plants applied flexible work-time agreements to meet fluctuations in production requirements in Belgium and Poland, which is standard practice given the seasonal nature of the business.

Also outside Italy, various measures were necessary to deal with the significant drop in volumes in the latter part of the year, including production stoppages and a reduction in the number of fixed-term and agency workers. More specifically, *chômage partiel* was utilised in France at CNH, FPT, Teksid and, to a lesser extent, Magneti Marelli; *Expediente de Regulacion de Empleo* procedures were approved and implemented in Spain at FPT Componentes Mecanicos, Iveco and Magneti Marelli; Iveco Magirus made use of the hour-bank system at its plant in Ulm, Germany; in the United States, CNH instituted lay-offs lasting some weeks at its Wichita, Burlington and Calhoun plants, all of which are part of the construction equipment business.

A limited degree of restructuring and reorganisation was carried out during 2008. In Europe, this mainly involved the use of social plans to streamline the parts distribution activities of Fiat Group Automobiles (Germany) and down-size operations at Comau and at the Components Sector's Plastic Components and Modules business line (France). In North America, CNH's also rationalised its financial services activities.
In Italy, a collective lay-off plan (*mobilità ordinaria*) was initiated at the Components Sector's Cassino plant.

World Class Manufacturing (WCM)

Rollout of the World Class Manufacturing programme continued throughout 2008 at all Fiat Group Automobiles facilities and several other plants. The programme will gradually be implemented at all Group plants.

Where WCM is already in place, it has achieved considerable success in terms of standard performance criteria such as plant effectiveness and efficiency, waste reduction and customer service levels, in addition to improving working methods and the ergonomics of work stations. This programme also generates innovation and change by encouraging the full involvement of and contribution from workers. During the year, the application of WCM methodologies was also discussed extensively with trade unions at all levels, building on the existing foundation to create a constructive atmosphere of sharing and accountability for common goals.

Collective bargaining

With regard to collective bargaining, the agreements reached during 2008 provided salary increases in line with or slightly higher than cost of living increases, enabling employees to maintain their current level of purchasing power and linking any additional increases to the achievement of company-wide performance targets.

In **Italy**, on 20 January 2008, negotiations were concluded for the national collective labour agreement applicable to employees in the metalworking sector (excluding managers). This agreement applies to about 97% of Group employees in Italy. The agreement reached between the parties will be valid until 31 December 2009 (30 months) for the wage-related provisions and until 31 December 2011 for the provisions related to employment conditions.

In accordance with the Fiat Group supplemental agreement signed on 28 June 2006 and valid until 31 December 2008 (applicable to most Group employees in the metalworking sector in Italy), a performance bonus was paid. This bonus is determined annually based on profitability and quality targets for the previous year having been achieved. The average bonus paid in 2008 was €2,438 gross for workers in categories 1-4, an approximate €400 increase over the average bonus paid in 2007. This increase was attributable to the Group's positive performance (which was in line with the targets upon which the performance bonus is calculated) and, more specifically, to payment of an additional component for Sectors which achieved their sector-specific profit targets and an increase in the quality-related component, which this year was applied equally to all Sectors and employee grades.

Outside Italy, the main company-level collective agreements established during 2008 include the annual negotiation in **France** which resulted in salary increases, in line with inflation, of between 2.5% and 3% depending on the company.

In **Germany**, collective bargaining for renewal of the metalworking sector agreement was conducted at the level of the individual *Länder*. These agreements apply to most Group companies operating in Germany. The new agreement has a duration of 18 months and stipulates 2.1% salary increases in February and May 2009, in addition to a one-off payment of about €500 to cover the period between November 2008 and January 2009.

Pay increases agreed in **Poland** were relatively more substantial as a result of a higher rate of inflation than the average for euro zone countries, and the resulting strong pressure from unions to maintain the purchasing power of salaries, as well as the strained production levels at the Group's plants.

In **Brazil**, most Group companies applied collective bargaining agreements in place with the local industry associations for each sector (e.g., FIEMG for the companies in the Belo Horizonte, Betim, and Contagem areas). Others have stipulated analogous company-wide agreements. Overall, increases under these collective agreements were higher than inflation, reflecting the country's current economic growth. Variable annual bonuses were also paid on the basis of individual company results.

The level of **labour unrest** in Italy was lower than for 2007, and the overall level of labour unrest for the other countries was also negligible this year.

Industrial action related to renewal of the Group's supplemental agreement in Italy could potentially occur from the second half of February 2009, when contractual conditions requiring a three-month moratorium after trade unions present their bargaining proposals to the company expire.

Financial Review – Fiat Group

Introduction

Principal changes to the scope of consolidation in 2008

■ Effective 1 January 2008, the Fiat Group consolidated the Ergom Group (producer of automotive plastic components acquired on 6 December 2007) on a line-by-line basis. As of 1 April 2008, these activities were included in Magneti Marelli's scope of consolidation.

■ On 20 March 2008, as part of the agreement to purchase an engine plant in Campo Largo (Brazil), FPT Powertrain Technologies acquired 100% of Tritec Motors Limitada from Chrysler L.L.C. and subsequently changed its name to FPT Powertrain do Brasil - Industria e Comércio de Motores Ltda. In the second quarter of 2008, the Group completed the purchase accounting for this acquisition, including conversion of the acquired company's financial statements to IFRS, and consolidated it on a line-by-line basis from 1 April 2008.

■ In the third quarter of 2008, as part of the shareholder restructuring of the joint ventures between FPT, CNH and Cummins in the production of diesel engines, the Group acquired the remaining one-third of shares in EEA (European Engine Alliance). Concurrent with that transaction, CNH sold its shareholding in the 50/50 joint venture Consolidated Diesel Company.

■ In the third quarter of 2008, the sale of the entire interest in Teksid Aluminum Getti Speciali S.r.l. (included under Assets held for sale in the consolidated financial statements for the year ended 31 December 2007) was completed.

As part of the adoption of IFRS 8 – *Operating Segments*, the businesses of the Publishing and Communications Sector were aggregated with Other Businesses, due to their small relative weighting within the Group. The corresponding amounts for 2007 have, consequently, been reclassified.

Financial Review

Operating Performance

(€ millions)	2008	2007
Net revenues	**59,380**	58,529
Cost of sales	**49,423**	48,924
Selling, general and administrative	**5,075**	4,924
Research and development	**1,497**	1,536
Other income/(expense)	**(23)**	88
Trading profit	**3,362**	3,233
Gains/(losses) on disposal of investments	**20**	190
Restructuring costs	**165**	105
Other unusual income/(expense)	**(245)**	(166)
Operating profit	**2,972**	3,152
Financial income/(expense)	**(947)**	(564)
Result from investments	**162**	185
- Net result of investees accounted for using the equity method	**133**	210
- Other income/(expense) from investments	**29**	(25)
Profit before taxes	**2,187**	2,773
Income taxes	**466**	719
Profit from continuing operations	**1,721**	2,054
Profit from discontinued operations	**–**	–
Net profit for the year	**1,721**	2,054
Attributable to:		
Equity holders of the Parent	**1,612**	1,953
Minority interests	**109**	101

In the following review, net revenues and trading profit are discussed by individual Business/Sector. Other data relates to the Group as a whole.

Net revenues

Group **revenues** for 2008 totalled €59,380 million, up 1.5% year-over-year. A positive performance in the first half (+10.9%) was followed by a slowdown in demand in the third quarter and a progressively significant decline in volumes in the closing months of 2008.

Revenues by Business

(€ millions)	2008	2007	% change
Automobiles (Fiat Group Automobiles, Maserati, Ferrari)	**29,380**	29,015	1.3
Agricultural and Construction Equipment (CNH – Case New Holland)	**12,723**	11,843	7.4
Trucks and Commercial Vehicles (Iveco)	**10,768**	11,196	-3.8
Components and Production Systems (FPT, Magneti Marelli, Teksid, Comau)	**13,793**	13,375	3.1
Other Businesses	**1,394**	1,374	1.5
Eliminations	**(8,678)**	(8,274)	–
Total for the Group	**59,380**	58,529	1.5

Following is a review of net revenues by Business/Sector:

Automobiles

In 2008, the **Automobile** businesses had revenues of €29,380 million, a slight increase (+1.3%) over 2007.

Revenues for Fiat Group Automobiles were in line with 2007, while they increased significantly at Maserati (+18.9%) and Ferrari (+15.2%).

(€ millions)	2008	2007	% change
Fiat Group Automobiles	**26,937**	26,812	0.5
Maserati	**825**	694	18.9
Ferrari	**1,921**	1,668	15.2
Eliminations	**(303)**	(159)	–
Total	**29,380**	29,015	1.3

■ Revenues for **Fiat Group Automobiles** were €26,937 million, essentially flat (+0.5%) compared to 2007. The decrease in volumes (-3.6%) was offset by improved pricing and mix, in addition to increased sales to joint ventures. Growth in revenues and deliveries in the first half were offset by declines in the second half, particularly in the final quarter, due to a sharp contraction in the automotive market globally.

Fiat Group Automobiles delivered a total of 2,152,500 cars and light commercial vehicles, down 3.6% from the prior year. For Western Europe, total deliveries decreased 8.8% to 1,237,900 units in a market which declined 8.4% over the prior year.

Deliveries for the Sector declined in Italy (-16%), but strong growth was achieved in France (+30.7%) and Germany (+14.4%), where results ran counter to the trend in market demand. In Spain (-38.7%) and Great Britain (-8.1%), the Sector's performance was in line with the decline in overall demand.

Fiat Group Automobiles continued to make gains in market share for passenger vehicles. In Italy, market share reached 31.9%, a 0.6 percentage point increase over 2007. In Western Europe, market share increased 0.2 percentage points to 8.2%.

In Brazil, demand increased 10.6% over 2007 with significant growth in the first half (+26.6%) being partly offset by a decline in the closing months of 2008. Deliveries were up 8.6% over 2007 and the Sector reaffirmed its position as market leader in passenger cars with a 24.9% market share.

■ For 2008, **Maserati** reported €825 million in revenues, an increase of 18.9% over 2007. This improvement was primarily attributable to the excellent performance of the GranTurismo, including the new S sport version.

■ **Ferrari** recorded €1,921 million in revenues, up 15.2% year-over-year, driven primarily by sales of the 430 Scuderia (launched at the end of 2007), the 599 GTB Fiorano and the 612 Scaglietti, as well as improved pricing and higher revenues from the racing division.

Agricultural and Construction Equipment

CNH – Case New Holland revenues for 2008 totalled €12,723 million, an increase of 7.4% over 2007. In US dollar terms, revenues grew by 15.3%. Performance was driven by continuing strong sales growth in the agricultural equipment business especially of high horse power tractors and combines. Sales of construction equipment declined overall as increases in Latin America and Rest-of-World markets did not offset declines in North America and Western Europe.

In 2008, the global market for agricultural equipment grew 2%, with an increase in retail unit volumes for tractors and combine harvesters over 2007 of 1% and 35%, respectively. CNH's brands were well placed to benefit from the agricultural equipment industry's strong performance. Worldwide tractor market share was up with gains in Latin America, Rest-of-World and in North America for high-powered models, while share was unchanged in Western Europe. In the fast growing combine market, CNH substantially maintained market share at the global level with an increase in Latin America, stable positions in North America and Western Europe and a slight decline in the Rest-of-World, due to supply constraints.

Construction equipment unit retail sales decreased 11% worldwide in 2008. CNH global market share in the construction equipment was stable at 2007 levels. In the strong Latin American markets, share gain was achieved in light equipment while heavy equipment share declined, constrained by production capacity. In North America and Rest-of-World, market share was stable in both segments. In the weak Western European market, share declined slightly in both heavy and light equipment due to the decision to preserve margins.

Trucks and Commercial Vehicles

For 2008, **Iveco** reported revenues of €10,768 million, representing a 3.8% year-over-year decrease, mainly due to lower sales volumes in Europe. Volumes decreased significantly in the second half compared to the first.

Iveco delivered 192,143 vehicles, a decrease of 9.2% over 2007. In Western Europe, 125,152 vehicles were delivered, down 15.1% year-over-year. Declines were experienced in all principal European markets, particularly Italy (-19.4%), Spain (-37.5%), Germany (-14.2%), France (-5.7%) and Great Britain (-3.2%). In Eastern Europe, deliveries contracted by 5.4%. There was particularly positive performance, however, in Latin America (+21.6%), where the significant growth experienced in the first nine months of the year (+42%) was followed by a sharp decline in the fourth quarter as a result of the financial crisis beginning to impact the Brazilian market.

Iveco's market share in Western Europe (GVW ≥ 2.8 ton) stood at 9.9%, 0.5 percentage points lower than 2007. Market share in the light vehicle segment decreased 0.3 percentage points, with increased demand in the "van" segment being predominantly met by car-based models. Market share in the medium segment fell 1.3 percentage points, principally due to low-priced competition. Market share for the heavy segment decreased one percentage point. Overall performance in all three segments reflected a less favourable market mix than for 2007.

Iveco's market share in Eastern Europe (GVW ≥ 2.8 ton) stood at 11.8% (-0.4 percentage points over 2007), with share holding steady for light and heavy vehicles and declining slightly for medium vehicles.

Components and Production Systems

Components and Production Systems posted revenues of €13,793 million. The 3.1% increase principally reflects changes in the scope of consolidation at Magneti Marelli (+8.9% in absolute terms, but in line with 2007 on a like-for-like basis) and Teksid (+3% on a comparable basis). There was revenue increase at Comau (+3.1%), whereas FPT Powertrain Technologies closed the year substantially in line with the previous year.

(€ millions)	2008	2007	% change
FPT Powertrain Technologies	**7,000**	7,075	-1.1
Components (Magneti Marelli)	**5,447**	5,000	8.9
Metallurgical Products (Teksid)	**837**	783	6.9
Production Systems (Comau)	**1,123**	1,089	3.1
Eliminations	**(614)**	(572)	–
Total	**13,793**	13,375	3.1

■ **FPT Powertrain Technologies** reported €7,000 million in revenues (down 1.1% over 2007). Positive performance in the first half (+15.3%) was reversed by the sharp contraction in the closing months of 2008. Sales to external customers and joint ventures accounted for 22% of the total (24% for 2007).

Revenues for Passenger & Commercial Vehicles totalled €3,650 million (6.2% down on 2007), of which 83% was from sales to other Group companies with the remainder mainly representing sales of diesel engines to external customers. A total of 2,353,000 engines were sold during the year, reflecting a 9.4% decrease. Deliveries of transmissions totalled 2,019,000, down 3.5% over the previous year.

Revenues for the Industrial & Marine (I&M) product line totalled €3,358 million. The 6.1% increase over 2007 was driven by an increase in volumes to CNH and Sevel (the JV in light commercial vehicles). Sales to other Group companies accounted for approximately 73% of the total (74% for 2007). Engine sales totalled 545,000 units, up 8%, primarily to Iveco (accounting for 40%), CNH (24%) and Sevel (25%). In addition, 106,000 transmissions (-14.1%) and 272,000 axles (-9.2%) were sold.

■ **Magneti Marelli** reported €5,447 million in revenues for 2008 (+8.9% over 2007), including €451 million in revenues from the Plastic Components and Modules business line which has been part of the Sector since the second quarter of 2008.

Assuming a constant scope of operations, revenues remained substantially unchanged. Positive performance for the first half of 2008 was, however, eroded by the drop in volumes experienced in the fourth quarter reflecting the major impact of the current market crisis. The drop in revenues was experienced in all of the Sector's activities, with the exception of the favourable performance in Poland, attributable to the Fiat 500, sales to certain external customers and strong performance in Brazil, where the market recorded a year-on-year increase, despite the contraction in the last few months.

■ **Teksid** reported revenues of €837 million for 2008, up 6.9% year-over-year. Excluding the effects of disposal of the Magnesium business unit in early March 2007 and consolidation of the Aluminium business unit as of September 2007, revenues increased 3% over 2007. The increase was attributable to price increases introduced to offset higher raw material costs which was partly compensated by lower volumes for Cast Iron operations in Europe.

■ **Comau** had revenues of €1,123 million, a 3.1% increase over 2007 attributable to gains for the Body Welding business in Europe and Service activities in Latin America, partly offset by a decrease in Service activities in Europe, in line with the reshaping of the Sector's activities.

Other Businesses

Other Businesses includes the contribution from the Group's publishing businesses, service companies and holding companies. Other Businesses had revenues of €1,394 million for 2008, in line with the previous year.

Trading Profit

Group **trading profit** was €3,362 million for 2008, up 4% over 2007, and the trading margin rose to 5.7% from 5.5% with a strong contribution from CNH and improved trading performance at Iveco more than offsetting margin declines in other Sectors.

Trading Profit by Business

(€ millions)	2008	2007	Change
Automobiles (Fiat Group Automobiles, Maserati, Ferrari)	**1,102**	1,093	9
Agricultural and Construction Equipment (CNH – Case New Holland)	**1,122**	990	132
Trucks and Commercial Vehicles (Iveco)	**838**	813	25
Components and Production Systems (FPT, Magneti Marelli, Teksid, Comau)	**402**	509	-107
Other Businesses and Eliminations	**(102)**	(172)	70
Total for the Group	**3,362**	3,233	129
Trading margin (%)	**5.7**	5.5	

Following is a discussion of trading profit by Business/Sector:

Automobiles

The Automobile businesses reported trading profit of €1,102 million for 2008, slightly higher than the €1,093 million figure for 2007. Trading margin was flat at 3.8%. Lower trading profit at Fiat Group Automobiles (-€112 million), reflecting the impact of the market crisis in the last quarter, was more than offset by increases at Ferrari (+27.4%) and Maserati, where trading profit grew from €24 million for 2007 to €72 million for 2008.

(€ millions)	2008	2007	Change
Fiat Group Automobiles	**691**	803	-112
Maserati	**72**	24	48
Ferrari	**339**	266	73
Total	**1,102**	1,093	9
Trading margin (%)	**3.8**	3.8	

■ For 2008, **Fiat Group Automobiles** reported trading profit of €691 million (2.6% of revenues), a decline of €112 million from the €803 million figure (3% of revenues) recorded in 2007. This decline was entirely attributable to the fourth quarter slump in demand in Western Europe and the economic slowdown in Latin America. The impact on income from the consequent reduction in volumes was only partially compensated by reductions in overheads and production-related costs, including recourse to flexible working arrangements provided under Italian labour legislation. Trading profit for 2007 included a non-recurring gain of approximately €65 million (net of non-recurring charges), while for 2008 it included approximately €40 million in unabsorbed fixed costs resulting from the two month closure of the Giambattista Vico plant in Pomigliano.

■ **Maserati** reported trading profit of €72 million for the year (8.7% of revenues), representing a significant improvement (+€48 million) over the €24 million figure (3.5% of revenues) for the previous year, due to increased volumes and cost efficiencies.

■ **Ferrari** closed 2008 with trading profit of €339 million (17.6% of revenues), up 27.4% over the €266 million figure (15.9% of revenues) for 2007. This performance was primarily attributable to cost efficiency gains, which included a decrease in the net cost of Formula 1 racing, and a more favourable sales mix, offset in part by the unfavourable U.S. dollar and British pound exchange rates.

Agricultural and Construction Equipment

CNH – Case New Holland trading profit was €1,122 million in 2008 (8.8% of revenues), an increase of €132 million over the €990 million level (8.4% of revenues) for 2007 (up 21.6% in US dollar terms). Agricultural equipment sales growth, mix improvements and pricing actions more than offset weakness in the construction equipment industry, higher procurement, manufacturing and expediting costs which were caused by increased agricultural volumes, especially in the first 9 months of the year.

Trucks and Commercial Vehicles

Iveco's trading profit was €838 million, an increase of €25 million over the €813 million figure posted in 2007. The drop in sales volumes was offset by better selling prices achieved from competitive repositioning and a reduced cost of the product. During the year, measures were implemented to contain overheads in prompt response to the perceived fall in demand. The trading margin rose to 7.8% from 7.3% for 2007.

Components and Production Systems

Components and Production Systems reported aggregate trading profit of €402 million (€509 million for 2007), with a trading margin of 2.9% (3.8% in 2007). The sharp contraction in demand impacted trading profit at FPT (down €105 million) and Magneti Marelli (down €40 million). Teksid's trading profit was down €6 million (up €9 million on a comparable basis). Benefiting from the positive effects of the restructuring and repositioning of the business, Comau reported an increase in trading performance of €44 million.

(€ millions)	2008	2007	Change
FPT Powertrain Technologies	**166**	271	-105
Components (Magneti Marelli)	**174**	214	-40
Metallurgical Products (Teksid)	**41**	47	-6
Production Systems (Comau)	**21**	(23)	44
Total	**402**	509	-107
Trading margin (%)	**2.9**	3.8	

- For 2008, **FPT Powertrain Technologies** reported trading profit of €166 million (2.4% of revenues), a €105 million decrease over the €271 million figure (3.8% of revenues) for 2007. This decrease was principally the result of a contraction in volumes, worsening of the sales mix and increases in raw materials prices, in addition to start-up costs for new ventures in China and Brazil. There was also a negative impact from costs recognised in the first quarter of 2008 associated with the faulty production of 1.3 Multijet engines as a result of a defective externally provided component. Significant efficiency gains only partially compensated for these negative factors.

- **Magneti Marelli** reported trading profit of €174 million for 2008 (€214 million for 2007). The decrease over 2007 was due to the sharp decline in global demand which prevented the Sector from continuing the positive performance of the first nine months, during which reductions in production costs and positive results in Poland and Brazil compensated for the slowdown in certain regions and an unfavourable product mix. The trading margin for 2008 was 3.2% (4.3% for 2007). On a comparable scope of operations, the trading margin would be 3.7%.

- **Teksid** reported trading profit of €41 million, down from the €47 million figure for 2007. On a comparable scope of operations, Teksid would have shown an increase of €9 million.

- Benefiting from the positive effects of the restructuring and repositioning of the business initiated in 2006, **Comau** achieved trading profit of €21 million for 2008, a significant improvement over the €23 million loss recorded in 2007. The most significant improvements were for the Body Welding activities in Europe.

Other Businesses

Other Businesses had a trading loss of €102 million for the year, including the impact of eliminations and consolidation adjustments, a decrease of €70 million over the €172 million loss recognised in 2007 primarily attributable to a reduction in costs related to stock option plans.

Operating Profit

Operating profit for 2008 was €2,972 million, compared to €3,152 million for 2007. The difference is attributable to a €129 million improvement in trading profit offset by a €309 million increase in net unusual expense resulting from a €170 million decrease in gains on disposals, €60 million in higher restructuring costs and a net increase in other unusual expense of €79 million.

Net gains on the disposal of investments totalled €20 million in 2008 and included gains of €14 million on the sale of the interest in S.C.M. Ltda and €4 million on the sale of Targasys S.r.l.

In 2007, this item totalled €190 million and mainly consisted of a gain of €118 million on the sale of the interest held in Mediobanca S.p.A. and a gain of €42 million following completion of the sale of Ingest Facility S.p.A.

Restructuring costs totalled €165 million and mainly relate to Fiat Group Automobiles (€62 million) and Magneti Marelli (€77 million).

In 2007, these costs totalled €105 million and related primarily to Fiat Group Automobiles (€40 million), Agricultural and Construction Equipment (€30 million) and Comau (€21 million).

Other unusual income/(expense) was a negative €245 million and mainly included costs relating to the rationalisation of strategic suppliers (€74 million) and additional provisions, associated with the serious and abrupt crisis in the automotive market globally, recognised by FGA and Iveco primarily for residual value risk on both leased vehicles, vehicles sold under buy-back commitments and used vehicles in stock (€166 million).

In 2007, this item reflected a net expense of €166 million which was mainly attributable to rationalisation of several strategic suppliers, some of which were acquired in 2007.

Following is a summary of the principal components of Operating Profit, broken down by Sector:

	Trading profit/(loss)		Gains/(losses) on the disposal of investments		Restructuring costs		Other unusual income/(expense)		Operating profit/(loss)	
(€ millions)	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Fiat Group Automobiles	**691**	803	**18**	8	**62**	40	**(187)**	(136)	**460**	635
Maserati	**72**	24	**–**	–	**–**	–	**–**	(2)	**72**	22
Ferrari	**339**	266	**–**	–	**–**	–	**2**	–	**341**	266
Agricultural and Construction Equipment (CNH)	**1,122**	990	**4**	–	**(14)**	30	**6**	(7)	**1,146**	953
Trucks and Commercial Vehicles (Iveco)	**838**	813	**1**	–	**12**	10	**(48)**	–	**779**	803
FPT Powertrain Technologies	**166**	271	**1**	–	**–**	1	**(5)**	(13)	**162**	257
Components (Magneti Marelli)	**174**	214	**–**	–	**77**	–	**(4)**	(5)	**93**	209
Metallurgical Products (Teksid)	**41**	47	**–**	–	**5**	(1)	**13**	(1)	**49**	47
Production Systems (Comau)	**21**	(23)	**–**	11	**3**	21	**(18)**	–	**–**	(33)
Other Businesses and **Eliminations**	**(102)**	(172)	**(4)**	171	**20**	4	**(4)**	(2)	**(130)**	(7)
Total for the Group	**3,362**	3,233	**20**	190	**165**	105	**(245)**	(166)	**2,972**	3,152

Net Profit

Net financial expense for 2008 totalled €947 million (€564 million for 2007) and included a negative €263 million effect from the marking-to-market of two stock option related equity swaps (a €70 million gain was recognised on the swaps for 2007, resulting in a year-over-year net difference of €333 million). The 2007 figure also included a €43 million charge for early repayment of a CNH bond (original maturity in 2011). The financial component of costs for pension plans and other employee benefits totalled €155 million, in line with 2007.

Investment income for 2008 totalled €162 million, down from the €185 million figure for 2007, mainly due to start-up costs for joint venture companies.

Profit before taxes totalled €2,187 million for 2008, compared with €2,773 million for 2007. The €586 million decrease was attributable to lower operating profit (-€180 million), higher net financial expense (+€383 million) and lower investment income (-€23 million).

Income taxes totalled €466 million (€719 million for 2007), of which €168 million for IRAP (€188 million for 2007) and €23 million for taxes relating to prior periods (€21 million for 2007). The reduction in income tax over the previous year was attributable to an increase in deferred tax assets, primarily for timing differences arising during the year, partially offset by an increase in current taxes connected with higher taxable income for Group companies outside Italy.

Excluding IRAP, the effective tax rate for 2008 was 16.6% (19% for 2007).

Net profit (before minority interests) was €1,721 million for 2008, compared to €2,054 million for 2007. On a like-for-like basis, and therefore excluding the impact of unusual expenses and the mark-to-market of the equity swaps, net profit for 2008 would be €2,374 million, a 15% improvement on 2007.

Net profit attributable to equity holders of the Parent Company was €1,612 million for 2008 (€1,953 million for 2007).

Consolidated Cash Flow Statement

Following is a summary of the consolidated cash flow statement and related comments. The complete version of the cash flow statement is provided in the section 'Consolidated Financial Statements'.

(€ millions)	2008	2007
A) Cash and cash equivalents at beginning of the year (as reported)	**6,639**	7,736
Cash and cash equivalents included under Assets held for sale	**2**	5
B) Cash and cash equivalents at beginning of the year	**6,641**	7,741
C) Net cash from/(used in) operating activities	**384**	5,909
D) Net cash from/(used in) investing activities	**(6,310)**	(4,601)
E) Net cash from/(used in) financing activities	**3,127**	(2,375)
Currency translation differences	**(159)**	(33)
F) Net change in cash and cash equivalents	**(2,958)**	(1,100)
G) Cash and cash equivalents at end of the year	**3,683**	6,641
of which: Cash and cash equivalents included under Assets held for sale	**–**	2
H) Cash and cash equivalents at end of the year (as reported)	**3,683**	6,639

In 2008, **operating activities** generated €384 million in cash. Income related cash inflows of €4,170 million (calculated as net profit plus amortisation and depreciation, dividends, changes in provisions and items related to sales with buy-back commitments, net of gains/losses on disposals and other non-cash items) more than offset the €3,786 million increase in working capital (calculated on a comparable scope of operations and at constant exchange rates). Additional information on working capital is provided in the comments on the balance sheet at 31 December 2008.

Cash used in **investing activities** totalled €6,310 million. Excluding the €118 million decrease in other current securities, cash used in investing activities totalled €6,428 million.

Expenditure on tangible assets (net of vehicles sold under buy-back commitments) and intangible assets totalled €5,263 million (€3,985 million for 2007), including €284 million (€302 million for 2007) relating to vehicles for long-term rental and €1,216 million (€932 million for 2007) for capitalised development costs.

Investments in subsidiaries and associates (€148 million) principally relate to the purchase of Tritec Motors in Brazil (engine production), acquisition of the remaining one-third of shares in EEA (European Engine Alliance) as part of the shareholder restructuring of the joint ventures between FPT, CNH and Cummins in the production of diesel engines, as well as the recapitalisation of certain associates and joint ventures.

For 2008, proceeds from the sale of non-current assets totalled €300 million and mainly related to the sale of tangible and intangible assets (€240 million), including vehicles for long-term rental activities, in addition to approximately €40 million in cash proceeds from the sale of the 50% interest held by CNH in Consolidated Diesel Corporation to Cummins. This sale relates to the restructuring of shareholdings in the diesel engine joint ventures referred to previously.

The increase in receivables from financing activities (€1,493 million) is principally attributable to the increase in net new financing provided by the financial services companies.

Financing activities generated a total of €3,127 million in cash, principally from an increase in bank loans, net of €238 million in share repurchases (less shares sold in relation to the exercise of stock options) and dividend payments of €546 million (to shareholders of Fiat S.p.A. and minority shareholders of various subsidiaries).

Consolidated Balance Sheet at 31 December 2008

At 31 December 2008, **Total Assets** amounted to €61,772 million, growing €1,636 million from the €60,136 million figure at 31 December 2007.

For 2008, **Non-Current Assets** increased €2,531 million mainly in relation to Property, Plant and Equipment (+€1,361 million), Intangible Assets (+€525 million) and Deferred Tax Assets (+€494 million).

The €1,361 million increase in Property, Plant and Equipment was largely attributable to the surplus of capital expenditure over depreciation and disposals (principally of vehicles sold by Iveco under buy-back commitments), in addition to changes in the scope of operations (accounting for approximately €340 million) principally consisting of the line-by-line consolidation of the Ergom Group (producer of plastic components acquired at the end of 2007 and consolidated from 2008) and Tritec Motors. These positive components were partially offset by a negative currency translation impact of approximately €500 million.

The €525 million increase in Intangible Assets was attributable to changes in the scope of consolidation (approximately €42 million) with the remainder almost entirely attributable to the net difference between capital expenditure (primarily capitalised development costs) and amortisation and write-downs for the period.

At 31 December 2008, Receivables from Financing Activities totalled €13,136 million, an increase of €868 million over 31 December 2007. Net of currency translation differences and write-downs, the increase amounted to €1,493 million, mainly related to increased sales for CNH – Case New Holland, in addition to continued strong sales volumes for FGA in Brazil and growth in sales financing activities for Iveco in Eastern Europe.

At 31 December 2008, **Working Capital** (net of items connected with vehicles sold under buy-back commitments) was €743 million, a €3,371 million increase over the beginning of the year (negative €2,628 million).

(€ millions)	At 31.12.2008	At 31.12.2007	Change
Inventories (1)	**10,501**	8,958	1,543
Trade receivables	**4,390**	4,384	6
Trade payables	**(13,258)**	(14,725)	1,467
Net Current Taxes Receivable/(Payable) & Other Current Receivables/(Payables) (2)	**(890)**	(1,245)	355
Working capital	**743**	(2,628)	3,371

(1) Inventories are shown net of the value of vehicles sold under buy-back commitments by Fiat Group Automobiles.
(2) Other current Payables included under the item Other Current Taxes Receivable/(Payable) & Other Current Receivables/(Payables) excludes the buy-back price payable to customers upon expiration of lease contracts and advanced payments from customers for vehicles sold under buy-back commitments, which is equal to the difference, at the date of signing the contract, between the initial sale price and the buy-back price. Recognition of such amounts is apportioned over the entire term of the contract.

At 31 December 2008, Trade Receivables, Other Receivables and Receivables from Financing Activities falling due after that date and sold without recourse – and, therefore, eliminated from the balance sheet pursuant to the derecognition requirements of IAS 39 – totalled €5,825 million (€7,044 million at 31 December 2007). This amount includes financial receivables from the sales network, of €3,181 million (€3,817 million at 31 December 2007) sold to jointly-controlled financial services companies (Fiat Group Automobile Financial Services, now FGA Capital) and of €752 million (€869 million at 31 December 2007) sold to associate financial services companies (Iveco Finance Holdings Limited, controlled by Barclays).

The €3,371 million increase in working capital for 2008 (€3,786 million on a comparable scope of operations and at constant exchange rates) is largely attributable to reduced business volumes in the second half, particularly in the 4th quarter which, for the full year, resulted in an increase in inventories of approximately €1.5 billion (€2.1 billion on a comparable scope of operations and at constant exchange rates), principally for Iveco and CNH. Furthermore, trade payables reduced €1.5 billion from the 2007 year-end level due to lower production levels.

At 31 December 2008, consolidated **Net Debt** totalled €17,954 million, a €7,531 million increase over the €10,423 million figure at 31 December 2007, primarily attributable to increased working capital and portfolio growth for the Financial Services companies, as discussed previously.

(€ millions)	At 31.12.2008	At 31.12.2007
Financial payables	**(21,379)**	(17,951)
- Asset-backed financing	**(6,663)**	(6,820)
- Other	**(14,716)**	(11,131)
Current financial receivables from jointly-controlled financial services entities (a)	**3**	81
Financial payables net of intersegment balances and current financial receivables from jointly controlled financial services entities	**(21,376)**	(17,870)
Other financial assets (b)	**764**	703
Other financial liabilities (b)	**(1,202)**	(188)
Other current securities	**177**	291
Cash and cash equivalents	**3,683**	6,639
Cash and cash equivalents included under Assets held for sale	–	2
Net (Debt)/Cash	**(17,954)**	(10,423)
- Industrial Activities	(5,949)	355
- Financial Services	(12,005)	(10,778)

(a) Includes current financial receivables from the joint-venture Fiat Group Automobiles Financial Services - FAFS (now FGA Capital).
(b) Includes assets and liabilities related to recognition of derivative financial instruments at fair value.

During 2008, **Financial Payables** were €3,428 million higher. This was principally attributable to an increase in bank loans.

Liquidity (cash, cash equivalents and current securities - including amounts reclassified under Assets Held for Sale) totalled €3,860 million at 31 December 2008, a €3,072 million decrease over the €6,932 million figure at 31 December 2007.
At 31 December 2008, cash and cash equivalents included €473 million (€530 million at 31 December 2007) specifically allocated to debt servicing for securitisation vehicles, which are recognised under Asset-Backed Financing.

Industrial Activities and Financial Services: results for 2008

Following is a breakdown of the consolidated income statement, balance sheet and cash flow statement between the Group's Industrial Activities and Financial Services. The latter include the retail financing, leasing and rental companies of CNH – Case New Holland, Iveco, Fiat Group Automobiles and Ferrari.

Financial Services activities also include Fiat Group Automobiles Financial Services – FAFS (now FGA Capital), the joint venture between Fiat Group Automobiles and Crédit Agricole, and Iveco Finance Holdings Limited (the joint venture between Iveco and Barclays) which are 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 normal business activities carried out by each Group company.

Investments held by companies belonging to one activity segment in companies included in another segment are accounted for using the equity method. To avoid a misleading presentation of net 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., FGI – Fiat Group International S.A., Fiat Partecipazioni S.p.A., Fiat Netherlands Holding N.V.) are classified under Industrial Activities.

The sub-consolidation of Industrial Activities also includes companies that perform centralised treasury activities (i.e., raising funding in the market and financing Group companies). These activities do not, however, include extension of financing to third parties.

Operating Performance by Activity

(€ millions)	2008 Consolidated	2008 Industrial Activities	2008 Financial Services	2007 Consolidated	2007 Industrial Activities	2007 Financial Services
Net revenues	**59,380**	**58,309**	**1,477**	58,529	57,533	1,410
Cost of sales	**49,423**	**48,840**	**989**	48,924	48,428	910
Selling, general and administrative	**5,075**	**4,899**	**176**	4,924	4,747	177
Research and development	**1,497**	**1,497**	**–**	1,536	1,536	–
Other income/(expense)	**(23)**	**(35)**	**12**	88	72	16
Trading profit	**3,362**	**3,038**	**324**	3,233	2,894	339
Gains/(losses) on disposal of investments	**20**	**16**	**4**	190	188	2
Restructuring costs	**165**	**160**	**5**	105	104	1
Other unusual income/(expense)	**(245)**	**(242)**	**(3)**	(166)	(104)	(62)
Operating profit/(loss)	**2,972**	**2,652**	**320**	3,152	2,874	278
Financial income/(expense)	**(947)**	**(947)**	**–**	(564)	(564)	–
Result from investments (*)	**162**	**84**	**78**	185	110	75
- Net result of investees accounted for using the equity method	**133**	**54**	**79**	210	135	75
- Other income/(expense) from investments	**29**	**30**	**(1)**	(25)	(25)	–
Profit before taxes	**2,187**	**1,789**	**398**	2,773	2,420	353
Income taxes	**466**	**368**	**98**	719	635	84
Profit for the year	**1,721**	**1,421**	**300**	2,054	1,785	269
Profit/(loss) on intersegment investments	**–**	**300**	**4**	–	269	–
Profit for the year	**1,721**	**1,721**	**304**	2,054	2,054	269

(*) This item includes income from investments as well as impairment losses/reversals on non-intersegment investments accounted for under the equity method.

Industrial Activities

In 2008, **Net Revenues** for Industrial Activities increased 1.3% over the prior year: the optimum first half performance (+11%) was eroded in the second half (-8%), particularly in the fourth quarter (-17.7% over 2007). Growth was driven by CNH – Case New Holland, whose revenues were up 8.1% (+16% in US dollar terms), and by Components and Production Systems (+3.1%), where increases for Magneti Marelli (+8.9%; in line with 2007 on a like-for-like basis), Teksid (+6.9%; +3.0% on a like-for-like basis) and Comau (+3.1%) more than compensated for the 1.1% decrease at FPT Powertrain Technologies. Revenues increased 1.2% for the Automobiles business. Revenues for Iveco were down 4.4%, principally attributable to lower sales volumes in Europe. Deliveries declined significantly in the second half of the year in contrast to the positive performance in the first half.

Trading Profit for Industrial Activities was €3,038 million, an improvement of €144 million with respect to the €2,894 million recorded in 2007. All industrial businesses contributed to the increase, with a particularly strong contribution from CNH – Case New Holland, while trading profit for the Components and Production Systems business declined: FPT Powertrain Technologies and Magneti Marelli were particularly impacted by falls in sales volumes, primarily in the fourth quarter of 2008.

Industrial Activities reported **Operating Profit** of €2,652 million, compared with €2,874 million for 2007. The difference is attributable to the €144 million improvement in trading profit, more than offset by a €366 million increase in net unusual expense (€386 million in 2008; €20 million in 2007).

Financial Services

In 2008, Financial Services achieved **Net Revenues** of €1,477 million, a 4.8% increase over 2007, driven primarily by higher sales volumes for Fiat Group Automobiles and Iveco for the year.

(€ millions)	2008	2007	% change
Fiat Group Automobiles	**160**	127	26.0
Ferrari	**14**	8	75.0
Agricultural and Construction Equipment (CNH – Case New Holland)	**1,169**	1,158	0.9
Trucks and Commercial Vehicles (Iveco)	**137**	117	17.1
Holding and Other Companies, and **Eliminations**	**(3)**	–	n.a.
Total	**1,477**	1,410	4.8

Financial Services for Fiat Group Automobiles reported revenues of €160 million for year, compared with the €127 million figure for 2007. The €33 million increase (+26%) was principally attributable to growth in financing activity through the sales network in Brazil.

Financial Services for the Agricultural and Construction Equipment Sector reported net revenues of €1,169 million, largely in line with 2007. The increase in the managed portfolio was offset by negative currency translation effects (in USD terms, revenues increased 8.2%).

Iveco Financial Services had net revenues of €137 million, up 17.1% over the €117 million figure for 2007, principally due to increased business volumes in Eastern Europe.

Trading Profit totalled €324 million for the year, down €15 million over 2007.

(€ millions)	2008	2007	Change
Fiat Group Automobiles	**40**	49	-9
Ferrari	**2**	–	2
Agricultural and Construction Equipment (CNH – Case New Holland)	**265**	277	-12
Trucks and Commercial Vehicles (Iveco)	**18**	13	5
Holding and Other Companies, and **Eliminations**	**(1)**	–	-1
Total	**324**	339	-15

Trading profit for CNH – Case New Holland's Financial Services totalled €265 million for the year, compared with €277 million for 2007. In USD terms, trading profit increased 2.6% driven by increased business volumes.

Balance Sheet by Activity

(€ millions)	At 31.12.2008 Consolidated	Industrial Activities	Financial Services	At 31.12.2007 Consolidated	Industrial Activities	Financial Services
Intangible assets	**7,048**	**6,950**	**98**	6,523	6,420	103
Property, plant and equipment	**12,607**	**12,601**	**6**	11,246	11,239	7
Investment property	**–**	**–**	**–**	10	10	–
Investments and other financial assets	**2,177**	**3,756**	**987**	2,214	4,339	918
Leased assets	**505**	**11**	**494**	396	8	388
Defined benefit plan assets	**120**	**116**	**4**	31	29	2
Deferred tax assets	**2,386**	**2,225**	**161**	1,892	1,708	184
Total Non-current Assets	**24,843**	**25,659**	**1,750**	22,312	23,753	1,602
Inventories	**11,346**	**11,249**	**97**	9,990	9,929	61
Trade receivables	**4,390**	**4,301**	**235**	4,384	4,444	324
Receivables from financing activities	**13,136**	**6,448**	**13,420**	12,268	4,606	12,211
Current taxes receivable	**770**	**761**	**15**	1,153	1,141	14
Other current assets (a)	**2,600**	**2,443**	**188**	2,291	2,135	180
Current financial assets	**967**	**908**	**62**	1,016	845	171
- Current investments	**26**	**26**	**–**	22	22	–
- Other current securities	**177**	**134**	**43**	291	136	155
- Other financial assets	**764**	**748**	**19**	703	687	16
Cash and cash equivalents	**3,683**	**2,604**	**1,079**	6,639	5,546	1,093
Total Current Assets	**36,892**	**28,714**	**15,096**	37,741	28,646	14,054
Assets held for sale	**37**	**30**	**7**	83	83	–
TOTAL ASSETS	**61,772**	**54,403**	**16,853**	60,136	52,482	15,656
Total Assets adjusted for asset-backed financing transactions	**55,109**	**53,734**	**10,839**	53,316	51,799	9,507
Shareholders' Equity	**11,101**	**11,101**	**2,565**	11,279	11,279	2,486
Provisions:	**8,144**	**7,989**	**155**	8,562	8,369	193
- Employee benefits	**3,366**	**3,351**	**15**	3,597	3,581	16
- Other provisions	**4,778**	**4,638**	**140**	4,965	4,788	177
Financial payables	**21,379**	**14,522**	**13,590**	17,951	10,706	12,351
- Asset-backed financing	**6,663**	**669**	**6,014**	6,820	683	6,149
- Other	**14,716**	**13,853**	**7,576**	11,131	10,023	6,202
Other financial liabilities	**1,202**	**1,078**	**127**	188	153	35
Trade payables	**13,258**	**13,216**	**189**	14,725	14,751	361
Current taxes payable	**331**	**276**	**55**	631	571	62
Deferred tax liabilities	**170**	**169**	**1**	193	193	–
Other current liabilities (b)	**6,185**	**6,052**	**169**	6,572	6,425	168
Liabilities held for sale	**2**	**–**	**2**	35	35	–
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**61,772**	**54,403**	**16,853**	60,136	52,482	15,656
Total Liabilities adjusted for asset-backed financing transactions	**55,109**	**53,734**	**10,839**	53,316	51,799	9,507

(a) Other current assets includes Other receivables, excluding current taxes, and Accrued income and prepaid expense, previously classified under separate line items.
(b) Other current liabilities includes Other payables, excluding current taxes, and Accrued expense and deferred income, previously classified under separate line items.

Net Debt by Activity

(€ millions)	At 31.12.2008 Consolidated	Industrial Activities	Financial Services	At 31.12.2007 Consolidated	Industrial Activities	Financial Services
Financial payables	**(21,379)**	**(14,522)**	**(13,590)**	(17,951)	(10,706)	(12,351)
- Asset-backed financing	**(6,663)**	**(669)**	**(6,014)**	(6,820)	(683)	(6,149)
- Other	**(14,716)**	**(13,853)**	**(7,576)**	(11,131)	(10,023)	(6,202)
Current financial receivables from jointly controlled financial services entities (a)	**3**	**3**	**–**	81	81	–
Intersegment financial receivables	**–**	**6,162**	**570**	–	4,762	344
Intersegment financial receivables included under Assets held for sale	**–**	**–**	**1**	–	–	–
Financial payables net of intersegment and current financial receivables from jointly controlled financial services entities	**(21,376)**	**(8,357)**	**(13,019)**	(17,870)	(5,863)	(12,007)
Other financial assets (b)	**764**	**748**	**19**	703	687	16
Other financial liabilities (b)	**(1,202)**	**(1,078)**	**(127)**	(188)	(153)	(35)
Other current securities	**177**	**134**	**43**	291	136	155
Cash and cash equivalents	**3,683**	**2,604**	**1,079**	6,639	5,546	1,093
Cash and cash equivalents included under Assets held for sale	**–**	**–**	**–**	2	2	–
Net (Debt)/Cash	**(17,954)**	**(5,949)**	**(12,005)**	(10,423)	355	(10,778)

(a) This item includes current financial receivables payable to Fiat Group companies by Fiat Group Automobiles Financial Services - FAFS (now FGA Capital).
(b) Includes assets and liabilities related to recognition of derivative financial instruments at fair value.

Considering the characteristics of central treasury activity, financial payables for Industrial Activities include partially funding raised by the central treasury and transferred to financial services companies in support of their activity (shown under the item Intersegment Financial Receivables).

Intersegment Financial Receivables for Financial Services, instead, represent loans or advances to industrial companies, resulting from the sale of receivables by industrial companies to financial services companies – where such transactions do not meet the requirements of IAS 39 for recognition of those sales – as well as any temporary cash deposits with the central treasury.

At 31 December 2008, Cash and cash equivalents included €473 million (€530 million at 31 December 2007), relating to Financial Services companies, allocated to debt servicing for securitisation vehicles included under Asset-Backed Financing.

At 31 December 2008, **Net Debt** for the **Financial Services** companies showed an increase of €1,227 million over 31 December 2007, principally from the €1,503 million increase in the portfolio and the funding of €283 million in investments for the period (mainly in vehicles leased out under operating leases), offset only in part by positive operating performance (€268 million) and currency translation differences (approximately €270 million).

Change in Net Industrial Debt

(€ millions)	2008	2007
Net Industrial (Debt)/Cash at the beginning of the year	**355**	(1,773)
- Profit for the year	**1,721**	2,054
- Amortisation and depreciation (net of vehicles sold under buy-back commitments)	**2,805**	2,667
- Change in provisions for risks and charges and similar	**(766)**	(640)
Cash from/(used in) operating activities during the year before change in working capital	**3,760**	4,081
- Change in working capital	**(3,604)**	1,675
Net cash from/(used in) operating activities	**156**	5,756
- Investments in tangible and intangible assets (net of vehicles sold under buy-back commitments)	**(4,980)**	(3,666)
Net cash from/(used in) operating activities, net of capital expenditures	**(4,824)**	2,090
- Change in the scope of consolidation and similar	**(941)**	647
Net industrial cash flow	**(5,765)**	2,737
- Capital increases, (purchase)/disposal of treasury shares and dividends	**(770)**	(700)
- Currency translation differences	**231**	91
Change in net industrial debt	**(6,304)**	2,128
Net Industrial (Debt)/Cash at the end of the year	**(5,949)**	355

During the year, the Group's **Net Industrial Debt** increased €6.3 billion to €5.9 billion, reflecting higher capital expenditure (€5 billion, up €1.3 billion over 2007) and a €3.6 billion increase in working capital, as previously reported.

Dividend payments and share repurchases during the year (net of shares sold in relation to the exercise of stock options) resulted in cash outflows of €546 million and €238 million, respectively.

Cash Flow Statement by Activity

(€ millions)	2008 Consolidated	2008 Industrial Activities	2008 Financial Services	2007 Consolidated	2007 Industrial Activities	2007 Financial Services
A) Cash and cash equivalents at beginning of the year (as reported)	**6,639**	**5,546**	**1,093**	7,736	6,706	1,030
Cash and cash equivalents included under Assets held for sale	**2**	**2**	**–**	5	5	–
B) Cash and cash equivalents at beginning of the year	**6,641**	**5,548**	**1,093**	7,741	6,711	1,030
C) Net cash from/(used in) operating activities:						
Profit for the year	**1,721**	**1,721**	**304**	2,054	2,054	269
Amortisation and depreciation (net of vehicles sold under buy-back commitments)	**2,901**	**2,805**	**96**	2,738	2,667	71
(Gains)/losses on disposal and other non-cash items (a)	**203**	**(119)**	**18**	(435)	(704)	–
Dividends received	**84**	**115**	**9**	81	203	13
Change in provisions	**(161)**	**(149)**	**(12)**	6	(40)	46
Change in deferred income taxes	**(490)**	**(532)**	**42**	(157)	(126)	(31)
Changes due to buy-back commitments (b)	**(88)**	**(81)**	**(7)**	34	27	7
Change in working capital	**(3,786)**	**(3,604)**	**(182)**	1,588	1,675	(87)
Total	**384**	**156**	**268**	5,909	5,756	288
D) Net cash from/(used in) investing activities:						
Investments in:						
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)	**(5,263)**	**(4,980)**	**(283)**	(3,985)	(3,666)	(319)
- Unconsolidated subsidiaries and other investments	**(148)**	**(152)**	**–**	(122)	(136)	–
Proceeds from the sale of non-current assets	**300**	**204**	**96**	735	680	55
Net change in receivables from financing activities	**(1,493)**	**10**	**(1,503)**	(1,032)	41	(1,073)
Change in other current securities	**118**	**24**	**94**	(63)	(5)	(58)
Other changes	**176**	**(1,194)**	**1,370**	(134)	(2,719)	2,578
Total	**(6,310)**	**(6,088)**	**(226)**	(4,601)	(5,805)	1,183
E) Net cash from/(used in) financing activities:						
Net change in financial payables and other financial assets/liabilities	**3,896**	**3,840**	**56**	(1,675)	(425)	(1,250)
Increase in share capital	**15**	**14**	**5**	5	5	14
(Purchase)/Disposal of treasury shares	**(238)**	**(238)**	**–**	(395)	(395)	–
Dividends paid	**(546)**	**(546)**	**(40)**	(310)	(310)	(135)
Total	**3,127**	**3,070**	**21**	(2,375)	(1,125)	(1,371)
Currency translation differences	**(159)**	**(82)**	**(77)**	(33)	11	(37)
F) Net change in cash and cash equivalents	**(2,958)**	**(2,944)**	**(14)**	(1,100)	(1,163)	63
G) Cash and cash equivalents at end of the year	**3,683**	**2,604**	**1,079**	6,641	5,548	1,093
of which: Cash and cash equivalents included under Assets held for sale	**–**	**–**	**–**	2	2	–
H) Cash and cash equivalents at end of the year (as reported)	**3,683**	**2,604**	**1,079**	6,639	5,546	1,093

(a) In 2008, this item included the reversal of a €271 million loss (€67 million gain in 2007) relating to the fair value measurement of equity swaps on Fiat ordinary shares. For 2007, it included gains and losses on the disposal of non-current assets totalling €297 million.
(b) Cash from vehicles sold under buy-back commitments for the periods shown, net of amounts already recognised through the income statement, is included in a single line item under Operating Activities which also includes the change in working capital, capital expenditures, amortisation, depreciation, gains/(losses) and proceeds from disposal, at the end of the contract term, for those assets which are recognised under 'Property, plant and equipment'.

Industrial Activities

For 2008, Industrial Activities absorbed cash and cash equivalents totalling €2.9 billion. In particular:

- **Operating activities** generated a net cash inflow of €156 million. Cash generated by income related cash inflows (net profit plus amortisation and depreciation) - net of gains/(losses) on disposal and other non-cash items, changes in provisions, deferred taxes, items relating to the sale of vehicles under buy-back commitments and dividends received - was almost entirely offset by the increase in working capital which, on a comparable scope of operations and at constant exchange rates, amounted to €3,604 million.

- **Investing activities** absorbed a total of €6,088 million in cash, essentially for investments (€5,132 million including unconsolidated subsidiaries and other investments) and the increase in funding provided to the Group's financial services companies by central treasury companies (included under Other Changes).

- **Financing activities** generated cash of €3,070 million. Increased use of external funding provided €3,840 million of additional liquidity. Additionally, during the year, the Group utilised cash for share buy-backs (€238 million, net of shares sold in relation to the exercise of stock options) and dividend payments (€546 million).

Financial Services

Cash and cash equivalents for Financial Services activities totalled €1,079 million at 31 December 2008, down €14 million over 31 December 2007.

Changes in cash during the year were attributable to:

- **Operating activities**, which generated €268 million in cash, principally from income related cash inflows (net income plus amortisation and depreciation).

- **Investing activities** (including changes in financial receivables from/payables to Group industrial companies), which absorbed €226 million in cash. In particular, funding requirements related to the increase in the receivable portfolio (€1,503 million) and capital expenditure (€283 million), principally for vehicles leased out under operating leases, more than offset cash from financing provided by the Group's treasury companies (included under Industrial Activities) to meet that requirement (classified under Other Changes), the decrease in Other Current Securities and Proceeds from the Sale of Non-Current Assets (principally vehicles leased out under operating leases).

- **Financing activities**, which generated cash of €21 million.

Corporate Governance

Foreword

The Fiat Group adopted and adheres to the Corporate Governance Code for Italian Listed Companies issued in March 2006, with subsequent additions and amendments related to the former NYSE listing and the specific characteristics of the Group.

In adherence with legal and regulatory requirements, every year the Company prepares the "**Annual Report on Corporate Governance"** which provides a general description of the corporate governance system adopted by the Group and contains information on its ownership structure, adherence to individual provisions of the Corporate Governance Code, and compliance with consequent commitments. This Report, available in the Corporate Governance section of the Fiat Group website (www.fiatgroup.com), is divided into four sections: the first contains a description of the governance structure, the second gives information on our ownership structure, the third provides an analysis of the implementation of the Code, and the fourth comprises summary tables and corporate governance related documents of Fiat Group, as well as a side-by-side comparison showing the principles of the Code and how they have been implemented by the Group. Highlights relevant to this Report on Operations are provided below.
The Corporate Governance Code is also available on the Borsa Italiana S.p.A. website (www.borsaitaliana.it).

Direction and Coordination

Fiat S.p.A. is not subject to direction and coordination of any other company or entity and is fully independent in the definition of its general strategic and operating guidelines. Pursuant to Article 2497-bis of the Italian Civil Code, its Italian subsidiaries, with a few specific exceptions, have named Fiat S.p.A. as the entity which exercises direction and coordination over them. This activity consists in indicating the general strategic and operating guidelines of the Group and takes concrete form in the definition and updating of the internal control system, the corporate governance model and of the corporate structure, the issuance of a Code of Conduct applied throughout the Group, and setting forth the general policies for the management of human and financial resources, purchasing of production materials, and marketing and communication. Furthermore, coordination of the Group includes specialised companies which provide centralized cash management, corporate and accounting, internal audit, and training services. 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 specialised services with improving levels of quality and to concentrate their resources on the management of their core business.

Board of Directors

Pursuant to the By-laws, the Board of Directors may have from nine to fifteen members. In the Annual General Meeting held on 3 May 2006, Shareholders set the number of members of the Board of Directors at fifteen and the term of office of those Directors expires on the date of the forthcoming General Meeting called to approve the 2008 Financial Statements. Pursuant to the By-laws (Article 11) Board members are to be appointed through the voting list system which ensures that minority shareholders can elect a director. The minimum equity interest required for submission of a list of candidates is 1% of ordinary shares, in accordance with the communication issued by Consob and with reference to the Company's market capitalisation in the last quarter of 2008. Each list must indicate at least one candidate that satisfies the independence requirements imposed by law.

Under Article 16 of the Company By-laws, all directors with executive responsibilities are vested, severally, 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 prevented from carrying out his role. As in the past, the Board of Directors has adopted a model for delegation of broad operating powers to the Chairman and the Chief Executive Officer, authorizing them, severally, to perform all ordinary and extraordinary acts that are consistent with the Company's purpose and not reserved by law, otherwise delegated or reserved for the Board of Directors itself. In practice, the Chairman provides the 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.

The Board established **"Guidelines for Significant Transactions and Transactions with Related Parties"** in which it reserves the right to prior examination and approval of any transaction having a significant impact on the balance sheet, economic and financial figures, including the most significant transactions with related parties, and has made all transactions with related parties subject to specific criteria in terms of substance and procedure.
Therefore, decisions relating to significant transactions are excluded from the powers conferred on executive directors. "Significant transactions" are considered to be those transactions that, in and of themselves, the company is required to disclose to the market in accordance with specific rules established by the regulatory authorities.
When the Company has the need to undertake a significant transaction, the executive directors are to provide the Board of Directors with a summary analysis of the strategic compatibility, economic feasibility and expected return for the Company a reasonable time in advance. Decisions regarding the most significant transactions with related parties are also excluded from the powers conferred on executive directors, with all such transactions being subject to specific criteria in terms of substance and procedure and requiring disclosure to the Board.

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

At 31 December 2008, the Board of Directors was composed of three executive directors and twelve non-executive directors, who have not been delegated specific authorities or executive responsibilities at the Company or the Group, eight of whom qualified as independent.

The **executive directors** are the Chairman, the Vice Chairman, who substitutes for the Chairman if the latter is absent or prevented from carrying out his role, and the Chief Executive Officer. These directors also hold management positions at subsidiary companies: Luca Cordero di Montezemolo is Chairman of Ferrari S.p.A., John Elkann is Chairman of Itedi S.p.A., and Sergio Marchionne who, in addition to being Chairman of the principal subsidiaries including CNH Global N.V. (an NYSE-listed company), is also Chief Executive Officer of Fiat Group Automobiles S.p.A.

An adequate number of independent directors is essential to protection of the interests of shareholders, particularly minority shareholders, and third parties. For this reason, and believing it to be significantly in the Company's interests to maintain a high level of guarantees and protection against potential conflicts of interest, particularly in those areas less subject to the control of Shareholders, Board of Directors proposed that for the elections held on 3 May 2006, Shareholders elect an appropriate number of independent directors and confirm the criteria for determining independence adopted in 2005. This principle was reaffirmed when Shareholders confirmed Mr. René Carron as director at the General Meeting on 31 March 2008, and shall again be proposed to Shareholders when they are called upon to elect the new board of directors.

During 2008, the Board was composed of a majority of independent directors.

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

At the meeting held on 23 July 2008, the Board of Directors confirmed that Messrs. Roland Berger, René Carron, Luca Garavoglia, Gian Maria Gros-Pietro, Vittorio Mincato, Pasquale Pistorio, Ratan Tata and Mario Zibetti satisfied the requirements of independence.

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

- Andrea Agnelli: Director of IFI S.p.A.;

- Roland Berger: Vice Chairman Wilhelm von Finck AG, Director of Telecom Italia S.p.A., Chairman of the Supervisory Board of Prime Office AG and WMP EuroCom AG, Vice Chairman of the Supervisory Board of Live Holding AG, Member of the Supervisory Board of Schuler AG, Senator Entertainment AG and Fresenius SE;

- Tiberto Brandolini D'Adda: Chairman of Sequana S.A. and Ifil Investissements S.A., General Partner of Giovanni Agnelli & C. S.a.p.A., Vice Chairman of IFIL Investments S.p.A., Director of IFI S.p.A., Espirito Santo Financial Group, SGS S.A. and Vittoria Assicurazioni S.p.A.;

- René Carron: Chairman of Crédit Agricole S.A. and Caisse Regional des Crédit Agricole des Savoie, Vice Chairman of Confédération Nationale de la Mutualité de la Coopération et du Crédit Agricoles, Director of GDF-Suez S.A. and Member of the Supervisory Board of Lagardere SCA;

- Luca Cordero di Montezemolo: Director of Poltrona Frau S.p.A., Tod's S.p.A., Pinault Printemps Redoute S.A., Member of the International Advisory Board of Citi Inc.;

- John Elkann: Vice Chairman and General Partner of Giovanni Agnelli & C. S.a.p.A., Chairman of IFI S.p.A. and IFIL Investments S.p.A., Director of RCS Mediagroup S.p.A. and Banca Leonardo Group S.p.A., Member of the Supervisory Board of Le Monde S.A.;

- Luca Garavoglia: Chairman of Davide Campari Milano S.p.A., Director of Indesit Company S.p.A.;

- Gian Maria Gros-Pietro: Chairman of Autostrade per l'Italia S.p.A., Atlantia S.p.A. and Perseo S.p.A., Director of Edison S.p.A. and Seat Pagine Gialle S.p.A.;

- Sergio Marchionne: Chairman of SGS S.A., Non-executive Vice Chairman and Senior Independent Director of UBS AG, Director of Philip Morris International Inc.;

- Virgilio Marrone: Chief Executive Officer and General Manager of IFI S.p.A., Director of Old Town S.A. and Member of the Management Board of Intesa Sanpaolo S.p.A.;

- Vittorio Mincato: Chairman of Assonime, Director of Parmalat S.p.A., Chairman of Casa Editrice Neri Pozza S.p.A.;

- Pasquale Pistorio: Honorary Chairman of S.T. Microelectronics N.V., Director of Brembo S.p.A. and Chartered Semiconductor Manufacturing Ltd;

- Carlo Barel di Sant'Albano: Chief Executive Officer of IFIL Investments S.p.A., Director of Juventus FC S.p.A., Sequana S.A. and Cushman & Wakefield, Member of the Supervisory Board of Intesa Sanpaolo S.p.A.;

- Ratan Tata: Chairman of Hindustan Aeronautics Ltd, Antrix Corporation Ltd and The Indian Hotels Company Ltd and Director of Alcoa Inc. Mr. Tata also serves as Chairman of the principal companies of the Tata Group;

- Mario Zibetti: Director of Ersel Sim S.p.A.

Committees set up by the Board

The Board of Directors established the Internal Control Committee and the Nominating and Corporate Governance Committee with the duty, among others, of selecting and proposing nominees for the post of director, the Compensation Committee, with the duty of submitting proposals with respect to compensation plans, and the Strategic Committee, on which it relies for the preparation of Company and Group strategies.

Internal Control System

The Board established the "Guidelines for the Internal Control System", which came into effect on 1 January 2003. These guidelines are a revision of the procedures established in 1999 which were amended to implement changes to the Corporate Governance Code. Essential elements of the Internal Control System are the **Code of Conduct**, adopted in 2002 to replace the Code of Ethics, and the Compliance Programme, adopted by the Board of Directors in compliance with Regulations on the 'Liability of Legal Persons' pursuant to Legislative Decree 231/2001, as amended.
The Code of Conduct contains the business ethics principles to which the Company adheres and with which directors, statutory auditors, employees, consultants and partners are required to comply.

As a result of changes in law and legal precedent, the **Compliance Program** pursuant to Legislative Decree 231/2001 and the Guidelines for adoption of the Program by Italian companies in the Fiat Group were revised.

With these amendments, new criminal offenses were included and the relevant sensitive processes were identified: in particular, offenses under Article 25-*octies* of Legislative Decree 231/01 related to the crimes of receiving stolen goods, money laundering and utilisation of money, goods, or benefits deriving from illegal activity and computer crimes and illegal processing of data under Article 24-*bis* of said Decree, introduced by Law 48 of 18 March "Ratification and Implementation of the Council of Europe Convention on Cybercrime, held in Budapest on 23 November 2001, and legislation for its adoption at the national level".

The Compliance Program Supervisory Body is composed of the Compliance Officer, the Senior Counsel, and an external advisor. It has its own Internal Policies and Procedures, its activities are based on a specific Supervisory Program, and it reports to the Board of Directors, including via the Internal Control Committee, and to the Board of Statutory Auditors.

In application of the Compliance Program, the Code of Conduct, and the provisions of the Sarbanes-Oxley Act, to which the Company was subject insofar as it was listed on the NYSE, on whistleblowing, the **Whistleblowing Procedures** were adopted as of 1 January 2005 for management of reports and claims filed by individuals 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 behaviour towards employees or third parties, reports or claims regarding accounting, internal accounting controls, and independent audits.

The **Procedure for the Engagement of Audit Firms** regulates the engagement by Fiat S.p.A. and its subsidiaries of audit firms and those companies or professional firms that maintain an ongoing relationship (so-called network) with the audit firms, in order to safeguard the principle of independence of the firms engaged to audit the financial statements.

The Group has also implemented and maintains up-to-date a system of reliable administrative and accounting procedures which guarantee a high standard of **internal control over financial reporting**, conceptually consisting of two levels. The first consists of the rules, procedures and guidelines by which

the Parent Company ensures a system of efficient exchange of information and conducts the necessary coordination with the activities of its subsidiaries, the majority of which are organised into Sectors. The second relates to detailed operating policies and procedures at Sector level, based on guidelines provided by the Parent Company, and implemented by the individual legal entities.
In parallel, assessment and monitoring of the system of internal control over financial reporting has been implemented consistent with the model established in the COSO Framework and follows a 'top-down, risk-based' approach, which is in line with international best practice. As part of that process, tests are carried out by management, which are accompanied by quality reviews of the design and functioning of those controls, and tests are also conducted independently by Internal Audit. The 'top-down, risk-based' approach adopted by the Fiat Group enables management to conduct its own assessments focusing on areas of greatest risk and/or materiality in relation to the financial reporting system.

Documents and financial information regarding the Company continue to be disclosed, including via the internet, in accordance with the provisions of the **Disclosure Controls & Procedures** adopted in the past in conformity with the US regulation.

Board of Statutory Auditors

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

The Board of Statutory Auditors, following resignation of the regular member Cesare Ferrero and alternate member Giorgio Giorgi on 15 May 2008, is currently composed of: Carlo Pasteris, Chairman; Giuseppe Camosci and Piero Locatelli, regular auditors; and, Roberto Lonzar, alternate auditor.

The Board of Statutory Auditors' current term of office expires on the date of the forthcoming General Meeting of Shareholders called to approve the 2008 Financial Statements. Below is a list of the most significant positions held by the members of the Board of Statutory Auditors. In compliance with legal and regulatory requirements, more complete information is provided in the Report of the Board of Statutory Auditors on the 2008 Financial Statements. Carlo Pasteris is Chairman of the Board of Statutory Auditors of Toro Assicurazioni S.p.A., Augusta Assicurazioni S.p.A., Augusta Vita S.p.A., De Agostini S.p.A., B&D Holding S.a.p.A. and a director of Ferrero S.p.A.; Giuseppe Camosci is Chairman of the Board of Statutory Auditors of Samsung Electronics Italia S.p.A., and a regular auditor of Trussardi S.p.A., Finos S.p.A., Locafit S.p.A. and WestLB (Italia) Finanziaria S.p.A.; Piero Locatelli is a regular auditor of Giovanni Agnelli & C. S.a.p.A.

Pursuant to Legislative Decree 58/98 and in accordance with Article 17 of the Company's By-laws, appropriately constituted **minority groups** have the right to appoint one regular auditor, who shall serve as Chairman, and one alternate auditor. In accordance with the By-laws, an equity interest no lower than that required by law for the submission of lists of candidates for the appointment of the Company's Board of Directors is required for the submission of a list of candidates to the Board of Statutory Auditors. In accordance with the communication issued by Consob and with reference to the Company's market capitalisation in the last quarter of 2008, the required minimum percentage is currently 1% of ordinary shares. The lists presented, together with the documentation required by law and the Company's By-laws, must be deposited at the Company's registered office at least fifteen days prior to the date set for the Meeting on first call, or, in specific cases, up to five days after that date. The Board of Statutory Auditors was elected by Shareholders on 3 May 2006 using the voting list system. In particular, the regular auditors Giuseppe Camosci and Piero Locatelli, who was substituted for Cesare Ferrero on 15 May 2008, were drawn from the list presented by the majority shareholder IFIL Investments S.p.A. and Carlo Pasteris, who was appointed Chairman of the Board of Statutory Auditors, was drawn from the minority list receiving the highest number of votes. That minority list was presented jointly by the Generali Group and Mediobanca, which at the time were holders of 2.7% and 1.8% of the Fiat ordinary shares, respectively. Upon accepting his candidacy, Carlo Pasteris resigned from his position as common representative for the holders of savings shares. Additional information provided to Shareholders on candidates and lists presented are still available in the Investor Relations section of the Group website (www.fiatgroup.com).

Stock Option Plans

Fiat S.p.A. has established Stock Option Plans for more than 900 Group employees, in Italy and abroad, whose activities and position of leadership have a significant impact on the Group.

There are currently seven stock option plans, approved by Fiat S.p.A. between 2001 and 2008, which grant options for the purchase of Fiat ordinary shares. One plan was established exclusively for the Chief Executive Officer of Fiat S.p.A., one for the Chief Executive Officer jointly with other Group managers, one exclusively for the former Chairman of Fiat S.p.A. (Paolo Fresco, who was in office until 28 February 2003), and four other plans for Group managers.

In addition, the subsidiary companies CNH Global N.V. and Ferrari S.p.A. have stock option plans in place which grant options to purchase their respective ordinary shares. Ferrari S.p.A. granted options for 184,000 Ferrari shares to its Chairman, Luca Cordero di Montezemolo. Mr. Montezemolo still holds 80,000 of those options to purchase an equivalent number of newly issued shares, subject to Ferrari shares being listed, at a price of €175 per share and exercisable until 31 December 2010. Other companies had, prior to coming under the Group's control, approved cash-settled share-based payment plans referred to as Stock Appreciation Rights (SARs).

Following is a description of the principal features of the Plans established by Fiat S.p.A.

The stock option plans were established to incentivize individuals in key positions in the achievement of performance targets for the Company and the Group, aligning that incentive to the long-term value created for Shareholders. The level of commitment is further strengthened where, as has been the case since 2004, vesting is subject to achievement of specific profitability targets during the reference period.
At the same time, motivating management by granting instruments which reflect the Company's market value contributes to the alignment of management's interests with those of shareholders, promoting management's sense of identification with the Group and significantly enhancing retention.

Plan beneficiaries are selected using objective criteria which take into account the impact of their role on business objectives. The number of options actually granted is determined on the basis of individual leadership qualities.

The stock option plans established by Fiat S.p.A. grant beneficiaries the option to purchase one Fiat ordinary share at a predetermined price (the strike price) for each option exercised. Transactions are settled by delivery of shares. The options are subject to a predetermined exercise period beginning with the vesting date until the plan's expiry date.

For all plans, the strike price is based on the average daily market price for the month prior to the grant date and may be subject to adjustment as a result of transactions affecting the Company's share capital, with any adjustment factor being determined by the AIAF. The exercise price must be paid in cash upon purchase of the underlying shares.

Terms and conditions common to the plans established for Group managers between 2000 and 2002 are as follows:

- in the event of termination of the employment relationship or if, as the result of a disposal of the employing company, the employer ceases to be part of the Group, any options not yet vested are cancelled, while those already vested may be exercised within thirty days of the termination or disposal;

- in keeping with Italian tax law, options are exercisable three years after the grant and for the following five years. All plans allow for the options to become gradually exercisable over time;

- exercise of the options is not subject to specific conditions.

On 26 July 2004, the Board of Directors granted Sergio Marchionne, as variable compensation for his role as Chief Executive Officer, options to purchase 10,670,000 Fiat S.p.A. ordinary shares at a price of €6.583 per share, exercisable from 1 June 2008 to 1 January 2011. In each of the first three years following the grant date, Mr. Marchionne accrued the right to purchase a maximum of 2,370,000 shares per year commencing 1 June 2008. As of 1 June 2008, he also acquired the right to exercise the remaining 3,560,000 options, having achieved the profitability targets established for the reference period. In relation to this plan, on 22 January 2009 the Board of Directors decided that it was significantly in the Group's interests to submit to Shareholders for approval at the forthcoming General Meeting a motion to amend the plan in order to regain and extend its retention ability. More specifically, the amendments relate to the reintroduction of a vesting period, solely conditional on Mr. Marchionne remaining in office, which shall render the options unexercisable until 31 December 2010 and extend the exercise period through to 1 January 2016, with all other conditions of the plan remaining unchanged.

On 3 November 2006, Fiat S.p.A.'s Board of Directors approved an eight-year plan consisting of 20 million stock options, authorised by Shareholders on 5 April 2007, which grants certain Group managers and the Chief Executive Officer of Fiat S.p.A. the right to acquire a determined number of Fiat S.p.A. ordinary shares at the price of €13.37 per share. More specifically, 10,000,000 options were granted to employees and 5,000,000 options were granted to Mr. Marchionne - to be vested over 4 years with one-quarter of the total being vested each year – and are subject to the achievement of profitability targets and are exercisable from the date of approval of the 2010 financial statements. The remaining 5,000,000 options were granted to the Chief Executive Officer of Fiat S.p.A., also subject to a four-year vesting period as described above, and are exercisable from November 2010. Exercise of these options is also subject to specific conditions relating to the length of employment or engagement. The Board exercised its powers under Article 2443 of the Civil Code to issue new shares, in service of these incentive plans, to employees of the Company and/or its subsidiaries up to 1% of share capital or a maximum of €50,000,000 (fifty million euros) in the form of 10,000,000 (ten million) ordinary shares having a par value of €5.00 (five euros) each, representing 0.78% of total share capital or 0.92% of ordinary share capital, at a price of €13.37 each. This capital increase is subject to the conditions of the Plan being satisfied.

On 26 February 2008, the Board of Directors of Fiat S.p.A. approved the incentive plan authorised by Shareholders on 31 March 2008, which allows for the periodic granting of 4 million stock options and/or share appreciation rights until the end of 2010. This plan is intended for managers hired or promoted subsequent to the stock option plan established on 3 November 2006, or who, in any event, warrant additional recognition, and is structured similarly to the 2006 plan in terms of profitability targets, vesting and exercise. On 23 July 2008, the Board of Directors, in execution of that plan, voted to grant 1,418,500 stock options at an exercise price of €10.24. The plan obligations will be met through the purchase of own shares in the market rather than through the issue of new shares.

Detailed information on all Plans is also available in the Notes to both the consolidated and parent company financial statements.

Shares held by members of the Boards of Directors and Statutory Auditors, general managers and other executives with strategic responsibilities (Article 79 of Consob Resolution No. 11971 of 14 May 1999)

Name	Shares held	No. of shares held at 31.12.2007	No. of shares bought in 2008	No. of shares sold in 2008	Change in no. of shares held by incoming/ (outgoing) managers	No. of shares held at 31.12.2008
Luca Cordero di Montezemolo	Fiat Ordinary	127,172	–	–		127,172
Sergio Marchionne	Fiat Ordinary	240,000	–	–		240,000
Gian Maria Gros-Pietro	Fiat Ordinary	3,300	–	–		3,300
Executives with strategic responsibilities	Fiat Ordinary	95,143	7,450	–	3,698	106,291
	Fiat Preference	–				–
	Fiat Savings	618				618
	CNH Ordinary	5,287	2,177 (*)			7,464

* Shares partially granted through CNH Long Term Incentive Plan. Under certain CNH incentive plans, executives with strategic responsibilities are still entitled to receive a further 100,000 CNH shares.

Transactions between Group Companies and with Related Parties

During the period, there were no transactions with related parties, including intragroup transactions, 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 34 of the Consolidated Financial Statements and in Note 29 of Fiat S.p.A.'s Financial Statements.

* * * *

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

Significant Events Subsequent to Year End and Outlook

Significant Events Subsequent to Year End

■ On 20 January 2009, Fiat S.p.A., Chrysler L.L.C. (Chrysler) and Cerberus Capital Management L.P., the private investment majority owner of Chrysler L.L.C., announced the signing of a non-binding term sheet for the establishment a global strategic alliance. On the basis of the term sheet, the alliance, to be a key element of Chrysler's viability plan, would provide Chrysler with access to competitive, fuel-efficient vehicle platforms, powertrains, and components to be produced at Chrysler manufacturing sites. Fiat would also provide distribution capabilities in key growth markets, as well as substantial cost-saving opportunities. In addition, Fiat would provide management services, as required, in support of Chrysler's submission of a viability plan to the U.S. Treasury. The alliance would also allow Fiat Group and Chrysler to take advantage of each other's distribution networks and to fully optimize their respective manufacturing footprints and global supplier bases. As consideration for the Group's contribution of strategic assets – consisting of product and platform sharing (including city and compact segment vehicles), technology sharing (including fuel efficient and environmentally friendly powertrain technologies), and access to additional markets (including distribution for Chrysler vehicles in markets outside of North America) - Fiat would receive an initial 35 percent equity interest in Chrysler. The alliance does not contemplate that Fiat would make a cash investment in Chrysler or commit to funding Chrysler in the future. The proposed alliance would be consistent with the terms and conditions of the U.S. Treasury financing to Chrysler and completion is subject to due diligence and regulatory approvals, including the approval of the U.S. Treasury.

■ On 27 January 2009, Magneti Marelli and SAIC Motor Corporation Ltd., through its subsidiary Shanghai Automobile Gear Works (SAGW), signed a joint venture agreement in China for production of hydraulic components for the Freechoice™ Automated Manual Transmission (AMT) made by Magneti Marelli. Under the agreement, Magneti Marelli and SAGW will take equal interests. The joint venture will be located near Shanghai and is due to be operational in the second half of 2009. At full capacity, the new entity will be capable of producing components for about 350,000 gearboxes a year.

■ During January 2009, the three leading credit rating agencies announced that they had placed Fiat's long and short-term ratings under review: Moody's Investors Services placed the ratings under review for possible downgrade; Standard & Poor's Rating Services placed them on CreditWatch with negative implications (together with the long-term rating for CNH Global N.V.) and Fitch Ratings placed them on Rating Watch Negative.

Outlook

As foreseen at the end of the 3rd quarter, the final 3 months of 2008 confirmed a significant and widespread deterioration of trading conditions across most of our businesses and most of our geographies. This deterioration has made it even more difficult to forecast with some degree of accuracy the performance of our sectors in 2009. This uncertainty has been compounded by a severe tightening of credit in all major markets, both at the consumer and corporate level, and has began to create a liquidity squeeze which will ultimately impact the industrial development of most businesses, including and especially ours.

We believe that we will continue to experience erratic fluctuations in market sentiments throughout at the least the first semester. It is for these reasons that we have chosen a strategy of updating the financial markets on a quarterly basis on expected 2009 performance, as evidence materializes about the ultimate shape and quality of the various product demand curves we face.

Notwithstanding this uncertainty, the Group is of the view that the following conditions will materialize in 2009.

- Global demand for our products will decline approximately ~20% compared to 2008.

- Group trading profit will be in excess of €1 billion.

- Restructuring charges of ~€300 million.

- Net profit for the Group will be in excess of €300 million.

- Group net industrial cash flow will be in excess of €1 billion, with net industrial debt levels below the €5 billion mark.

While these are yearly objectives, quarter over quarter performance is expected to be uneven, with the first quarter of 2009 being particularly difficult. Improvements should be visible in the remaining 3 quarters of 2009, as the impact of the restructuring initiatives begins to be felt.

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

Lions have great strength, but it would be useless, if nature had not given them eyes. Montesquieu

Report on Operations
Operating Performance by Sector

Fiat Group Automobiles — Fiat, Abarth, Alfa Romeo, Lancia & Fiat Professional

Commercial Performance

In 2008, the **passenger vehicle market** in Western Europe declined 8.4% over 2007.

This result was influenced by marked decreases in demand in Italy (-13.4%), Spain (-28.1%) and Great Britain (-11.3%), while lesser declines were reported in Germany (-1.8%) and France (-0.7%).

Outside of Western Europe, growth in the Sector's key markets continued following already positive performance in 2007. In Poland, demand for passenger vehicles increased 9.4%. Registrations in Brazil rose 10.6% year on year, with strong growth in the first half of 2008, however, being partially offset by declines in the latter part of the year.

The **market for light commercial vehicles** in Western Europe declined 10.1% over 2007, with demand falling 8.7% in Italy, 39.7% in Spain, 12.9% in Great Britain, and 0.8% in France, but rising 1.4% in Germany.

In 2008, despite decidedly unfavourable conditions, the Sector continued to gain share in the passenger vehicle market. In Italy, share increased 0.6 percentage points during the year to reach 31.9%, while in Western Europe it was up 0.2 percentage points to 8.2%. The Fiat brand, in particular, gained market share in Western Europe, improving from 6.2% in 2007 to 6.6% in 2008. In Italy, market share increased to 25.1% (+0.9 percentage points).

Fiat Group Automobiles' market share for light commercial vehicles in Italy reached 43.2%, a 1.1 percentage point improvement over 2007, while in Western Europe it reached 12.3%, up 0.6 percentage points.

Automobile Market

(units in thousands)	2008	2007	% change
France	**2,050.3**	2,064.5	-0.7
Germany	**3,090.0**	3,148.2	-1.8
Great Britain	**2,131.8**	2,404.0	-11.3
Italy	**2,160.1**	2,493.1	-13.4
Spain	**1,161.2**	1,614.8	-28.1
Western Europe	**13,558.4**	14,797.6	-8.4
Poland	**320.0**	292.4	9.4
Brazil	**2,237.3**	2,022.3	10.6

Highlights

(€ millions)	2008	2007
Net revenues	**26,937**	26,812
Trading profit	**691**	803
Operating profit (*)	**460**	635
Investments in tangible and intangible assets	**2,288**	1,865
- of which, capitalised R&D costs	**641**	493
Total R&D expenditure (**)	**843**	751
Automobiles and light commercial vehicles delivered (no. of units)	**2,152,500**	2,233,800
No. of employees at year end	**52,634**	50,542

(*) Includes restructuring costs and net unusual income/(expense).
(**) Includes capitalised R&D and R&D charged directly to the income statement.

In Brazil, market share for passenger vehicles was 24.9% in 2008 (down 1 percentage point) and for light commercial vehicles it was 23% (-3.2 percentage points).

During 2008, Fiat Group Automobiles delivered a total of 2,152,500 passenger vehicles and light commercial vehicles, representing a 3.6% decline from 2007.

Sales Performance
Automobiles and Light Commercial Vehicles

(units in thousands)	2008	2007	% change
France	**123.8**	94.7	30.7
Germany	**122.8**	107.3	14.4
Great Britain	**71.4**	77.7	-8.1
Italy	**718.1**	854.6	-16.0
Spain	**48.7**	79.4	-38.7
Rest of Western Europe	**153.1**	143.3	6.8
Western Europe	**1,237.9**	1,357.0	-8.8
Poland	**41,6**	39.1	6.5
Brazil	**665.6**	613.1	8.6
Rest-of-World	**207.4**	224.6	-7.6
Total sales	**2,152.5**	2,233.8	-3.6
Associate companies (*)	**76.5**	90.6	-15.5
Grand total	**2,229.0**	2,324.4	-4.1

(*) Figures for 2007 have been restated to include vehicles assembled and sold in Russia. This activity began in the closing months of 2007.

In Western Europe, deliveries for Fiat Group Automobiles fell 8.8% to 1,237,900 units. In Italy, deliveries for the Sector declined 16%, whereas there were significant increases in France (+30.7%) and Germany (+14.4%), with performance being counter to the trend in demand. In Spain (-38.7%) and Great Britain (-8.1%), the Sector posted marked declines in line with the downward trends in those markets.

In Poland, volumes increased 6.5% over 2007.

Despite the general contraction in volumes, the Sector's products performed well: the Lancia Delta and Alfa MiTo, new models introduced during the year, achieved increasing success; the Panda and 500 continued to hold the top two positions in the A segment and the Punto was one of the most sold models in Western Europe.

Outside of the European Union, Fiat Group Automobiles strengthened its presence in well-established markets, such as Brazil, Argentina and Turkey, while also pursuing development opportunities in other emerging markets in collaboration with strong local partners.

In Brazil, where the Sector delivered a total of 665,600 automobiles and light commercial vehicles, sales increased 8.6% for the year, confirming the Sector's leading position in this market.

Economic recovery continued in Argentina, where the passenger vehicle market rose 6.6% over 2007, and Fiat Group Automobiles achieved an 11.9% market share (up 0.8 percentage points). Deliveries of automobiles and light commercial vehicles increased 15.9% to 65,600 units.

In Turkey, the automobile industry experienced declines in line with the overall economic trend. In 2008, the market for automobiles and light commercial vehicles was down 16.9% over 2007 to 494,000 units. Tofas (a local joint venture in which Fiat Group Automobiles holds a 37.9% interest) saw a 21% decline in sales with its market share slipping to 12.4%, down 0.7 percentage points year on year.

Light commercial vehicles performed positively in 2008, reflecting, in part, the contribution of the new Fiorino launched in late 2007. A total of 408,700 light commercial vehicles were delivered (+5.3%), with deliveries in Western Europe increasing 1.1% to 241,000 units. In Italy, deliveries for the Sector declined 3%, whereas growth in France (+31.2%) and Germany (+7.1%) either surpassed or ran counter to the overall trend in demand. In Spain (-31.1%) and Great Britain (-18.3%), the Sector posted performance in line with the overall significant declines in those markets.

During 2008, the Sector continued its strategy of targeted alliances to strengthen its position in international markets.

In June, as part of the collaboration between Fiat Group and OJSC-Sollers (formerly Severstal-Auto), an agreement was signed for the establishment of a 50/50 joint venture between Fiat Group Automobiles and its Russian partner for the manufacture and distribution of Fiat brand vehicles (both cars and light commercial vehicles) in the Russian Federation. The joint venture's activities are to include management of the Fiat Linea assembly plant in the Tatarstan region. In November, a new letter of intent was signed for further expansion of the strategic collaboration between FGA and Sollers.

At the end of September, following the signing of a memorandum of understanding in April, Fiat Group Automobiles and the Serbian government announced a definitive agreement for the creation of a joint venture to produce cars at the Zastava plant in Kragujevac. The company will be held 67% by FGA and 33% by the Serbian government. Once fully operational (in 2010), the plant will have a production capacity of some 200,000 vehicles per year, with potential for a further 100,000 units per year. Initial investment in the project will be approximately €700 million, which includes over €200 million in contributions from the Serbian government.

Innovation and Products

Despite challenging market conditions, 2008 saw the launch of several key additions to the product range, particularly for Lancia and Alfa Romeo, and several of Fiat Group Automobiles' models received major international awards.

The **Fiat** brand's 500 continued to garner important international recognition and has so far received a total of 33 awards. The vehicle was presented at several major international launch events, including events in London and Tokyo in February. At Milan Fashion Week in September, the special edition "500 by Diesel" was presented, bringing together the new icon of "Made in Italy" and the popular fashion label.

In mid-September, the Fiat Qubo was launched. This innovative vehicle sports a practical "free space" design, epitomized by the slogan "Status Simple".

In October, the Grande Punto Natural Power was launched. This dual-powered (gasoline and natural gas) vehicle offers low emissions and running costs. Together with the contribution of the natural gas version, in November the Grande Punto reached the milestone of one million units produced.

In early October, the Pur-O_2® label was debuted at the Paris Motor Show. A testament to the brand's commitment to cost efficiency and respect for the environment, the label is to be used for low environmental impact vehicles (a 500, a Croma and a Bravo were on display) equipped with systems specifically designed to reduce emissions and fuel consumption. Also at the Paris show, the public was introduced to Eco Drive, a sophisticated system developed in conjunction with Microsoft which promotes environmentally-friendly driving. Currently available on the 500 and Grande Punto, in 2009 the system will be available on all Fiat models equipped with Blue&Me.

Fiat's product range was further enhanced with the 2008 model year versions of several existing models and sale of the new 4x2 version of the Fiat Sedici SUV also began during the year.

Abarth released a 500 with the Scorpion badge, as well as the "esseesse" tuning kit and the limited production Assetto Corse, to be sold to drivers "competition ready" for the upcoming single-make trophy.

In June, **Alfa Romeo** presented the MiTo, Alfa's debut in the compact segment, which expresses the sportiness and style embodied in the limited-edition 8C. The MiTo's strong personality and cutting-edge technology are targeted at making the brand even more accessible to young customers. The more than 23,000 orders received between commercial launch in September and year-end provide a clear indication of the model's success. The MiTo received the prestigious Euro NCAP five stars, the highest international award for safety, as well as being named 'Auto Europa 2009' by UIGA (the Italian association of automotive journalists).

2008 also saw the presentation of the Alfa 8C Spider at the Geneva Motor Show. Only 500 of these cars will be produced. At the Paris Motor Show, Alfa Romeo presented the Alfa Brera TI (the historic insignia standing for *Turismo Internazionale*), a thoroughbred sports car for everyday street driving.

In June 2008, following the preview at the Geneva Motor Show in March, **Lancia** launched the new Delta, the return of an historic name and also Lancia's return to the mid-size sedan segment. The Delta, which sits between the C and D segments, follows the prestigious tradition of Lancia sedans, offering original technology and style. Lancia Delta was also awarded the prestigious Euro NCAP five stars for safety and came in second place, behind the Alfa MiTo, for the Auto Europa 2009 award. The 21,000+ orders received in approximately six months provide confirmation of this vehicle's success.

Lancia also upgraded other models in its range, presenting the new 170 hp automatic Phedra at the Brussels Motor Show in January. Finally, at the Paris Motor Show, Lancia presented an Ypsilon show car created in collaboration with the Versace group. The limited edition Ypsilon Versus will be available in 2009 and only 1,000 vehicles will be sold.




For **Fiat Professional**, at the Hanover International Motor Show, the title of 'International Van of the Year 2009' was awarded to the Fiorino which was presented at the beginning of the year in new Combi version offering a mixed passenger/cargo configuration.
Fiat Professional also offers Natural Power versions (dual-powered gasoline/natural gas) of both the Ducato and Fiorino. Fiat Ducato has reached the milestone of two million units produced, continuing the success it has enjoyed since the first version was launched in 1981.

The main product development initiatives in 2008 concerned the introduction of more ecological versions of Fiat Group Automobiles models, such as the aforementioned Grande Punto Natural Power, the Fiat 500 Start&Stop and the 500 Aria, a concept car presented at the Geneva Motor Show with CO_2 emissions reduced to just 98 g/km. Development also continued on other new models to be released in the future.

Of particular importance was the extraordinary restructuring of the Giambattista Vico plant in Pomigliano d'Arco which entailed a two month suspension in production, intensive training for 6,000 employees and a total of €110 million in investment, €70 million of which was spent on major technology upgrades.

Services

In 2008, actions were taken to improve customer response capabilities and, to aid in the success of the sales and service network, a customer satisfaction survey was completed.

The Customer Service Centre in Arese represents one of the most important customer relations tools and it currently manages 20 different service networks in 13 European markets. In 2008, the number of customer contacts handled by the Centre was up 50% over 2007.

During the year, efforts focused on new mobile response models to respond to customer needs in the event of a vehicle breakdown. A reduction in vehicle downtime of 9% was achieved and the number of vehicles repaired within two days of the breakdown increased 14%, leading to improved customer satisfaction. The ability to provide replacement vehicles to customers was also improved.

Through direct marketing campaigns conducted in Italy (both brand marketing and joint campaigns with dealers) and through the management of potential customers making contact via the web and call centre, we increased the number of dealer sales generated through these channels and increased support given to dealers by FGA to develop their own direct marketing campaigns.

In 2008, the company's method of measuring customer satisfaction was also modified. The customer experience questionnaire was simplified and a "net promoter score" introduced to measure word of mouth. Measurement of the customer experience was extended to more phases, making the information more accessible and transparent.

For maintenance and repairs, Technical Services made improvements to the recall campaign management process in Europe and also enhanced the development of new information systems to provide faster, more effective support to the service network. Repair times for vehicles under warranty have also been reduced, and the process for developing repair equipment improved, resulting in the average cost per model being lowered.

Fiat Group Automobiles offers **Financial Services** in Europe, Latin America and, since the beginning of 2008, in China.

In Europe, this activity is managed by Fiat Group Automobiles Financial Services (FGA Capital from 1 January 2009), jointly controlled with the Crédit Agricole group (accounted for using the equity method).

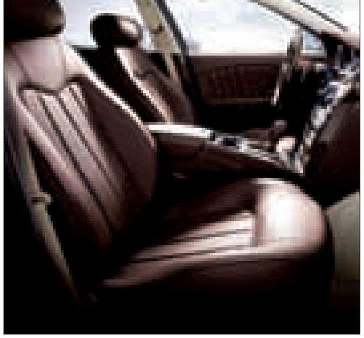
FGA Capital supports the Sector's European sales through dealer financing, end-customer financing and medium and long-term rental. The collaboration with Crédit Agricole continued to prove its effectiveness throughout 2008, meeting expectations and successfully supporting sales and new product launches for the Sector.

In 2008, loans granted to the dealer network totalled €11,850 million (€10,300 million in 2007). A total of €5,184 million (€5,520 million in 2007) in loans was provided to end-customers (retail) on 441,304 vehicles (467,700 in 2007), representing a penetration rate of 25.5% (24.4% in 2007).

New rental agreements were entered into on 74,665 vehicles (64,770 in 2007), equivalent to a financed value of €1,114 million (€952 million in 2007), and a penetration rate of 5.6% was achieved (4.5% in 2007).

In South America and China, financial services are provided by Banco Fidis de Investimento SA in Brazil, Fiat Credito Compania Financiera S.A. in Argentina and Fiat Automotive Finance Co. Ltd. in China. All three companies are subsidiaries of Fidis S.p.A. (whose activities in Italy are factoring and the issue of guarantees), a company wholly-owned by FGA and consolidated on a line-by-line basis.

Consistent with company policy, Fidis S.p.A. reduced activities in the supplier financing segment, with managed loans dropping to €505 million (€963 million in 2007).



Maserati

Operating Performance

For Maserati, 2008 was a year of confirmation: both in terms of profitability and the commercial success of new vehicles launched in 2007 and 2008.

Trading profit was €72 million, improving significantly over the €24 million figure for 2007. Furthermore, despite the sharp decline in Maserati's reference market for the year (-25% in the Quattroporte's segment and -20% for the GranTurismo), Maserati posted an increase in deliveries of 16.8% over 2007.

With more than 5,500 units sold, the GranTurismo, including the GranTurismo S sport version presented in Geneva in March, reconfirmed its position as the company's flagship vehicle. The Quattroporte, which created the 'luxury sport sedan' segment and has received 47 awards, both domestically and internationally, recorded 3,240 units delivered during the year.

In competition, Maserati Corse swept the championships again in 2008 with the MC12, taking both the driver and team titles, in addition to a prestigious victory at the Spa 24 Hours.

Maserati delivered 8,759 vehicles to the network, a 16.8% increase over the 7,496 units delivered in 2007. Despite the global economic difficulties experienced in the latter part of the year affecting nearly all 59 of the countries in which the company operates, Maserati achieved increases over 2007. The U.S. was once again Maserati's most important market with 2,666 units being sold in 2008. The average increase for the other markets was 25%, including excellent performance in Germany (+21%), Italy and the U.K. (+19%), the United Arab Emirates (+105%) and China (+80%).

The order book stood at 1,242 units at year end.

Highlights

(€ millions)	2008	2007
Net revenues	**825**	694
Trading profit	**72**	24
Operating profit (*)	**72**	22
Investments in tangible and intangible assets	**73**	97
- of which, capitalised R&D costs	**37**	42
Total R&D expenditure (**)	**47**	54
Automobiles delivered (no. of units)	**8,759**	7,496
No. of employees at year end	**767**	695

(*) Includes restructuring costs and net unusual income/(expense).
(**) Includes capitalised R&D and R&D charged directly to the income statement.

Innovation and Products

In 2008, Maserati enhanced its market offer, expanding the GranTurismo range and releasing the new Quattroporte.

The GranTurismo S, designed for the brand's sportier customers, was presented at the Geneva Motor Show in March.

In September, the restyled Quattroporte and the 430 horsepower, 4.7-litre V8 Sport version were unveiled for the public at the Paris Motor Show.

Ferrari

Operating Performance

For Ferrari, 2008 was an important year in which its exclusivity and the extraordinary appeal of its products in its primary markets was reconfirmed. The various versions of the F430 models, including the 430 Scuderia launched at year-end 2007, and the 599 GTB Fiorano were the most sold models in 2008. Joining the existing product line up was the new Ferrari California, launched with a highly innovative and effective marketing campaign which used the internet as its principal platform.

The opening of new Ferrari Stores in major international cities also continued according to plan. In 2008, stores were opened in Singapore, Miami, Honolulu, Johannesburg, San Francisco and at Venice airport.

Also of note was the prestigious conclusion to the Formula 1 season, with Ferrari winning its 16th constructors' world championship, the eighth such win in the past ten years.

Sales to end customers totalled 6,587 type-approved vehicles, an approximate 2% increase over 2007 (including non-type approved vehicles, intended for on-track racing only, the total comes to 6,662 units, +1.2% over 2007). North America remained Ferrari's leading market with 1,700 vehicles sold (26% of the global total), substantially in line with sales for 2007. This result not only confirms the exclusivity of the marque in the North American market, but is all the more significant given the negative conditions in that market in 2008.

In Europe, overall performance was in line with 2007. In Germany, 714 type-approved vehicles were delivered to end-customers (in line with the previous year) and in Italy a total of 721 units was reached (+8.9% over 2007). Growth in Eastern Europe continued (+23%). The Middle East also made a significant contribution, with 366 units being sold (+11.6% over 2007), as did the 1,089 type-approved vehicles sold in the Asia-Pacific region (+3.6% over 2007), including 433 units to Japan (+15.2%) and 212 to China (+19.8%).

In 2008, 6,452 type-approved vehicles were **delivered to the network**, an increase of 1.3% year on year (6,527 including non-type approved vehicles, up 0.6%).

Highlights

(€ millions)	2008	2007
Net revenues	**1,921**	1,668
Trading profit	**339**	266
Operating profit (*)	**341**	266
Investments in tangible and intangible assets	**311**	246
- of which, capitalised R&D costs	**117**	93
Total R&D expenditure (**)	**164**	147
Type-approved vehicles delivered to the network (no. of units)	**6,452**	6,368
No. of employees at year end	**3,017**	2,926

(*) Includes restructuring costs and net unusual income/(expense).
(**) Includes capitalised R&D and R&D charged directly to the income statement.

Innovation and Products

Two new models were presented during the year. The 8-cylinder Maranello line-up was expanded with the release of the new California, the marque's first ever coupé-cabriolet model. This model's highly innovative features include: a folding hardtop, a central front-mounted engine and a 7-speed dual-clutch transmission and F1-style controls. The 430 Scuderia Spider 16M was also introduced. This high-performance, limited-edition model was produced to celebrate Ferrari's 16th Formula 1 constructors' title. Deliveries will begin in 2009.

In 2008, Ferrari also inaugurated the exclusive "One-to-One Personalisation Programme" for the 612 Scaglietti and the 599 GTB Fiorano. Managed directly by the design studio at Maranello, this programme offers customers the ability to fully personalise their car.

Through Ferrari Financial Services, Ferrari also offers car financing to customers in several European countries (Germany, Switzerland, France, Belgium, Austria and Italy). During 2008, financial services activities were also expanded in the U.S. (having been established in late 2007), which is becoming Ferrari's most important market for financial services as well as cars.

Agricultural and Construction Equipment
CNH – Case New Holland

Commercial Performance

In 2008, the global market for **agricultural equipment** grew by 2%, with retail unit volumes for tractors and combine harvesters increasing 1% and 35%, respectively, compared to 2007. Demand for tractors grew strongly in Latin America, was up slightly in Western Europe and flat in Rest-of-World. In North America, sales decreased for under 60 hp models but were up for higher-powered units. Combine harvester retail unit sales recorded strong growth in all regions.

CNH's brands were well placed to benefit from the agricultural equipment industry's strong performance. Worldwide tractor market share was up, with gains in Latin America, Rest-of-World and for higher-powered models in North America, while share was unchanged in Western Europe. In a fast growing combine market, CNH substantially maintained market share at the global level, with an increase in Latin America, stable positions in North America and Western Europe and a slight decline in Rest-of-World, due to supply constraints.

Construction equipment unit retail sales decreased 11% worldwide in 2008, as strong performance in Latin America and growth in Rest-of-World markets were more than offset by sharp drops in Western Europe and North America. Industry sales of heavy construction equipment were up 2%, with strong performance in Latin America and Rest-of-World, while North America and Western Europe declined significantly. Light construction equipment industry unit retail sales declined 20%. Declines in North America, Western Europe and in Rest-of-World were only partially offset by growth in Latin America.

CNH global market share in the construction equipment market was stable at 2007 levels. In the strong Latin American markets, share gain was achieved in light equipment while heavy equipment share declined, constrained by production capacity. In North America and Rest-of-World, market share was stable in both segments. In the weak Western European market, share declined slightly in both heavy and light equipment as margins were preserved.

Highlights

(€ millions)	2008	2007
Net revenues	**12,723**	11,843
Trading profit	**1,122**	990
Operating profit (*)	**1,146**	953
Investments in tangible and intangible assets	**676**	648
- of which, capitalised R&D costs	**73**	92
Total R&D expenditure (**)	**286**	308
No. of employees at year end	**31,521**	28,173

(*) Includes restructuring costs and net unusual income/(expense).
(**) Includes capitalised R&D and R&D charged directly to the income statement.

Innovation and Products

The strong commitment to innovation and steady improvement in product quality enabled CNH to upgrade and expand its product range, introducing new models for each of its four global brands. Recognition of this commitment was demonstrated by the many awards received during the year.

Case IH Agriculture launched extensions in Europe to its Farmall utility tractors and Puma over-100 hp tractors and it also launched the Quantum 65C & 75C utility tractors particularly suitable for grassland, dairy, livestock arable, poultry and vegetable farms.

In North America, the Farmall 65C & 75C, 64 hp and 76 hp Tier 3-compliant compact utility tractors for a wide variety of applications, and its Puma 165-210 models, in the 135 to 180 horsepower range, can now be ordered autoguidance-ready. The Magnum 335 was launched in Australia, representing the highest powered drawbar machine, ideal for Australia's cotton, cereal and broad-acre farms.

Also in 2008, Case IH debuted its new mid-range Magnum row crop tractors and an expanded line-up of high efficiency, Axial-Flow Combines, including two new Class VII models and introducing a new Class IX model in the industry's largest combine segment.




In Rest-of-World countries, Case IH launched three models of mid-range single rotor Axial-Flow 88-Series combines, three updated models of the flagship Axial-Flow 20-Series combines and four updated LB large square balers. It also introduced upgraded models of small square balers, a new pull-type rotary cutter, Axial-Flow combines and Module Express Cotton Pickers in the Australian market.

Case IH also launched a new 120-foot (approximately 36 metres) boom Patriot self-propelled sprayer offering a 33% productivity increase over its next smallest model, a higher-capacity line of Precision Air Cart seeding tools and new Early Riser 12 and 16 row precision planters, with the industry's largest bulk seed hopper and its Advanced Seed Metering system consistent seed spacing and superior depth control for higher yields.

New Holland Agriculture launched five new North American subcompact, compact and utility tractor product lines and four new utility tractor models in Europe. Included are new T4000 and T5000 tractors with increased power, a lower overall profile and lower centre of gravity for more stability and better productivity with loader applications, which also incorporate the SuperSteer™ FWD axle, giving these models the tightest turning radius in the business. These new features give operators more versatility and flexibility. In Europe, the brand launched three T4000F specialty tractors developed to work in orchards, five TK4000 series crawler tractors and four T3000 tractors, from 35 to 55 hp, for agricultural and ground care use. It also launched the TV6070 Bidirectional™ tractor, which offers high visibility and features a new 6.7L engine with an efficient eight-range transmission.

In North America, T4000 F/V specialty orchard tractors were launched, while in Rest-of-World countries, New Holland launched 17 products, ranging from FR9000 forage harvesters to TS6000 Series over 100 hp tractors.

At the EIMA Show in Bologna, Italy in mid-November the brand's T4050F Tractor (97 hp) was recognised with the 'Best of Specialized' award and the T6080 tractor (155 hp) was named winner of the 'Golden Tractor for Design' award.

For combines, New Holland Agriculture launched the 523 hp CR9080 Twin Rotor Combine®, in North America, a model which has industry-leading horsepower and maximizes productivity. Also the new 591 horsepower CR9090 Class IX Combine set a new Guinness world record in the UK on 26 September 2008, harvesting 551 tons of wheat in 8 hours, beating the previous record by 19.5 tons while consuming only 13.3 litres of fuel per hectare – highlighting the machine's efficiency. The VN2080 Grape Harvesters were also upgraded for worldwide markets.

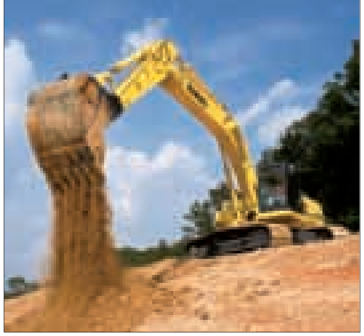
The American Society of Agricultural and Biological Engineers (ASABE) awarded Cash IH and New Holland Agriculture nine AE50 awards for engineering innovations.

Case Construction launched several new products during the year. In particular,16 Tier 3 re-powered models were launched in North America, 15 in Europe, 10 in the Rest-of-World and 7 in Latin America. The equipment ranged from crawler excavators to wheel loaders, tractor loader backhoes and telescopic handlers.

Case Construction also added new models of its B-Series crawler excavators with reduced noise levels and increased fuel efficiency for worldwide distribution.

New compact track loaders were introduced in Europe, new compaction equipment in the Americas and new crawler dozers, backhoe loaders and skid steer and compact track loaders in Rest-of-World markets. Highlights for the year include the launch of the CX470B crawler excavators, in the 45 to 50 metric ton market segments, as well as new graders and crawler dozers. In Japan, Case's CX210 B-Series Crawler Excavator earned the 18th Energy Conservation Award from the Agency for Natural Resources and Energy. The China Construction and Machinery Association recognised the brand with the 'Top 50' award for new products.

During the year **New Holland Construction** launched a new B Series Loader Backhoe with a new curved boom for increased efficiency with a lower transport height, superior breakout force and a sloping flip-up hood for easier engine access and increased visibility. New Holland Construction presented its newest models of crawler excavators, expanding the breadth of its product line, complete with improved hydraulics and cab ergonomics and an integrated noise and dust reduction system, destined for the North American and Western European markets.


In Latin America, it introduced the new E215B 48 metric ton Tier III crawler excavator and the D150B crawler dozer with full hydrostatic transmission. The D150B powertrain features a new CNH Common Rail engine with 12% greater maximum power while offering 10% greater fuel efficiency. It introduced new models of graders, telehandlers and skid steer loaders in the Latin American market and new crawler excavators and graders in Rest-of-World markets.

New Holland Construction also launched two pipe-laying dozer models in North America, the D85B and D95B as well as launching the E385B and E485B demolition series excavators with Tier 3 engines and new hydraulics. The demolition segment continues to expand in response to customer requirements for efficient machines that can excel in this specific segment but are flexible enough to be used for standard excavator applications.

Services

In 2008, CNH continued to focus its efforts on the sales network and customer assistance.

Case IH Agriculture continued its North American roll out of "Max Service^{SM}", a customer support network working with dealers to held minimise customer downtime and maximise productivity.

Case Construction launched customer assistance call centres for the U.S., Canada, the U.K., France, Germany and Spain and a training centre was opened in Shanghai, China to provide certified training programmes for up to 400 mechanics. The brand also rolled out a new web-based training programme for its dealers.

CNH offers **Financial Services** in North America, Europe, Brazil and Australia through a comprehensive range of financial products such as sales network and end-customer financing, finance leases, operating leases, credit cards, equipment rental programs and insurance products. Differentiated financial services are offered for both the Agricultural Equipment and Construction Equipment businesses.

In North America, the activity is run by captive financial services companies that support the Sector's sales through dealer financing, end-customer financing, and medium and long-term rental. CNH Capital also offers financial services for Maserati in the United States.

In Europe, the end-customer financing activity is mainly run by CNH Capital Europe S.a.S., a joint-venture with BNP Paribas Group that operates in Italy, France, Germany, the United Kingdom and Austria (CNH holds a 49.9% stake and accounts for the joint venture using the equity method). Vendor programmes with banking partners are also in place in France and Spain.

Dealer financing and the end-customer financing activities not managed through the joint venture with BNP Paribas are managed through the fully owned subsidiary CNH Financial Services.

In Brazil, Banco CNH Capital S.A., a captive financial services company, offers both dealer and end-customer financing. For end-customer financing, the company mainly serves as intermediary for funding provided by the Brazilian Development Bank (BNDES), a federally-owned company connected to the Brazilian Ministry of Development, Industry and Foreign Trade.

In Australia, CNH offers financial services (both dealer and end-customer financing) through captive financial services companies.

In Mexico, CNH Capital holds a 49% stake in a joint venture offering financial services to dealers and customers.

Trucks and Commercial Vehicles – **Iveco**

Commercial Performance

In 2008, demand for commercial vehicles (gross vehicle weight ≥ 2.8 tonnes) in Western Europe declined 6.9% to 1,172,000 units, particularly in Spain (-37.5%), Italy (-6.9%) and Great Britain (-2.5%). France and Germany registered only slight decreases over 2007 levels, despite the significant worsening of conditions in these markets in the second half of the year.

The light segment (GVW 2.8 to 6 tonnes) declined 9.1% from 2007. Spain posted a marked decline (-41.4%), while the contraction in Italy (-8%), France (-4.4%) and Great Britain (-6.9%) was less severe. The German market, by contrast, remained stable at 2007 levels.

Demand in the medium segment (GVW 6.1 to 15.9 tonnes) decreased 3.9% over 2007, particularly in Spain (-23.7%), Italy (-10.1%) and Germany (-3.8%), while the market in Great Britain remained stable and growth was recorded in France (+13.0%), despite the drop in demand in the last two months of the year.

In 2008, the heavy segment (GVW ≥ 16 tonnes) remained at 2007 levels and the high level of registrations for most of the year reflected order levels experienced the prior year. Great Britain and France posted growth of 20.1% and 8.9%, respectively, whereas declines were seen in Spain (-30.2%), Italy (-1.8%) and Germany (-1.5%).

Demand for commercial vehicles in Eastern Europe (GVW ≥ 2.8 tonnes) totalled 149,790 units in 2008, a decline of 5.0% year on year. The most significant decline was in the heavy vehicle segment, which was down 15.8%.

Highlights

(€ millions)	2008	2007
Net revenues	**10,768**	11,196
Trading profit	**838**	813
Operating profit (*)	**779**	803
Investments in tangible and intangible assets (**)	**426**	347
- of which, capitalised R&D costs	**120**	78
Total R&D expenditure (***)	**246**	207
No. of employees at year end (****)	**27,108**	26,461

(*) Includes restructuring costs and net unusual income/(expense).
(**) Net of vehicles sold under buy-back commitments.
(***) Includes capitalised R&D and R&D charged directly to the income statement.
(****) Excludes employees of the powertrain businesses transferred to FPT (8,335 at year-end 2008 and 8,218 at year-end 2007).

Demand for buses in Western Europe totalled 39,300 units, increasing 7.5% over 2007 with growth in all segments: minibuses and truck derived buses (16%), intercity & coach (5%) and city (2.5%). France, Germany and Great Britain posted solid performance, while Italy remained stable and Spain posted a sharp decline.

Iveco's market share in Western Europe (GVW ≥ 2.8 tonnes) stood at 9.9% (down 0.5 percentage points vs. 2007). Market share in the light segment, down 0.3 percentage points to 8.4%, was impacted by competition from car-based models (vans), as well as an unfavourable market mix. Iveco's market share in the medium segment fell 1.3 percentage points, to 24.9%, principally due to low-priced competition. Market share of 10.4% for the heavy segment, represented a decrease of one percentage point due, in part, to the unfavourable market mix.

Commercial Vehicle Market (GVW ≥ 2.8 tonnes)

(units in thousands)	2008	2007	% change
France	**221.8**	224.5	-1.2
Germany	**277.7**	278.6	-0.3
Great Britain	**196.2**	201.2	-2.5
Italy	**125.2**	134.5	-6.9
Spain	**86.5**	138.5	-37.5
Rest of Western Europe	**264.6**	280.9	-5.8
Western Europe	**1,172.0**	1,258.2	-6.9

Commercial Vehicle Market by product (GVW ≥ 2.8 tonnes)

(units in thousands)	2008	2007	% change
Heavy	**267.3**	267.2	–
Medium	**73.5**	76.5	-3.9
Light	**831.2**	914.5	-9.1
Western Europe	**1,172.0**	1,258.2	-6.9

In Eastern Europe, Iveco's market share (GVW ≥ 2.8 tonnes) for 2008 was 11.8% (-0.4 percentage points vs. 2007), remaining stable in the light and heavy segments and falling slightly in the medium segment.

Iveco Irisbus' market share in Western Europe, at 18.5% for 2008, down 1.3 percentage points over 2007. Iveco Irisbus recorded declines in France and Spain, although it maintained its leadership position, while its share grew in the other markets.

In 2008, Iveco delivered a total of 192,143 vehicles, representing a 9.2% decrease year on year. In Western Europe, 125,152 vehicles were delivered (down 15.1%), with declines being experienced in all principal markets, particularly in Italy (-19.4%), Spain (-37.5%), Germany (-14.2%), France (-5.7%) and Great Britain (-3.2%). Deliveries in Eastern Europe contracted 5.4%. There was particularly positive performance, however, in Latin America (+21.6%), where the significant growth experienced in the first nine months of the year (+42%) was followed by a sharp decline in the fourth quarter as the financial crisis also began to impact the Brazilian market.

Iveco delivered a total of 9,555 buses during the year, a 4.2% decline from 2007.

In China, Naveco, a 50/50 joint venture with Nanjing Automotive Corporation (NAC), a subsidiary of the SAIC group, sold approximately 22,200 light vehicles in the Power Daily range (a 7.8% decrease over the previous year) and roughly 36,700 medium vehicles from the Yuejin range (a 4.4% increase year on year). The Yuejin vehicles have been distributed by Naveco since it acquired the Yuejin Motor Company in 2006. SAIC Iveco Hongyan Commercial Vehicles Co. Ltd. (in which Iveco became a shareholder following the agreements signed in 2006 with SAIC Motor Corporation Ltd and Chongqing Heavy Vehicle Group Co.), sold some 22,300 heavy vehicles in 2008, representing a decline of 7.1% over the prior year.

In 2008, Iveco focused on expanding the alliances established in 2007, particularly in China, where efforts were focused on broadening the range of products produced for export.

In Russia, investment in the joint venture between Iveco and the Samotlor-NN industrial group was scaled back, due to a significant change in market conditions.

Sales Performance
Commercial vehicles by country

(units in thousands)	2008	2007	% change
France	**27.6**	29.3	-5.7
Germany	**19.6**	22.8	-14,2
Great Britain	**13.8**	14.3	-3.2
Italy	**31.3**	38.8	-19.4
Spain	**13.3**	21.2	-37.5
Rest of Western Europe	**19.6**	21.1	-7.0
Western Europe	**125.2**	147.5	-15.1
Eastern Europe	**29.5**	31.2	-5.4
Rest of the World	**37.4**	33.0	13.5
Total Sales	**192.1**	211.7	-9.2
Naveco	**58.9**	59.3	-0.7
SAIC Iveco Hongyan	**22.3**	24.0	-7.1
Grand total	**273.3**	295.0	-7.4

Sales Performance
Commercial vehicles by product

(units in thousands)	2008	2007	% change
Heavy	**57.9**	60.2	-3.8
Medium	**20.2**	20.5	-1.3
Light	**98.9**	115.5	-14.4
Buses	**9.6**	10.0	-4.2
Special-use vehicles (*)	**5.5**	5.5	-0.1
Total Sales	**192.1**	211.7	-9.2

(*) Astra, defence, fire trucks.

Innovation and Products

Innovation continued with a focus on both product and methodology.
Product innovation was centred around six key elements: new generation vehicles, best-in-class fuel efficiency, high perceived quality of cabin environment, cost-effective solutions for frames, excellence in preventive security, evolution of telematic systems.

Method innovation targeted four key areas: product development processes, virtual analysis, performance measurement and control, upgrading of technical standards.

In 2008, Iveco continued to seek innovative technological solutions to both lowering emissions – an area in which Iveco has always been an innovator – and improving fuel efficiency.

During the year, the line of CNG-powered vehicles was completed, in advance of the deadline for compliance with stricter European emissions regulations.

Another technology in which Iveco invested during the year was the diesel-electric hybrid. Of note was the launch of the field test for ten diesel-electric hybrid Daily trucks in collaboration with the world's largest air express courier. Iveco's latest generation of hybrid technology offer up to 30% fuel savings for urban use, with a similar reduction in CO_2 emissions, due to sophisticated operating and control systems.

Iveco is also working on testing alternative fuels and next-generation lubricants. In particular, current research relates to two lines of biofuels - one derived from vegetable oil and not disruptive to the food chain and the other based on biomass - as well as the new, synthetic ultra-low viscosity lubricant developed by Iveco for Cursor engines.

In 2008, the Sector completed a major phase of renewal and expansion of its product range, which saw the launch of 10 new models over a period of 30 months. The new Eurocargo was introduced in May 2008. This mid-sized model in the range offers a fully redesigned cabin and upgraded transmission system and is powered by the successful Tector Euro 5 range of engines, making it more competitive and offering greater productivity.

At the Samoter exhibition – the international earth-moving and building machinery exhibition held in Verona – Iveco presented the Massif, the new all-wheel drive vehicle which introduces Iveco as a true player in the off-road light truck segment. Designed by Giugiaro and available in three-door, five-door and pickup versions, the Massif is developed around the fundamental feature of all Iveco vehicles, namely the reinforced chassis frame, which ensures strength and reliability. Iveco Astra premiered the RD50 rigid dump truck, which has a payload capacity of 50 metric tons.

In September, at the Hanover Show, the most important for the commercial vehicle industry, Iveco premiered its new Eurocargo 4x4. As evidence of the company's focus on the environment, Iveco also presented its electric and parallel diesel-electric hybrid technologies in the form of an electric Daily van and a Eurocargo hybrid, as well as two prototype hybrids for passenger transport, an Irisbus Hynovis concept city bus, and an Irisbus Tourys minibus.
Iveco also presented its "Blue&Me Fleet" digital communications package at the Hanover show. This system has been developed on a Fiat-Microsoft platform and was born out of a collaboration with Qualcomm, a world leader in web-based fleet management solutions.

In September, Iveco introduced a second light off-road vehicle, the Campagnola, a passenger transport with the look and performance of a true off-road vehicle which represents a return to the traditional off-road vehicle produced by Fiat for more than 35 years.

In 2008, Iveco Irisbus started selling the Crossway Low Entry, a highly accessible low-entry bus for short-range intercity transport, in Italy. In mid-June at the European Mobility Exhibition held in Paris, Iveco Irisbus presented the Crealis luxury coach, which features a number of innovative solutions in both its interior and external design, and the Crealis Neo, which features a new sloping front screen.

In Latin America, the Daily was named "Truck of the Year" by *Autodata* magazine, which is the leading automotive publication in Brazil. The Daily was also named the "Best Large Van 2008" by the British magazine *What Van?*, which came on the back of being named "Best Light Truck 2008" as part of the Van Fleet World Honours for the second year in a row. Iveco Irisbus' Magelys was named "Tourist Bus of 2009" in Spain by *Viajeros*.

In November, Iveco won the Cross Media Interactive Key Award for Iveco Customer Service's "Origin 100% Iveco" campaign. Finally, Iveco won the MediaEye award for marketing and communication in recognition of the perfect synergy Iveco achieved between its own values and those of the chosen spokespeople, the All Blacks.

Services

Iveco Customer Service experienced uneven performance throughout 2008. In the first half of the year, business volumes remained essentially in line with the significantly increased levels recorded in the latter part of 2007. From July onward, with some exceptions in Eastern Europe and Africa, there was a slowdown in business, particularly significant in Spain, reflecting the significantly worsened economic situation, which had an immediate impact on average mileage leading to a decline in the demand for spare parts.

There was a significant improvement in the availability of spare parts throughout Europe, due to improved coordination with suppliers who, for the most part, had overcome problems with production capacity experienced in 2007.

In Central and Eastern Europe, the new spare parts distribution centre in the Czech Republic became operational and is expected to further improve service for commercial vehicles and provide spare-parts logistics support for the buses built by Irisbus in the Czech Republic.

In September 2008, Iveco began distributing spare parts equipped with radio-frequency identification (RFID) to improve logistics tracking and to provide a 100% guarantee that the customer is receiving original Iveco parts.

In 2008, the Sector placed significant focus on after-sale service, enhancing the service infrastructure and further developing the diagnostic capabilities of repair shops. In the first quarter of 2009, a new system will be launched which will make it possible to monitor all vehicles being serviced by Iveco's primary and secondary networks, with the objective of concentrating all activities within Iveco and its network so as to minimize vehicle downtime.

Iveco offers **Financial Services** in Europe and, through financial services companies in the Fiat Group Automobiles Sector, in Latin America and, since the beginning of 2008, China.

In Europe, since 2005 the activity has been managed by Iveco Finance Holdings Limited (IFHL), a joint venture with Barclays Group, in which Iveco holds a 49% stake (accounted for using the equity method). This joint venture supports the Sector's European sales through dealer financing and end-customer financing in France, Germany, Italy, Switzerland and the United Kingdom.

In Spain, the activity is managed by Transolver Finance Est. Financiero de Credito S.A., a joint venture with Santander Group (in which Iveco holds a 50% stake, accounted for using the equity method). The company offers both dealer and end-customer financing. In addition, through Transolver Service S.A., a wholly-owned subsidiary (consolidated on a line–by–line basis), Iveco offers medium and long-term rentals.

In Switzerland, Austria and Eastern Europe the activity is run by captive financial services companies (consolidated on a line-by-line basis).

For subsidiaries alone (consolidated on a line-by-line basis), the number of financed vehicles more than doubled from 3,077 in 2007 to 6,299 in 2008, with the penetration rate increasing from 28.3% in 2007 to 39.2% in 2008, on 3,260 new vehicles (2,845 in 2007).

If the activities of Iveco Finance Holdings Ltd. are added, the number of financed vehicles increased from 38,605 in 2007 to 43,146 in 2008, with a penetration rate of 28.2% (23.8% in 2007), on 30,738 new vehicles (29,897 in 2007).

FPT Powertrain Technologies

Operating Performance

FPT Powertrain Technologies operates through two product lines: Passenger & Commercial Vehicles (P&CV), which produces engines and transmissions for cars and light commercial vehicles, and Industrial & Marine (I&M), which produces powertrains for application on trucks and agricultural and construction equipment, as well as marine engines. FPT's activities also include engine and transmission research carried out at Fiat's research centre, *Centro Ricerche Fiat*, and co-ordination of Elasis' research in those same areas.

The Sector's positive performance in the first half of 2008 was reversed by a sharp contraction in business in the final months of the year, resulting in revenues for the full year being substantially in line with 2007. The majority of FPT's production is sold to other Group Sectors, while sales to external customers and joint ventures accounted for 22% of total revenues in 2008 (24% in 2007).

The P&CV product line sold 2,353,000 engines in 2008, representing a 9.4% decline, and 2,019,000 transmissions, 3.5% lower than the previous year. Sales of diesel engines to external customers accounted for approximately 14% of total sales volumes for the year.

The I&M product line sold 545,000 engines for the year, an 8% increase over 2007. Deliveries were mainly to Iveco (40%), CNH (24%) and Sevel, a joint venture in the production of light commercial vehicles (25%). In addition, I&M sold 106,000 transmissions (down 14.1% over 2007) and 272,000 axles (down 9.2%).

During the year, FPT Powertrain Technologies signed several new agreements and proceeded with implementation of agreements signed in previous years.

In January 2008, a Protocol of Understanding was signed between the Sector, the Region of Piedmont, the Province of Biella and the City of Verrone to upgrade and expand the Verrone plant where the new C635 transmissions will be produced for mid-sized cars in manual, DDCT (Dual Dry Clutch Transmission) and automated manual versions.

Highlights

(€ millions)	2008	2007
Net revenues	**7,000**	7,075
Trading profit	**166**	271
Operating profit (*)	**162**	257
Investments in tangible and intangible assets (**)	**898**	365
- of which, capitalised R&D costs	**105**	38
Total R&D expenditure (***)	**141**	70
No. of employees at year end (****)	**20,507**	19,876

(*) Includes restructuring costs and net unusual income/(expense).
(**) The increase in 2008 was due both to investments for new products (C635 transmission and SGE engine) and expansion of production capacity.
(***) Includes capitalised R&D and R&D charged directly to the income statement.
(****) Also includes Iveco personnel employed at powertrain product lines transferred to FPT (8,335 employees at year-end 2008 and 8,218 employees at year-end 2007).

In March, FPT signed an agreement with Chrysler LLC to acquire 100% of the Tritec Motors plant located in Campo Largo near Curitiba (in Paraná, Brazil). The Sector will produce both gasoline and flex-fuel versions of a new range of mid-size engines at this plant, expanding its product portfolio with a family of leading edge and highly competitive engines.

As part of an agreement signed in June between Fiat Group and OJSC-Sollers (formerly Severstal-Auto), a new 50/50 joint venture was formed between FPT Powertrain Technologies and the Russian company to produce F1A engines.

In July, FPT Powertrain Technologies acquired full control of EEA (European Engine Alliance), the joint venture established in 1996 with Cummins and New Holland to develop and produce the NEF engine range.

In November, the new Jiading R&D Centre near Shanghai officially started operations in line with FPT's commitment to consolidate its presence in China and the Asia-Pacific region. The centre will become fully operational in 2009, and will conduct both basic and advanced research for all engine categories (gasoline, diesel, alternative), as well as transmissions and axles.

Recognition received in 2008 included "Diesel of the Year" awarded to the new F32 engine by *Diesel* magazine at the Samoter International Exhibition, while in South America FPT

Powertrain Technologies was honoured by *Autodata* in two major categories: “Engine Producer of the Year” and “Enterprise of the Year”.

Innovation and Products

Passenger & Commercial Vehicles

In 2008, FPT continued to develop innovative powertrain systems (engines and transmissions combined) for Fiat Group Automobiles.

For gasoline engines, work continued on development of both naturally aspirated (1.4-litre - 105hp) and Turbo (1.4-litre – 135 hp and 165 hp) versions of the Fire engine family using the new Multiair technology. This technology was also applied to the new 2-cylinder Small Gasoline Engine (SGE), also developed in both naturally aspirated and turbo versions.

Development on the new direct-injection 1.8-litre turbo B family engine was completed during the year and entered production at the Pratola Serra plant in February 2009.

There were also major advances in alternative fuel engines. The new 1.4-litre 8V bi-fuel (gasoline-natural gas) engine went into production on the Grande Punto and development continued on the Fire 1.4-litre Turbo CNG version. LPG versions of the Fire 1.2-litre and 1.4-litre engines are also under development.

For diesel engines, the new 1.6-litre 105 hp and 120 hp engines (initial application on the Fiat Bravo) were introduced to the market in January 2008. Designed and developed with cutting-edge technology for ultra-low consumption and emissions, these Euro 5-compliant engines are ideal for B and C-segment vehicles.

The new 2.0-litre, 165 hp, B family engine, offered for the first time on the Lancia Delta and developed using the latest technology to reduce consumption, emissions and NVH (Noise, Vibration, Harshness) was launched in June. The new 1.9-litre, 190 hp Twin Turbo Multijet engine for the Lancia Delta was also presented to the market. This engine’s distinguishing feature is the twin turbo compressors which produce more uniform torque, enhanced performance at low rpm and at maximum power. Both engines comply with Euro 5 emission standards.

New engine development projects were also launched in 2008. This included the final stage in the development of a Euro 5, 1.3-litre engine, which uses the new Multijet II common rail injection system. Commercial launch is scheduled for 2009.

For transmissions, development continued on a new transmission capable of delivering 350 Nm of torque in both the manual and innovative DDCT versions. In addition, the M32 six-speed automated manual transmission (AMT) was introduced on the Fiat Bravo, where it is combined with the 1.4-litre T-jet and 1.6-litre JTD engine packages, while in September, the new M38 transmission for the Ducato’s F1A powerplant was launched.

In the competition world, FPT is the sole supplier to the Italian Formula 3 championship until 2010 with an engine designed for open-wheel racing developed by FPT Racing (which designs and manufactures racing engines and sport versions of standard production engines).

Industrial & Marine

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

For light diesel engines, in the first quarter of 2008, production started on the F1C 4-cylinder, 3-litre, 146 hp and 176 hp common rail turbodiesel engines for the Iveco Massif and new Campagnola.

Development also continued during the year on various versions of the F1C engine to be fitted on vehicles produced by Mitsubishi Fuso Bus&Truck Corporation (the Daimler Truck Group) from the start of 2009.

Production began on the four-cylinder 3.2-litre F32 Tier 3 engine with output up to 65 kW for light industrial and agricultural applications.

For heavy and medium engines (Cursor and NEF), several applications of the NEF were introduced in 2008: on-road, for the Iveco Eurocargo and Irisbus vehicles, and off-road, for CNH. In addition, several applications were also introduced for external customers. The 480 hp, Cursor 13 engine with a fixed geometry turbine was launched in 2008 on the Iveco Stralis. This particularly reliable technology combines high performance levels with Euro 5-compliant emissions. Many applications of the Cursor were also introduced for sale to external customers.

Development of marine engines continued with major success in competition. In June, Blue FPT, a powerboat fitted with three 480 hp FPT N67 engines, won the 2008 Round Britain Race, the longest offshore powerboat race in the world, and Red FPT won the Cowes-Torquay-Cowes race powered by four 600 hp, N67 Evolution turbo diesel engines. A 560 hp commercial version of the N67 Evolution engine was unveiled in October at the Genoa Boat Show and will be launched commercially in 2009.

Components – **Magneti Marelli**

Operating Performance

Despite the impact of the global economic and financial crisis, particularly in the last quarter of 2008, Magneti Marelli ended the year with revenues, on a comparable scope of operations, substantially in line with the previous year.

The increase in absolute terms was due to the inclusion of the Plastic Components and Modules business (producer of plastic components for automobiles) in the Sector's scope of consolidation from April 2008.

During 2008, the Sector entered into a number of important agreements to support growth in new strategic markets.

In April, Magneti Marelli and Sumi Motherson Group established the joint venture Magneti Marelli Motherson India Holding B.V. for the production of automotive lighting and engine control systems in India.

In May, two further joint ventures were established in India: Magneti Marelli SKH Exhaust Systems Private Limited and SKH Magneti Marelli Exhaust Systems Private Limited, which will produce exhaust systems for Maruti-Suzuki and Fiat-Tata.

As part of the agreement between Magneti Marelli and Endurance Technologies for the production of shock absorbers in India and Thailand, in July the joint venture Endurance Magneti Marelli Shock Absorbers Private Limited was established.

In September, Magneti Marelli, Iveco and Serbia's Minister of Economy and Regional Development signed a Memorandum of Understanding as the basis for potential cooperation in the production of buses, special use vehicles and automotive components.

Also in September, Magneti Marelli signed an agreement with the Indian group Unitech Machines Limited to establish a joint venture for the design, manufacture and assembly of electronic automotive components.

Highlights

(€ millions)	2008	2007
Net revenues	**5,447**	5,000
Trading profit	**174**	214
Operating profit (*)	**93**	209
Investments in tangible and intangible assets	**474**	319
- of which capitalized R&D costs	**118**	92
Total R&D expenses (**)	**268**	221
No. of employees at year end	**33,216**	27,962

(*) Including restructuring costs and unusual income/(expense).
(**) Includes capitalised R&D and R&D charged directly to the income statement.

The Sector furthered its activities in Slovakia with start up investments in the production of engine controls.

Highlights of the activities of the various business lines are outlined below.

Lighting

Revenues totalled €1,524 million in 2008, down 5.6% from the previous year. The overall reduction in sales volumes attributable to the global financial crisis and spiralling oil prices, impacted performance in the US market for the entire second half of 2008 and in the European and Asian markets for the last four months. Volumes for taillamps, however, went against the trend, rising in absolute terms.

There was intense innovation activity throughout the year focused on Full LED headlamp technology, the bihalogen projection module, LED taillamps, flexboard technologies for LED applications, as well as light curtain and light guide technologies.

Significant new orders were received during the year for headlamps and taillamps for the Alfa MiTo and for Mercedes, BMW and Opel models, as well as headlamps for Volkswagen-Audi and Land Rover.

Engine Control

Revenues for 2008 remained fairly stable at €933 million, with strong sales of Gasoline Direct Injection (GDI) injectors and manifolds to OEMs countering a slowdown in revenues in the U.S. market.

Product rollouts during the year included Freechoice systems for the Fiat 500, Maserati GranTurismo and for FIASA in Brazil, manifolds for new Fiat Bravo engines and for the Lancia Delta, and the natural gas system for the Grande Punto. Innovation concentrated on development of new products and technologies for hybrid vehicles, biofuels, and low-consumption gasoline and diesel engines.

Major orders received during the year included: systems for the FIRE 1.0-litre and 1.4-litre Evolution engines for the new Palio and new Uno in Brazil; a throttle body for General Motors in Europe, China, the USA and Brazil; and GDI injectors for Volkswagen.

Suspension Systems

Revenues for the year totalled €893 million, substantially in line with 2007 on a comparable scope of operations. Though major gains were made in Poland, driven by products for the Fiat 500 and Panda, and in Brazil for Fiat, they were offset by performance in Italy which was impacted by the halt in production at the G.B. Vico plant and the transfer of the Mechanical Component Assembly business to Fiat Group Automobiles in April 2008, in addition to the overall slump in the Italian market in the second half of the year.

New products launched during the year included suspension systems for the Lancia Delta, Alfa MiTo and Fiat 500 Abarth, as well as a complete suspension system for Ford.

Shock Absorbers

The business line's 2008 revenues totalled €315 million, a 5.4% increase driven by higher sales in Brazil and in Poland for the Ducato and Fiat 500. There was a slowdown in the latter part of the year, especially for the U.S. market.

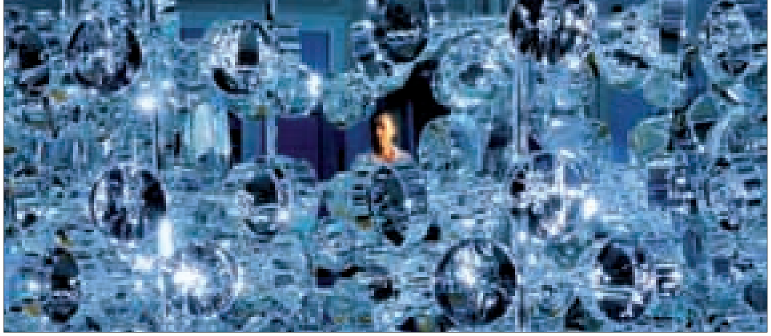
New orders were received from all major customers, including Fiat Group Automobiles, Mercedes, PSA and General Motors.

Electronic Systems

Revenues for 2008 totalled €570 million, up 2.5% from the previous year. Instrument panels increased by 10%, driven by sales to external customers. Telematics lost ground due to changes in the product mix for infotainment systems, but there was an increase in sales of the Blue&Me system to Fiat. Sales of products for vehicle interiors dropped.

Development activities concentrated on hardware and software design for the new generation of navigation systems for PSA, and on the radio/navigator for Fiat, PSA and SAIC. Instrument panel products were developed for new Volkswagen-Audi, Renault and Citroën models, while the business line also worked on a telematic-compatible high-resolution display for PSA and Maserati. The vehicle interiors products line developed new body computers for Fiat, the body computer for the new Palio in Brazil, climate control systems for new Fiat models, electronics for Stop & Start systems, door modules for Renault, and a comfort module for Volkswagen in Brazil.

Orders were received for an instrument panel for PSA for use in the European and Chinese markets, and for instrument panel and vehicle interior products for the new Palio. For telematics products, orders were booked for the Fiat Bravo and Croma radio/navigator, for the new generation of telematics products for PSA, and for the Telematic Box in Brazil.



Exhaust Systems
Revenues totalled €635 million in 2008, a 3.6% increase over the previous year. Positive contributions came from sales in Poland, driven by increased demand for the Fiat 500, and from sales to external customers in Brazil, Spain and Argentina. By contrast, in Italy and China revenues contracted from the previous year's levels.

New production included complete exhaust systems for the Alfa MiTo, Lancia Musa, Lancia Delta, Fiat 500, and for Ford, as well as hot-end systems for the Euro 5-compliant turbocharged 1.4-litre gasoline engine.

Major new orders included a complete exhaust system for General Motors for production in several countries and an exhaust manifold for Volkswagen in Brazil.

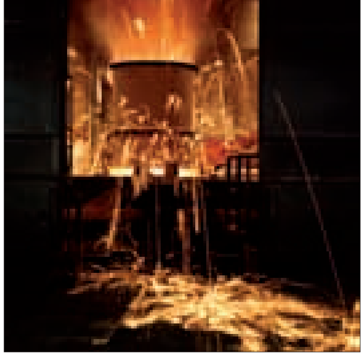
Motorsport
During 2008, Magneti Marelli continued to be active at the major sporting championships, supplying electronic control systems, fuel systems, electro-mechanical components, and telemetry and data acquisition systems to such major Formula 1 teams as Ferrari (2008 Constructors' World Champion), Toyota, Renault, Toro Rosso and Red Bull.

Magneti Marelli also continued its involvement in the Rally and Moto GP championships; for the latter, the Sector provided fuel injection and electronic control systems to Yamaha (2008 World Champion), Ducati, Suzuki and Kawasaki.

Aftermarket
Revenues for 2008 were €242 million, substantially in line with the previous year on a comparable scope of operations, when the business line, which was consolidated from May 2007, posted revenues of €167 million.

Increased volumes for battery products and extension of the product range to include shock absorbers, belts and bumpers compensated for the drop in sales in more established product areas such as lighting, rotary machinery and instrumentation.

Rising sales in the Mercosur and German markets helped counterbalance the decline in other European countries.



Metallurgical Products – **Teksid**

Operating Performance

For the first part of 2008, the global economy was shaped by significant price tension in the energy and raw materials markets, followed by a sharp decline in demand in the last quarter of the year. More specifically, the two main areas of interest for Teksid performed as follows: the overall reference market for automobiles posted a slight decline over 2007, as volume increases in South America were not sufficient to offset the downturn in European markets. The market for heavy commercial vehicles, on the other hand, was slightly higher worldwide that in the prior year.

The Sector's diversification in terms of customers and geographic areas, as well as the ongoing quest for efficiency in production processes and logistics, resulted in improved overall performance on a comparable scope of operations.

Teksid Aluminum S.r.l., which operates in the aluminium business, formed part of the Sector for the entire year (included in September 2007), whereas 2007 still included two months of activity for the Magnesium business unit, which was sold in March 2007.

Excluding the impact of these transactions, Teksid would have posted 3% revenue growth over the previous year, as well as improved trading profit.

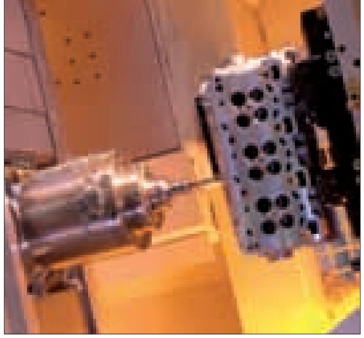
Highlights

(€ millions)	2008	2007
Net revenues	**837**	783
Trading profit	**41**	47
Operating profit (*)	**49**	47
Investments in tangible and intangible assets	**41**	32
Total R&D expenditure (**)	**3**	1
No. of employees at year end	**7,600**	7,826

(*) Includes restructuring costs and net unusual income/(expense).
(**) Includes capitalised R&D and R&D charged directly to the income statement.

In 2008, the Cast Iron business unit posted a 6.8% decline in volumes, while revenues rose 2.9% as higher selling prices compensated for increased raw materials prices. The decrease in volumes was mainly due to lower sales levels in Europe (-7.7%), partially offset by increases in business in Brazil and the NAFTA region.

In addition, Teksid's Cast Iron business unit operates in China through Hua Dong Teksid Automotive Foundry Co. Ltd., a joint venture with the SAIC group, accounted for under the equity method. This company posted an increase in delivery volumes of 5.2% over the prior year.



Production Systems – **Comau**

Operating Performance

In 2008, the underlying trend for the Sector's reference market reflected persisting uncertainty in volumes and price pressure.

In the western hemisphere, automakers generally scaled-down investment, even though new model launches continued. In fact, there was a demonstrated tendency to conversion and rationalisation of existing production capacity rather than greenfield investment.

Conversely, investment was more robust in a number of Asian countries and in the Mercosur region.

The last three months of the year, however, were negatively influenced by the financial and industrial crisis that affected all countries.

Nonetheless, Comau posted a slight increase in revenues (+3.1%), attributable to the Body Welding business in Europe and Services in Latin America.

The plan to restructure and reshape the scope of activities and geographic presence, which Comau launched at the end of 2006 to tackle difficult market conditions, produced positive effects on the Sector's profitability, with trading profit of €21 million, after losses being recorded for the past two years.

In 2008, Comau sold its Engineering and Plastic Components businesses to other companies of the Fiat Group.

Despite continuing difficult market conditions, order intake for 2008 totalled €1,063 million, in line with the previous year on a like-for-like basis.

Highlights

(€ millions)	2008	2007
Net revenues	**1,123**	1,089
Trading profit	**21**	(23)
Operating profit (*)	**–**	(33)
Investments in tangible and intangible assets	**17**	33
- of which, capitalised R&D costs	**3**	4
Total R&D expenditure (**)	**13**	12
No. of employees at year end	**11,445**	11,960

(*) Includes restructuring costs and net unusual income/(expense).
(**)Includes capitalised R&D and R&D charged directly to the income statement.

In 2008, new orders for contract work, totalling €855 million, were 10.7% lower than in 2007 (but in line with the prior year on a like-for-like basis). Overall, 47% of new contract orders were acquired in Europe and 25% in the NAFTA region, with the remaining 28% in the Mercosur region and emerging markets (13% in China). By customer, 41% of orders were received from Fiat Group companies and 59% from other automakers. At 31 December 2008, the order backlog for contract work totalled €523 million, in line with 2007 on a comparable scope of operations.

With regard to new orders for the Service business in 2008, the increase in the Mercosur region (21%) was offset by a contraction in Europe, in line with the change in the scope of operations.

Financial Review – Fiat S.p.A.

The following financial review is based on the 2008 financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and with regulations implementing Article 9 of Legislative Decree 38/2005.

Following is a summary of Fiat S.p.A.'s income statement:

Operating Performance

For 2008, Fiat S.p.A., the Group's Parent Company, reported net profit of €1,199 million, compared to net profit of €2,069 million for the prior year.

(€ millions)	2008	2007
Income from investments	**867**	2,188
- Dividends	**874**	823
- Impairment (losses)/reversals on investments	**(7)**	1,247
- Gains/(losses) on disposals	**–**	118
Personnel and operating costs, net of other income	**(81)**	(98)
Gains from non-recurring transactions	**879**	–
Financial income/(expense)	**(422)**	(149)
Profit before taxes	**1,243**	**1,941**
Income taxes	**(44)**	128
Profit for the year	**1,199**	**2,069**

Income from Investments was €867 million and consists of dividends received during the period, net of impairment losses on investments. This item was €1,321 million lower than the figure for the prior year (€2,188 million), which included reversals of impairment losses and gains on disposal. Specifically:

- **Dividends** of €874 million consist almost entirely of dividends from subsidiaries: Fiat Partecipazioni S.p.A. (€500 million), Ferrari S.p.A. (€85 million), Iveco S.p.A. (€78 million), Fiat Netherlands Holding N.V. (€61 million), Business Solutions S.p.A. (€54 million), Fiat Finance S.p.A. (€50 million), FGI - Fiat Group International S.A. (€44 million) and Itedi – Italiana Edizioni (€2 million).

  In 2007, dividends totalled €823 million and were primarily from: FGI - Fiat Group International S.A. (€271 million), Fiat Partecipazioni S.p.A. (€250 million), Fiat Netherlands Holding N.V. (€151 million), Ferrari S.p.A. (€64 million) and Fiat Finance S.p.A. (€60 million);

- **Impairment Losses on Investments** of €7 million related entirely to the impairment loss recognised on the investment in Comau S.p.A. partly attributable to losses reported by the company for the year.

  In 2007, there were net reversals €1,247 million which reflected the partial reversal of impairment losses on the investment in Fiat Partecipazioni S.p.A. (€1,308 million, essentially related to Fiat Group Automobiles S.p.A.), net of an impairment loss recognised on the investment in Comau S.p.A. (€61 million);

- **Gains on Disposals** were €118 million for the prior year and represented a gain from disposal of the 1.83% held in Mediobanca S.p.A.

Personnel and Operating Costs, Net of Other Income totalled €81 million, compared with €98 million for 2007. Specifically:

- **Personnel and Operating Costs** of €151 million, consist of €37 million in personnel costs (€56 million in 2007) and €114 million in other operating costs (€162 million in 2007), which include services, amortisation/depreciation expense and other operating costs. There was an overall decrease of €67 million from the previous year, €35 million of which was attributable to lower non-cash expenses related to stock option plans and a reduction in the cost of services. In 2008, the Company had an average of 151 employees compared with an average of 143 in 2007.

- **Other Income** of €70 million (€120 million in 2007) relates principally to royalties for use of the Fiat brand, calculated as a percentage of revenues of Group companies using the brand, services rendered, including services rendered by senior managers to other Group companies, and changes in contract work in progress (contracts between Fiat S.p.A. and Treno Alta Velocità – T.A.V. S.p.A.), calculated on a percentage completion basis. The €50 million decrease over the prior year was essentially due to lower income from royalties and for services rendered by managers to Group companies, as well as a reduction in contract-related activities with TAV S.p.A. Revenues for 2007 also include reversal of a provision considered no longer necessary in the amount of €18 million.

Gains from Non-Recurring Transactions totalled €879 million and consisted of the net gain from the sale of the Fiat trademark to the subsidiary Fiat Group Marketing & Corporate Communication S.p.A., which is responsible for brand management and also owns the Alfa Romeo, Lancia and Abarth brands. This transaction, which forms part of the Group's programme of consolidating its strategic marketing and brand promotion activities to improve the quality and consistency of the services provided to the industrial Sectors, was carried out in conformity with the Group's "Guidelines for Transactions with Related Parties". Consideration for the transfer was €880 million and was based on a valuation conducted by a leading independent advisor, mandated jointly by the parties, using internationally accepted professional standards and methodologies. Fiat S.p.A. retained the right to use "Fiat" in its name and in the names of other Group companies as well as the right to use the trademark "Fiat Group" under the same terms and conditions as in the past.

There was **Net Financial Expense** of €422 million, of which €159 million was primarily related to interest on financial debt, in addition to a €263 million loss recognised on the mark-to-market value of two stock-option related equity swaps on Fiat S.p.A. shares.
For 2007, there was net financial expense of €149 million, consisting of €219 million in financial expense, essentially linked to interest payable on financial debt, while the mark-to-market valuation of the two equity swaps referred to above resulted in recognition of a €70 million gain for the period.

Income Taxes totalled €44 million and consisted of current and deferred IRAP (Italian regional income tax), in addition to adjustments related to the domestic tax consolidation for the previous year.
In 2007, there was net tax income of €128 million attributable to a rebate for tax loss carryforwards of Fiat S.p.A. offset against taxable income generated by other Italian companies included in Fiat's domestic tax consolidation.

Balance Sheet

Following is a summary of Fiat S.p.A.'s balance sheet:

(€ millions)	At 31.12.2008	At 31.12.2007
Non-current assets	**14,499**	13,367
- of which: Investments	**14,444**	13,311
Working capital	**34**	204
Net Capital Invested	**14,533**	13,571
Shareholders' Equity	**12,170**	11,691
Net Debt	**2,363**	1,880

Non-Current Assets consisted almost entirely of controlling interests in the Group's principal entities.

The €1,133 million increase in investments for the year included €812 million attributable to the transfer of shareholdings from the subsidiary Fiat Partecipazioni S.p.A. through a partial spin-off in favour of Fiat S.p.A., following which the Parent Company directly holds the controlling interest in all of the Group's industrial sectors. This simplification of the Group's structure will enable improved operating efficiency, financial optimization and streamlined dividend flows.
The transaction consisted of the transfer to Fiat S.p.A. of interests held by Fiat Partecipazioni S.p.A. in the following subsidiaries: Fiat Group Automobiles S.p.A. (100.00%), Fiat Powertrain Technologies S.p.A. (100.00%), Magneti Marelli S.p.A. (99.99%), Maserati S.p.A. (100.00%), Teksid S.p.A. (84.79%), Teksid Aluminum S.r.l. (100.00%), Fiat Netherlands Holding N.V. (39.44%), Iveco S.p.A. (39.44%), in addition to the associate company RCS Media Group S.p.A. (10.09%). The transaction also included the transfer of €800 million in outstanding liabilities to Fiat Finance S.p.A. from Fiat Partecipazioni S.p.A. to Fiat S.p.A.
The carrying value of the investment in Fiat Partecipazioni was replaced by the book value of the assets and liabilities transferred and the residual value of the investment in Fiat Partecipazioni. The transaction is accounted for in Fiat S.p.A. consistently with the carrying value of the investment in Fiat Partecipazioni.

Working Capital of €34 million consisted of trade receivables/payables, other receivables/payables (from/to tax authorities, employees, etc.), and inventory for contract work in progress, net of advances and provisions. The €170 million decrease from 31 December 2007 was essentially attributable to the increase in VAT payable to tax authorities.

At 31 December 2008, **Shareholders' Equity** totalled €12,170 million, a net increase of €479 million from 31 December 2007 principally reflecting profit for the period (€1,199 million), net of dividend distributions (€509 million) and share buy-backs (€239 million).
A more detailed analysis of changes in shareholders' equity is provided in the Statement of Changes in Shareholders' Equity and accompanying notes which form part of Fiat S.p.A.'s Statutory Financial Statements.

At 31 December 2008, **Net Debt** was €2,363 million, an increase of €483 million over 31 December 2007. This increase was principally due to dividend distributions, share repurchases and debt assumed as part of the transaction with Fiat

Partecipazioni S.p.A., referred to previously, net of operating cash flows for the period. Net debt is broken down as follows:

(€ millions)	At 31.12.2008	At 31.12.2007
Current financial assets, cash and cash equivalents	–	(1,224)
Current financial liabilities	**553**	295
Non-current financial liabilities	**1,810**	2,809
Net debt/(cash)	**2,363**	1,880

At 31 December 2008, there were no current financial assets. By contrast, however, at 31 December 2007 the item included a positive balance on the current account held with the subsidiary Fiat Finance S.p.A., a short-term loan of €900 million, also to Fiat Finance S.p.A., as a temporary investment of surplus funds, in addition to amounts receivable from the subsidiary Fiat Netherlands Holding N.V. connected to fair value recognition of the stock-option related equity swaps on Fiat S.p.A. shares referred to above.

At 31 December 2008, current financial liabilities consisted of a negative balance on the current account held with Fiat Finance S.p.A., amounts payable to factoring companies for advances on receivables, in addition to a liability to Fiat Netherlands Holding N.V. connected to fair value recognition of the stock-option related equity swaps on Fiat S.p.A. shares referred to above. At 31 December 2007, current financial liabilities essentially consisted of amounts payable to factoring companies for advances on receivables.
Non-current financial liabilities consisted almost entirely of loans from Fiat Finance S.p.A., at market rates, which mature between 2010 and 2013. During the year, one of those loans was repaid for an amount of €1 billion.
A more detailed analysis of cash flows is provided in Fiat S.p.A.'s Cash Flow Statement which follows.

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

Pursuant to the requirements of the Consob Communication of 28 July 2006, the following table provides a reconciliation between net profit and shareholders' equity of Fiat S.p.A. for the year ended 31 December 2008 and the same values on a consolidated basis (attributable to shareholders of Fiat S.p.A.):

(€ millions)	Shareholders' Equity at 31.12.2008	Net Profit 2008	Shareholders' Equity at 31.12.2007	Net Profit 2007
Statutory financial statements of Fiat S.p.A.	**12,170**	**1,199**	11,691	2,069
Elimination of carrying amounts of consolidated investments and related dividends	**(14,426)**	**(873)**	(13,278)	(822)
Elimination of impairment reversals/(net of impairment losses) on consolidated entities	**–**	**7**	–	(1,247)
Equity and profit/(loss) of consolidated entities	**14,398**	**3,317**	12,444	2,027
Consolidation adjustments:				
- Elimination of intercompany profits and losses on the disposal of investments	**–**	**(7)**	–	(33)
- Elimination of the gain on disposal of the "Fiat" brand	**(879)**	**(879)**	–	–
- Elimination of intercompany profits and losses on inventories and fixed assets, dividends paid between subsidiaries and other adjustments	**(909)**	**(1,152)**	(251)	(41)
Consolidated financial statements (attributable to shareholders of Fiat S.p.A.)	**10,354**	**1,612**	10,606	1,953


FIAT GROUP

Motion for Approval of the Statutory Financial Statements and Allocation of 2008 Net Profit

Dear Shareholders,

We hereby submit the Statutory Financial Statements for the year ended 31 December 2008 for your approval with a reported net profit of €1,199,145,721. To strengthen the Group's capital structure and preserve liquidity, we propose, in consideration of the requirements of law and the Company By-laws, that the net profit for the year be allocated as follows:

- to the Legal Reserve, €59,957,286;
- to each savings share, a dividend of €0.31, for a total of approximately €24.8 million;
- to Retained profit, the remaining amount totalling approximately €1,114.4 million.

Payment of the dividend on savings shares will be from 23 April 2009, with detachment of the coupon on 20 April. The dividend will be payable on shares outstanding at the coupon detachment date.

13 February 2009

On behalf of the Board of Directors

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

When two forces are joined together their efficacy is doubled. Isaac Newton

Fiat Group Consolidated Financial Statements at 31 December 2008

Consolidated Income Statement (*)

(€ millions)	Note	2008	2007
Net revenues	(1)	**59,380**	58,529
Cost of sales	(2)	**49,423**	48,924
Selling, general and administrative costs	(3)	**5,075**	4,924
Research and development costs	(4)	**1,497**	1,536
Other income (expenses)	(5)	**(23)**	88
Trading profit		**3,362**	3,233
Gains (losses) on the disposal of investments	(6)	**20**	190
Restructuring costs	(7)	**165**	105
Other unusual income (expenses)	(8)	**(245)**	(166)
Operating profit/(loss)		**2,972**	3,152
Financial income (expenses)	(9)	**(947)**	(564)
Result from investments:	(10)	**162**	185
- Net result of investees accounted for using the equity method		**133**	210
- Other income (expenses) from investments		**29**	(25)
Profit before taxes		**2,187**	2,773
Income taxes	(11)	**466**	719
Profit from continuing operations		**1,721**	2,054
Profit from discontinued operations		**–**	–
Net profit/(loss)		**1,721**	2,054
Attributable to:			
Equity holders of the parent		**1,612**	1,953
Minority interests		**109**	101

(in €)			
Basic earnings per ordinary and preference share	(13)	**1.290**	1.537
Basic earnings per savings share	(13)	**1.445**	1.692
Diluted earnings per ordinary and preference share	(13)	**1.285**	1.526
Diluted earnings per savings share	(13)	**1.440**	1.681

(*) Pursuant to Consob Resolution No. 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 34.

Consolidated Balance Sheet (*)

(€ millions)	Note	At 31 December 2008	At 31 December 2007
ASSETS			
Intangible assets	(14)	**7,048**	6,523
Property, plant and equipment	(15)	**12,607**	11,246
Investment property		**–**	10
Investments and other financial assets:	(16)	**2,177**	2,214
- Investments accounted for using the equity method		**1,899**	1,930
- Other investments and financial assets		**278**	284
Leased assets	(17)	**505**	396
Defined benefit plan assets		**120**	31
Deferred tax assets	(11)	**2,386**	1,892
Total Non-current assets		**24,843**	22,312
Inventories	(18)	**11,346**	9,990
Trade receivables	(19)	**4,390**	4,384
Receivables from financing activities	(19)	**13,136**	12,268
Current tax receivables	(19)	**770**	1,153
Other current assets	(19)	**2,600**	2,291
Current financial assets:		**967**	1,016
- Current investments		**26**	22
- Current securities	(20)	**177**	291
- Other financial assets	(21)	**764**	703
Cash and cash equivalents	(22)	**3,683**	6,639
Total Current assets		**36,892**	37,741
Assets held for sale	(23)	**37**	83
TOTAL ASSETS		**61,772**	60,136
Total assets adjusted for asset-backed financing transactions		**55,109**	53,316

(*) Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Balance Sheet are presented in the specific Balance Sheet schedule provided in the following pages and are further described in Note 34.

Consolidated Balance Sheet (continued)

(€ millions)	Note	At 31 December 2008	At 31 December 2007
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity:	(24)	**11,101**	11,279
- Shareholders' equity of the Group		**10,354**	10,606
- Minority interest		**747**	673
Provisions:		**8,144**	8,562
- Employee benefits	(25)	**3,366**	3,597
- Other provisions	(26)	**4,778**	4,965
Debt:	(27)	**21,379**	17,951
- Asset-backed financing		**6,663**	6,820
- Other debt		**14,716**	11,131
Other financial liabilities	(21)	**1,202**	188
Trade payables	(28)	**13,258**	14,725
Current tax payables		**331**	631
Deferred tax liabilities	(11)	**170**	193
Other current liabilities	(29)	**6,185**	6,572
Liabilities held for sale	(23)	**2**	35
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**61,772**	**60,136**
Total shareholders' equity and liabilities adjusted for asset-backed financing transactions		**55,109**	**53,316**

Consolidated Cash Flow Statement (*)

(€ millions)		2008	2007
A) Cash and cash equivalents at beginning of the year as reported		**6,639**	7,736
Cash and cash equivalents included as Assets held for sale		**2**	5
B) Cash and cash equivalents at beginning of the year		**6,641**	7,741
C) Cash flows from (used in) operating activities during the year:			
Net profit/(loss)		**1,721**	2,054
Amortisation and depreciation (net of vehicles sold under buy-back commitments)		**2,901**	2,738
(Gains) losses on disposal of:			
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)		**(30)**	(107)
- Investments	(a)	**(20)**	(190)
Other non-cash items	(b)	**253**	(138)
Dividends received		**84**	81
Change in provisions		**(161)**	6
Change in deferred taxes		**(490)**	(157)
Change in items due to buy-back commitments	(c)	**(88)**	34
Change in working capital		**(3,786)**	1,588
Total		**384**	5,909
D) Cash flows from (used in) investment activities:			
Investments in:			
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)		**(5,263)**	(3,985)
- Investments in consolidated subsidiaries		**(62)**	(13)
- Other investments		**(86)**	(109)
Proceeds from the sale of:			
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)		**242**	259
- Investments in consolidated subsidiaries		**–**	225
- Other investments		**58**	251
Net change in receivables from financing activities		**(1,493)**	(1,032)
Change in current securities		**118**	(63)
Other changes		**176**	(134)
Total		**(6,310)**	(4,601)
E) Cash flows from (used in) financing activities:			
New issuance of bonds		**50**	1,000
Repayment of bonds		**(225)**	(1,053)
Issuance of other medium-term borrowings		**3,601**	613
Repayment of other medium-term borrowings		**(1,136)**	(1,129)
Net change in other financial payables and other financial assets/liabilities		**1,606**	(1,106)
Increase in share capital		**15**	5
(Buy-back) sale of treasury shares		**(238)**	(395)
Dividends paid		**(546)**	(310)
Total		**3,127**	(2,375)
Translation exchange differences		**(159)**	(33)
F) Total change in cash and cash equivalents		**(2,958)**	(1,100)
G) Cash and cash equivalents at end of the year		**3,683**	6,641
of which: Cash and cash equivalents included as Assets held for sale		**–**	2
H) Cash and cash equivalents at end of the year as reported		**3,683**	6,639

(*) Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Cash Flow Statement are presented in the specific Cash Flow Statement schedule provided in the following pages.
(a) In 2007, this item included amongst other things the net gains of €118 million on the disposal of Mediobanca S.p.A
(b) In 2008, this item includes the reversal of the negative €271 million arising from the fair value measurement of the equity swaps on Fiat shares (positive for an amount of €67 million in 2007).
(c) The cash flows for the two periods generated by the sale of vehicles with a buy-back commitment, net of the amount already included in Net profit/(loss), are included in operating activities for the period, in a single item which includes the change in working capital, capital expenditures, depreciation, gains and losses and proceeds from sales at the end of the contract term, relating to assets included in Property, plant and equipment.

Consolidated Statement of Changes in Shareholders' Equity

(€ millions)	Share capital	Treasury shares	Capital reserves	Earning reserves	Income (expenses) recognised directly in equity	Minority interest	Total
Balances at 1 January 2007	6,377	(24)	682	1,801	526	674	10,036
Capital increase	–	–	–	–	–	5	**5**
Dividends	–	–	–	(274)	–	(36)	**(310)**
Increase in reserve for share based payments	–	–	–	66	–	–	**66**
Net changes in Income (expenses) recognised directly in equity	–	–	–	–	(145)	(33)	**(178)**
Other changes	–	(395)	–	39	–	(38)	**(394)**
Net profit/(loss)	–	–	–	1,953	–	101	**2,054**
Balances at 31 December 2007	6,377	(419)	682	3,585	381	673	11,279
Capital increase	–	–	–	–	–	15	**15**
Dividends	–	–	–	(509)	–	(37)	**(546)**
Increase in reserve for share based payments	–	–	–	3	–	–	**3**
Net changes in Income (expenses) recognised directly in equity	–	–	–	–	(1,090)	(4)	**(1,094)**
Other changes	–	(238)	–	(30)	–	(9)	**(277)**
Net profit/(loss)	–	–	–	1,612	–	109	**1,721**
Balances at 31 December 2008	**6,377**	**(657)**	**682**	**4,661**	**(709)**	**747**	**11,101**

Consolidated Statement of Recognised Income and Expense

(€ millions)	2008	2007
Gains (losses) recognised directly in the cash flow hedge reserve	**(455)**	262
Gains (losses) recognised directly in reserve for fair value measurement of available-for-sale financial assets	**(16)**	(32)
Exchange gains (losses) on the translation of foreign operations	**(328)**	(96)
Gains (losses) recognised directly in equity	**(799)**	134
Transfers from cash flow hedge reserve	**(295)**	(187)
Transfers from reserve for fair value measurement of available-for-sale financial assets	**–**	(123)
Transfers from reserve for the translation of foreign operations	**–**	(2)
Net profit/(loss)	**1,721**	2,054
Recognised income (expense)	**627**	1,876
Attributable to:		
Equity holders of the parent	**522**	1,808
Minority interests	**105**	68

Consolidated Income Statement

pursuant to Consob Resolution No. 15519 of 27 July 2006

(€ millions)	Note	2008	of which Related parties (Note 34)	2007	of which Related parties (Note 34)
Net revenues	(1)	**59,380**	**3,001**	58,529	2,551
Cost of sales	(2)	**49,423**	**4,610**	48,924	3,264
Selling, general and administrative costs	(3)	**5,075**	**99**	4,924	139
Research and development costs	(4)	**1,497**	**–**	1,536	–
Other income (expenses)	(5)	**(23)**	**21**	88	17
Trading profit		**3,362**		3,233	
Gains (losses) on the disposal of investments	(6)	**20**	**–**	190	–
Restructuring costs	(7)	**165**	**–**	105	–
Other unusual income (expenses)	(8)	**(245)**	**–**	(166)	–
Operating profit/(loss)		**2,972**		3,152	
Financial income (expenses)	(9)	**(947)**	**(85)**	(564)	(73)
Result from investments:	(10)	**162**	**156**	185	183
- Net result of investees accounted for using the equity method		**133**	**133**	210	210
- Other income (expenses) from investments		**29**	**23**	(25)	(27)
Profit before taxes		**2,187**		2,773	
Income taxes	(11)	**466**	**–**	719	–
Profit from continuing operations		**1,721**		2,054	
Profit from discontinued operations		**–**	**–**	–	–
Net profit/(loss)		**1,721**		2,054	
Attributable to:					
Equity holders of the parent		**1,612**		1,953	
Minority interests		**109**		101	

Consolidated Balance Sheet

pursuant to Consob Resolution No. 15519 of 27 July 2006

(€ millions)	Note	At 31 December 2008	of which Related parties (Note 34)	At 31 December 2007	of which Related parties (Note 34)
ASSETS					
Intangible assets	(14)	**7,048**	**–**	6,523	–
Property, plant and equipment	(15)	**12,607**	**–**	11,246	–
Investment property		**–**	**–**	10	–
Investments and other financial assets:	(16)	**2,177**	**1,947**	2,214	1,994
- Investments accounted for using the equity method		**1,899**	**1,899**	1,930	1,930
- Other investments and financial assets		**278**	**48**	284	64
Leased assets	(17)	**505**	**–**	396	–
Defined benefit plan assets		**120**	**–**	31	–
Deferred tax assets	(11)	**2,386**	**–**	1,892	–
Total Non-current assets		**24,843**		22,312	
Inventories	(18)	**11,346**	**2**	9,990	6
Trade receivables	(19)	**4,390**	**627**	4,384	367
Receivables from financing activities	(19)	**13,136**	**134**	12,268	331
Current tax receivables	(19)	**770**	**2**	1,153	1
Other current assets	(19)	**2,600**	**51**	2,291	204
Current financial assets		**967**	**46**	1,016	–
- Current investments		**26**	**–**	22	–
- Current securities	(20)	**177**	**–**	291	–
- Other financial assets	(21)	**764**	**46**	703	–
Cash and cash equivalents	(22)	**3,683**	**101**	6,639	–
Total Current assets		**36,892**		37,741	
Assets held for sale	(23)	**37**	**–**	83	4
TOTAL ASSETS		**61,772**		60,136	
LIABILITIES					
Shareholders' equity:	(24)	**11,101**	**–**	11,279	–
- Shareholders' equity of the Group		**10,354**	**–**	10,606	–
- Minority interest		**747**	**–**	673	–
Provisions:		**8,144**	**70**	8,562	115
- Employee benefits	(25)	**3,366**	**22**	3,597	25
- Other provisions	(26)	**4,778**	**48**	4,965	90
Debt:	(27)	**21,379**	**773**	17,951	617
- Asset-backed financing		**6,663**	**279**	6,820	296
- Other debt		**14,716**	**494**	11,131	321
Other financial liabilities	(21)	**1,202**	**95**	188	–
Trade payables	(28)	**13,258**	**1,051**	14,725	1,107
Current tax payables		**331**	**2**	631	1
Deferred tax liabilities	(11)	**170**	**–**	193	–
Other current liabilities	(29)	**6,185**	**153**	6,572	121
Liabilities held for sale	(23)	**2**	**–**	35	–
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**61,772**		60,136	

Consolidated Cash Flow Statement

pursuant to Consob Resolution No. 15519 of 27 July 2006

(€ millions)	2008	of which Related parties	2007	of which Related parties
A) Cash and cash equivalents at beginning of the year as reported	**6,639**		7,736	
Cash and cash equivalents included as Assets held for sale	**2**	**–**	5	–
B) Cash and cash equivalents at beginning of the year	**6,641**		7,741	
C) Cash flows from (used in) operating activities during the year:				
Net profit/(loss)	**1,721**	**–**	2,054	–
Amortisation and depreciation (net of vehicles sold under buy-back commitments)	**2,901**	**–**	2,738	–
(Gains) losses on disposal of:				
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)	**(30)**	**–**	(107)	–
- Investments	**(20)**	**–**	(190)	–
Other non-cash items	**253**	**7**	(138)	40
Dividends received	**84**	**84**	81	81
Change in provisions	**(161)**	**(3)**	6	7
Change in deferred taxes	**(490)**	**–**	(157)	–
Change in items due to buy-back commitments	**(88)**	**–**	34	6
Change in working capital	**(3,786)**	**(323)**	1,588	152
Total	**384**		5,909	
D) Cash flows from (used in) investment activities:				
Investments in:				
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)	**(5,263)**	**(12)**	(3,985)	–
- Investments in consolidated subsidiaries	**(62)**	**–**	(13)	–
- Other investments	**(86)**	**(82)**	(109)	(86)
Proceeds from the sale of:				
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)	**242**	**–**	259	–
- Investments in consolidated subsidiaries	**–**	**–**	225	97
- Other investments	**58**	**–**	251	–
Net change in receivables from financing activities	**(1,493)**	**106**	(1,032)	(23)
Change in current securities	**118**	**–**	(63)	–
Other changes	**176**	**–**	(134)	–
Total	**(6,310)**		(4,601)	
E) Cash flows from (used in) financing activities:				
New issuance of bonds	**50**	**–**	1,000	–
Repayment of bonds	**(225)**	**–**	(1,053)	–
Issuance of other medium-term borrowings	**3,601**	**–**	613	–
Repayment of other medium-term borrowings	**(1,136)**	**–**	(1,129)	–
Net change in other financial payables and other financial assets/liabilities	**1,606**	**256**	(1,106)	(124)
Increase in share capital	**15**	**–**	5	–
(Buy-back) sale of treasury shares	**(238)**	**–**	(395)	3
Dividends paid	**(546)**	**(146)**	(310)	(61)
Total	**3,127**		(2,375)	
Translation exchange differences	**(159)**		(33)	
F) Total change in cash and cash equivalents	**(2,958)**		(1,100)	
G) Cash and cash equivalents at end of the year	3,683		6,641	
of which: Cash and cash equivalents included as Assets held for sale	**–**	**–**	2	–
H) Cash and cash equivalents at end of period as reported	**3,683**		6,639	

Notes to the Consolidated Financial Statements

Principal activities

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

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

Significant accounting policies

Basis of preparation

The 2008 Consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (the "IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and with the provisions implementing article 9 of Legislative Decree no. 38/2005. The designation "IFRS" also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

The financial statements are prepared under the historical cost convention, modified as required for the valuation of certain financial instruments, as well as on the going concern assumption. In this respect, despite operating in a difficult economic and financial environment, the Group's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about its ability to continue as a going concern, in view also of the measures already identified by the Group to adapt to the changed levels of demand and the Group's industrial and financial flexibility.

Format of the financial statements

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

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

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

The Cash Flow Statement is presented using the indirect method.

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

Basis of consolidation

Subsidiaries

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

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

Jointly controlled entities

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

Associates

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

Investments in other companies

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

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

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

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

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

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

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

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

Intangible assets

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

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

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

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

In the context of IFRS First-time Adoption, the Group elected not to apply IFRS 3 – *Business Combinations* retrospectively to the business combinations that occurred before 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 (cars, trucks, buses, agricultural and construction equipment, related components, engines, and production systems) are recognised as an asset if and only if both of the following conditions are met: that development costs can be measured reliably and that technical feasibility of the product, volumes and pricing support the view that the development expenditure will generate future economic benefits. Capitalised development costs include all direct and indirect costs that could be directly attributable to the development process. Capitalised development costs are amortised on a systematic basis from the start of production of the related product over the product's estimated life, as follows:

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

All other development costs are expensed as incurred.

Intangible assets with indefinite useful lives

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

Other intangible assets

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

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

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

Property, plant and equipment

Cost

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

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

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

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

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

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

Depreciation

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

	Depreciation rates		
Buildings	2.5%	-	10%
Plant and machinery	5%	-	20%
Industrial and commercial equipment	15%	-	25%
Other assets	10%	-	33%

Land is not depreciated.

Leased assets

Leased assets include vehicles leased to retail customers by the Group's leasing companies under operating lease agreements. They are stated at cost and depreciated at annual rates of between 20% and 33%.

Investment property

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

Impairment of assets

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

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

The recoverable amount of an asset is the higher of fair value less disposal costs and its value in use. In assessing its value in use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised when the recoverable amount is lower than the carrying amount. Where an impairment loss 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. A reversal of an impairment loss is recognised in the income statement immediately.

Financial instruments

Presentation

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

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

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

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

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

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

Measurement

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

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

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

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

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

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

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

Except for derivative instruments, financial liabilities are measured at amortised cost using the effective interest method.

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

Derivative financial instruments

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

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

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

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

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

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

Sales of receivables

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

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

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

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

Inventory

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

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

Assets held for sale

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

Employee benefits

Pension plans

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

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

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

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

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

Post-employment plans other than pensions

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

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

Equity compensation plans

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

Provisions

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

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

Treasury shares

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

Revenue recognition

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

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

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

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

Cost of sales

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

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

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

Research and development costs
This item includes research costs, development costs not eligible for capitalisation and the amortisation of development costs recognised as assets in accordance with IAS 38 (see Notes 4 and 14).

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

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

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

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

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

In this respect the situation caused by the present economic and financial crisis has led to the need to make assumptions regarding future performance which are characterised by significant uncertainty; as a consequence, therefore, it cannot be excluded that results may arise during the next

year which differ from estimates, and which therefore might require adjustments, even significant, to be made to the carrying amount of the items in question, which at the present moment can clearly neither be estimated nor predicted.
The main items affected by these situations of uncertainty are the allowances for doubtful accounts receivable and inventories, non-current assets (tangible and intangible assets), the residual values of vehicles leased out under operating lease arrangements or sold with buy-back clauses, pension funds and other post-employment benefits, and deferred tax assets.

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

Allowance for doubtful accounts
The allowance for doubtful accounts reflects management estimate of losses inherent in wholesale and retail credit portfolio. The Group reserves for the expected credit losses based on past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial crisis persist or even worsen, this could lead to a further deterioration in the financial situation of the Group's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

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. The present economic and financial crisis 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.

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

In view of the present economic and financial crisis, the Fiat Group has the following considerations in respect of its future prospects:

■ In the current situation, when preparing figures for the Consolidated financial statements for the year ended 31 December 2008 and more specifically for carrying out impairment testing of tangible and intangible assets, the various Sectors of the Group have taken into consideration their expected performance for 2009, with assumptions and results consistent with the statements made in the section Significant events subsequent to the year end and outlook.
In addition, for the plans of subsequent years they have made prudent revisions to their respective 2007-2010 plans to take account of an economic and financial situation and market conditions which have undergone profound change as the result of the present crisis. No requirement to recognise significant impairment losses arose following the revision of the planned data in this way.

■ Further, should the plan assumptions deteriorate further the following is noted:

– The Group's tangible assets and intangible assets with a finite useful life (which essentially regard development expenditure) relate to recent models or products having a high technological content in line with the latest environmental laws and regulations, which consequently renders them competitive in the present economic situation, especially in the more mature economies in which particular attention is placed on the eco-sustainability of those types of products. As a result, therefore, despite the fact that the automotive sector is one of the markets most affected by the present crisis in the immediate term, it is considered highly probable that the life cycle of these products can be lengthened to extend over the period of time involved in a slower economic recovery, in this way allowing the Group to achieve sufficient earnings flows to cover the investments, albeit over a longer timescale.

– Around 60% of capitalised goodwill relates to the CNH business and around 28% to Ferrari. The Group has carried out additional analyses to test the recoverability of the goodwill allocated to the former business in the event of a further deterioration of the construction equipment market, and considerations in this respect are discussed in Note 14; at 31 December 2008 this goodwill had a carrying amount of €397 million. As concerns Ferrari, the exclusivity of the business, its historical profitability and its future earnings prospects indicate that the carrying amount will continue to be recoverable, even in the event of economic and market conditions which remain difficult and may deteriorate further.

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

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

Realisation of the residual values is dependant on the Group's future ability to market the assets under the then-prevailing market conditions. The Group continually evaluates whether events and circumstances have occurred which impact the estimated residual values of the assets on operating leases. More specifically the Group recognised further write-downs at the end of 2008, in addition to those usually made on the basis of historical trends in residual values, to take account of the sudden deterioration in the used vehicle market over the past few months. It cannot be excluded that additional write-downs may be needed if market conditions should deteriorate yet again.

Sales allowance

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

Product warranties

The Group makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information on the nature, frequency and average cost of warranty claims. The Group seeks to improve vehicle quality and minimise warranty expenses arising from claims.

Pension and other post-retirement benefits

Group companies sponsor pension and other post-retirement benefits in various countries. In the US, the United Kingdom, Germany and Italy, the Group has major defined benefit plans. Management uses several statistical and judgmental factors that attempt to anticipate future events in calculating the expense, the liability and the assets related to these plans. These factors include assumptions about the discount rate, expected return on plan assets, rate of future compensation increases and health care cost trend rates. In addition, the Group's actuarial consultants also use subjective factors such as withdrawal and mortality rates in making relevant estimates. More specifically, in 2008 discount rate curves experienced a high level of volatility, with significant upwards changes occurring as the consequence of the financial crisis and the related effect on the yields of high quality corporate bonds. Then, however, at the end of the year, these curves underwent a reversal and began to fall. After consulting with its actuaries, the Group has selected discount rates which it considers to be of a balanced nature given the context. It cannot be excluded, though, that future significant changes in the yields of corporate bonds may lead to effects on liabilities and unrecognised actuarial gains and losses, taking into account however any simultaneous changes in the returns of plan assets where these may exist.

Realisation of deferred tax assets arising from tax loss carryforwards

As of 31 December 2008, the Group had gross deferred tax assets arising from tax loss carryforwards of €3,679 million and valuation allowances against these assets of €2,448 million. The corresponding totals at 31 December 2007 were €4,431 million and €3,234 million, respectively. Management 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 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 the plan, taking account of the fact that the net deferred assets accordingly recognised relate to temporary differences and tax losses which, to a significant extent, may be recovered over a very long period, and are therefore consistent with a situation in which the time needed to exit from the crisis and for an economic recovery to occur extends beyond the term implicit in the above-mentioned plans.

Contingent liabilities

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

Accounting principles, amendments and interpretations adopted in 2008

On 30 November 2006, the IASB issued the IFRS 8 – *Operating Segments* that will become effective on 1 January 2009 and which will replace IAS 14 – *Segment Reporting*. The new standard requires the information provided in segment reporting to be based upon the components of the entity that management uses to make decisions about operational matters. The standard requires these operating segments to be identified on the basis of internal reports that are regularly reviewed by the entity's management in order to allocate resources to the segment and assess its performance. The Group early adopted IFRS 8 in these Consolidated financial statements with effect from 1 January 2008. The adoption of this standard had no effect on the measurement of items in the financial statements, but only on the presentation of information by segment and geographical area.

On 5 July 2007 IFRIC issued the interpretation IFRIC 14 – IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* effective retrospectively from 1 January 2008. The interpretation provides general guidance on how to assess the limit in IAS 19 - *Employee Benefits* on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement in these Consolidated financial statements. No significant effects arose on the adoption of this interpretation.

On 13 October 2008, the IASB issued amendments to IAS 39 - *Financial Instruments: Recognition and Measurement* and IFRS 7 - *Financial Instruments: Disclosures* that would permit the reclassification of some non-derivative financial assets which are classified under the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer a financial asset from the available-for-sale category to the loans and receivables category where it has the intention and ability to hold such asset for the foreseeable future. Although this amendment applies from 1 July 2008, it has had no effect on the Consolidated financial statements presented herein as none of the reclassifications permitted by the amendment were carried out by the Group.

Interpretations effective from 1 January 2008 but not applicable to the Group

The interpretation IFRIC 12 – *Service Concession Arrangements* (effective from 1 January 2008 but not yet endorsed by the European Union) relates to matters that are not applicable to the Group.

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

On 29 March 2007 the IASB issued a revised IAS 23 – *Borrowing Costs*. The standard shall be applied for annual period beginning after 1 January 2009. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The standard shall be applied prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the 1 January 2009.

On 6 September 2007 the IASB issued a revised version of IAS 1 - *Presentation of Financial Statements* that is effective for annual periods beginning on or after 1 January 2009. The revised standard requires an entity to present changes in its equity resulting from transactions with owners in a statement of changes in equity. All non-owner changes (meaning changes in comprehensive income) are required to be presented either in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Transactions with non-owners may not be presented in the statement of changes in equity. The adoption of this standard will have no effect on the measurement of items in the financial statements.

On 10 January 2008 the IASB issued a revised version of IFRS 3 – *Business Combinations* and an amended version of IAS 27 - *Consolidated and Separate Financial Statements*. The main changes that revised IFRS 3 will make to existing requirements are the elimination of the need to measure at fair value every asset and liability at each step in a step acquisition for the purpose of calculating a portion of goodwill. Instead, goodwill will be measured as the difference at acquisition date between the value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Moreover, for a business combination in which the acquirer achieves control without purchasing all of the acquiree, the remaining (non-controlling) equity interests are measured either at fair value or by using the method already provided in IFRS 3. The revised IFRS 3 also requires acquisition related costs to be recognised as expenses and the acquirer to recognise the obligation to make an additional payment (contingent consideration) as part of the business combination. In the amended version of IAS 27, the IASB has added a requirement specifying that changes in a parent’s interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions and recognised within equity. Moreover when a parent loses control of a subsidiary but retains an ownership interest it must initially measure any retained investment at fair value. At the date when control is lost, the difference between the fair value and the carrying amount of the retained interest must be recognised in profit or loss. Finally, the amendment to IAS 27 requires losses pertaining to non-controlling interests to be allocated to non-controlling interest equity, even if this results in the non-controlling interest having a deficit balance. The new rules will apply prospectively from 1 January 2010. The revised standard had not yet been endorsed by the European Union at the date of this Consolidated financial statements.

On 17 January 2008 the IASB issued an amendment to IFRS 2 - *Vesting Conditions and Cancellations* which clarifies that for the purpose of share based payments measurement, vesting conditions are service conditions and performance conditions only. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply this amendment retrospectively from 1 January 2009; no significant effects are expected to arise on its adoption.

On 22 May 2008 the IASB issued a series of amendments to IFRS ("Improvements"). Details are provided in the following paragraphs of those identified by the IASB as resulting in accounting changes for presentation, recognition and measurement purposes, leaving out amendments regarding changes in terminology or editorial changes which are likely to have minimal effects on accounting and improvements that relates to matters not applicable to the Group.

- IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*: this amendment, to be applied prospectively from 1 January 2010, requires an entity that is committed to a sale plan involving loss of control of a subsidiary to classify all the assets and liability of that subsidiary as held for sale, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale.

- IAS 1 – *Presentation of Financial Statements (revised in 2007)*: this amendment, to be applied prospectively from 1 January 2009, requires an entity to classify assets and liabilities arising from derivative financial instruments that are not classified as held for trading between current and non-current assets and liabilities. The adoption of this standard will have no effect on the measurement of items in the financial statements.

- IAS 16 – *Property, Plant and Equipment*: this amendment, effective retrospectively from 1 January 2009, requires an entity that in the course of its ordinary activities routinely sells items of property, plant and equipment that it has held for rental to others, to transfer such assets to inventories when they cease to be rented and become held for sale. As a consequence, the proceeds from the sale of such assets shall be recognised as revenue. Cash payments to manufacture or acquire assets held for rental to others or subsequently held for sale are cash flows from operating activities (and not from investing activities). The adoption of this standard will have no effect on the measurement of items in the financial statements.

- IAS 19 – *Employee Benefits*: this amendment, effective prospectively from 1 January 2009 to changes in benefits that occur after that date, clarifies the definition of positive/negative past service costs and states that in the case of a curtailment, only the effect of the reduction for future service shall be recognised immediately in the income statement, while the effect arising from past service periods shall be considered a negative past service cost. The Board also revised the definition of short-term employee benefits and other long-term employee benefits and the definition of a return on plan assets, stating that this amount should be net of any costs for administering the plan (other than those included in the measurement of the defined benefit obligation).

- IAS 20 – *Government Grants and Disclosure of Government Assistance*: this amendment, applicable prospectively from 1 January 2009, states that the benefit of a government loan at a below-market rate of interest shall be treated as a government grant and then accounted for in accordance with IAS 20.

- IAS 23 – *Borrowing Costs*: this amendment, applicable from 1 January 2009, revises the definition of borrowing costs.

- IAS 28 – *Investments in Associates*: this amendment shall be applied from 1 January 2009, with prospective application also permitted, requires that for investments accounted for using the equity method a recognised impairment loss should not be allocated to any asset (and in particular goodwill) that forms part of the carrying amount of the investment in the associate, but to the carrying amount of the investment overall. Accordingly any reversal of that impairment loss is recognised in full.

- IAS 36 – *Impairment of Assets*: this amendment, effective from 1 January 2009, requires additional disclosures to be made in the case in which an entity determines the recoverable amount of a cash-generating unit using discounted cash flows.

- IAS 38 – *Intangible Assets*: this amendment, effective retrospectively from 1 January 2009, requires expenditure on advertising and promotional activities to be recognised in the income statement. Further, it states that in the case expenditure is incurred to provide future economic benefits to an entity, but no intangible assets is recognised, in the case of the supply of goods, the entity recognise such expenditure as an expense when it has the right to access the goods. In the case of the supply of services, an entity shall recognise the expenditure as an expense when it receives the services. Moreover, the standard has been revised in order to allow entities to use the unit of production method for determining the amortisation charge for an intangible asset with a finite useful life. The Group is currently assessing any effect that the adoption of this new standard may have on the financial statements.

- IAS 39 – *Financial Instruments: Recognition and Measurement*: this amendment, effective retrospectively from 1 January 2009, clarifies how to calculate the revised effective interest rate on ceasing fair value hedge accounting and notes additionally that the prohibition on the reclassification of financial instruments into or out of the fair value through profit or loss category after initial recognition should not prevent a derivative from being accounted for at fair value through profit or loss when it does not qualify for hedge accounting and vice versa. Finally, in order to eliminate conflict with IFRS 8 – *Operating Segments*, it removes the reference to designating and documenting hedges at sector level. The Group is currently assessing any effect that the adoption of this new standard may have on the financial statements.

- On 3 July 2008 the IFRIC issued an interpretation, IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation*. The main change expected to arise from this interpretation is the elimination of the possibility for an entity to apply hedge accounting for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements. Moreover, the interpretation clarifies that in a hedge of a net investment in a foreign operation the hedging instrument may be held by any entity or entities within the group and that IAS 21 – *The effects of changes in Foreign Exchange rates* shall be applied to determine the amount that needs to be reclassified from equity to profit or loss for the hedged item when an entity disposes of the investment. This interpretation, effective from 1 January 2009, had not yet been endorsed by the European Union at the date of this Consolidated financial statements.

- On 31 July 2008, the IASB issued an amendment to IAS 39 – *Financial Instruments: Recognition and Measurement* which is to be applied retrospectively from 1 January 2010 .The amendment clarifies how the existing principles underlying hedge accounting should be applied in particular situations. As of the date of this Consolidated financial statements, the amendment had not yet been endorsed by the European Union.

Accounting principles, amendments and interpretations not applicable by the Group

The following amendments, improvements and interpretations have also been issued, relating to matters that were not applicable to the Group at the date of the financial statements:

- On 14 February 2008 the IASB issued an amendment to IAS 32 – *Financial Instruments: Presentation* and to IAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*. These amendments require puttable financial instruments and instruments, or components of instruments that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity instruments. This amendment is effective prospectively from 1 January 2009.

- Improvement to IAS 28 – *Investments in Associates*, and IAS 31 – *Investments in Joint Ventures*: these amendments, effective from 1 January 2009, require specific new disclosures to be made for investments in associates and joint ventures measured at fair value in accordance with IAS 39. IFRS 7 *Financial Instruments: Disclosures* and IAS 32: *Financial Instruments: Presentation* has accordingly also been amended.

- Improvement to IAS 29 – *Financial Reporting in Hyperinflationary Economies*: the previous version of the standard did not reflect the fact that a number of assets and liabilities may or must be measured on the basis of a current value rather than historical value. This amendment, made in order to reflect this, is effective prospectively from 1 January 2009.

- Improvement to IAS 40 – *Investment Property*: this amendment, to be adopted prospectively from 1 January 2009, states that property under construction falls within the scope of IAS 40 and not that of IAS 16.

- IFRIC 13 – *Customer Loyalty Programmes* (effective from 1 January 2009).

- IFRIC 15 – *Agreements for the Construction of Real Estate* (effective from 1 January 2009 but not yet endorsed by the European Union).

Risk management

Credit risk

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

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

Liquidity risk

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

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

Additionally, as part of its activities the Group regularly carries out funding operations on the various financial markets which may take on different technical forms and which are aimed at ensuring that it has an adequate level of current and future liquidity.

The present difficulties both in the markets in which the Group operates and in the financial markets necessitate special attention being given to the management of liquidity risk, and in that sense particular emphasis is being placed on measures taken to generate financial resources through operations and on maintaining an adequate level of available liquidity as an important factor in facing up to 2009, which promises to be a difficult year. The Group therefore plans to meet its requirements to settle financial liabilities as they fall due and to cover expected capital expenditures by using cash flows from operations and available liquidity, renewing or refinancing bank loans and making recourse to the bond market and other forms of funding.

Interest rate risk and currency risk

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

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

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

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

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

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

- the currency risk on financial instruments denominated in foreign currency;

- the interest rate risk on fixed rate loans and borrowings.

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

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

- the exchange rate at which forecasted transactions denominated in foreign currencies will be accounted for;

- the interest paid on borrowings, both to match the fixed interest received on loans (customer financing activity), and to achieve a pre-defined mix of floating versus fixed rate funding structured loans.

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

Counterparties to these agreements are major and diverse financial institutions.

Information on the fair value of derivative financial instruments held at the balance sheet date is provided in Note 21.

Additional qualitative information on the financial risks to which the Group is exposed is provided in Note 33.

Scope of consolidation

The Consolidated financial statements of the Group as of 31 December 2008 include Fiat S.p.A. and 428 consolidated subsidiaries in which Fiat S.p.A., directly or indirectly, has a majority of the voting rights, over which it exercises control, or from which it is able to derive benefit by virtue of its power to govern corporate financial and operating policies.

An additional 10 subsidiaries were consolidated at 31 December 2008 compared to 31 December 2007.

Excluded from consolidation are 76 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, 50 such subsidiaries are accounted for using the cost method; and represent in aggregate 0.2 percent of Group revenues, 0 percent of shareholders' equity and 0.1 percent of total assets.

Interests in jointly controlled entities (67 companies, including 29 entities of Fiat Group Automobiles Financial Services ("FAFS") now FGA Capital, are accounted for using the equity method, except for Fiat-GM Powertrain Polska S.p. Z.o.o., accounted for using proportionate consolidation. Condensed financial information relating to the Group's pro-rata interest in the above entity is as follows:

(€ millions)	At 31 December 2008	At 31 December 2007
Non-current assets	**106**	151
Current assets	**67**	154
Total assets	**173**	305
Debt	**1**	–
Other liabilities	**59**	147

(€ millions)	2008	2007
Net revenues	**220**	238
Net profit/(loss)	**35**	22

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

(€ millions)	At 31 December 2008	At 31 December 2007
Non-current assets	**2,332**	2,228
Current assets	**8,989**	9,528
Total assets	**11,321**	11,756
Debt	**8,190**	8,468
Other liabilities	**1,679**	1,845

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:

(€ millions)	2008	2007
Net revenues	**5,576**	5,693
Trading profit	**221**	224
Operating profit/(loss)	**209**	186
Profit before taxes	**163**	179
Net profit/(loss)	**99**	107

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

(€ millions)	At 31 December 2008	At 31 December 2007
Total assets	**2,946**	2,885
Liabilities	**2,491**	2,380

(€ millions)	2008	2007
Net revenues	**677**	668
Net profit/(loss)	**23**	35

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

(€ millions)	At 31 December 2008	At 31 December 2007
Total assets	**114**	145
Liabilities	**76**	89

(€ millions)	2008	2007
Net revenues	**65**	61
Net profit/(loss)	**4**	1

The following acquisitions were made in 2008:

- On 20 March 2008, as part of an agreement for the purchase of a factory in Campo Largo (Brazil), FPT Powertrain Technologies fully acquired Tritec Motors Limitada from Chrysler L.L.C. and subsequently changed its name to FPT Powertrain do Brasil – Industria e Comércio de Motores Ltda. The Group completed the purchase accounting for this acquisition in the second quarter of 2008, a process which included converting the consolidated financial statements of the acquired entity to IFRS, and began consolidating the investment on a line-by-line basis on 1 April 2008.

- As part of the shareholder restructuring for the joint ventures between FPT, CNH and Cummins in the area of diesel engines, during the third quarter of 2008 the Group acquired the remaining one-third of the shares in EEA (European Engine Alliance) which it didn't already own. At the same time, CNH sold its interest in the 50/50 joint venture Consolidated Diesel Company.

The following divestitures were made in 2008:

- The investments in ITS-GSA Fiat Group France S.A.S., ITS-GSA Deutschland GmbH and ITS-GSA U.K. Limited were disposed of during the second quarter of 2008; these had already been classified as assets held for sale in the Consolidated financial statements for the year ended 31 December 2007.

■ The sale of the investment in Teksid Aluminum Getti Speciali S.r.l. (included under Assets held for sale in the Consolidated Financial Statements at 31 December 2007) was completed during the third quarter of 2008.

The effect on the Group's assets and liabilities of the mentioned acquisitions and divestitures of businesses are described in Note 35.

Consolidation of the Ergom group on a line-by-line basis began during the second quarter of 2008, in this case with effect from 1 January 2008; the group was purchased on 6 December 2007 and carries out its business in the automotive sector. The group had been excluded from consolidation at 31 December 2007 due to the lack of information necessary for preparing disclosures in a consistent manner and moreover because the amounts involved were not significant compared to those of the Fiat Group as a whole. It follows as a result that on consolidation for the first time the figures relating to 2007 were not restated. In this regard certain minor assets of the Ergom Group were accounted for as assets held for sale in the consolidation of the group for the first time on a line-by-line basis, until the disposal occurred in July 2008.

Other information

Certain reclassifications have been made to the balance sheet reported in the published Consolidated financial statements at 31 December 2007 in arriving at that presented in these financial statements as comparative figures. These reclassifications have been made to assist in understanding the balance sheet better. These reclassifications have no effect on net profit/(loss) or shareholders' equity. In particular, the item "Others" included in "Other receivables" and referring to balances other than "Current tax receivables" and the item "Accrued income and prepaid expenses", both previously presented separately, have been combined into the new balance sheet item "Other current assets", while the item "Others" included in "Other payables" and referring to balances other than "Current tax payables" and the item "Accrued expenses and deferred income", again both presented separately, have been combined into the new balance sheet item "Other current liabilities".

In addition, the assets and liabilities of certain business of the Comau and CNH Sector previously classified as assets and liabilities held for sale were reclassified under the normal line items in 2008. The corresponding items for 2007 have not been restated as the figures are immaterial.

Composition and principal changes

Income Statement

1. Net revenues
Net revenues can be analysed as follows:

(€ millions)	2008	2007
Sales of goods	**54,503**	53,742
Rendering of services	**2,525**	2,512
Contract revenues	**732**	669
Rents on operating leases	**154**	120
Rents on assets sold with a buy-back commitment	**305**	314
Interest income from customers and other financial income of financial services companies	**959**	979
Other	**202**	193
Total Net revenues	**59,380**	**58,529**

2. Cost of sales
Cost of sales comprises the following:

(€ millions)	2008	2007
Interest cost and other financial charges from financial services companies	**777**	756
Other cost of sales	**48,646**	48,168
Total Cost of sales	**49,423**	**48,924**

3. Selling, general and administrative costs
Selling costs amount to €2,939 million in 2008 (€2,795 million in 2007) and comprise mainly marketing, advertising and sales personnel costs.

General and administrative costs amount to €2,136 million in 2008 (€2,129 million in 2007) and comprise mainly expenses for administration which are not attributable to sales, production and research and development functions.

4. Research and development costs
In 2008, Research and development costs of €1,497 million (€1,536 million in 2007) comprise all the research and development costs not recognised as assets in the year, amounting to €770 million (€809 million in 2007), the write-down of costs previously capitalized of €9 million (€42 million in 2007), the reversal of previously recognised impairment losses of €17 million and the amortisation of capitalised development costs of €735 million (€685 million in 2007). During 2008, the Group incurred new expenditure for capitalised development costs of €1,216 million (€932 million in 2007).

5. Other income (expenses)

This item consists of income arising from trading operations which is not attributable to the sale of goods and services (such as royalties and other income from licences and know-how), net of miscellaneous operating costs which cannot be allocated to specific functional areas, such as indirect taxes and duties, and accruals for various provisions not attributable to other items of Cost of sales or Selling, general and administrative costs.

The detail of Other income (expenses) is as follows:

(€ millions)	2008	2007
Gains on disposal of Property, plant and equipment	**72**	183
Royalties and other income from licences and know-how	**32**	17
Rental income	**25**	31
Recovery of expenses and compensation for damages	**30**	24
Release of excess provisions	**94**	94
Other income	**170**	349
Total Other income	**423**	698
Indirect taxes	**152**	142
Losses on disposal of Property, plant and equipment	**42**	54
Impairment of assets	**9**	14
Charges for other provisions	**136**	161
Other expenses	**107**	239
Total Other expenses	**446**	610
Other income (expenses)	**(23)**	88

The item Gains on disposal of Property, plant and equipment in 2007 included non-recurring income of €103 million arising from the reinstatement in carrying amount and subsequent disposal of a piece of land which had been fully written down in a prior period.

6. Gains (losses) on the disposal of investments

In 2008 this item results in a net gain of €20 million which includes the gain of €14 million on the disposal of the subsidiary S.C.M. Ltda and the gain of €4 million on the disposal of Targasys S.r.l.

In 2007 this item amounted to a net gain of €190 million, included a gain of €118 million on the disposal of the Group's interest in Mediobanca S.p.A., a gain of €42 million recognised on the finalisation of the disposal of the subsidiary Ingest Facility S.p.A., a gain of €8 million on the establishment of the joint venture with Tata Motors, a gain of €7 million on the disposal of a minor investment in Tecnomare S.p.A., a gain of €5 million on the disposal of a 17% interest in the associate Servizio Titoli S.p.A., in which the Group has kept a 10% holding, and a gain of €4 million on the disposal of a Comau business in France.

7. Restructuring costs

The net balance of this item in 2008 amounts to €165 million; this amount mainly relates to the Sectors Magneti Marelli (€77 million) and Fiat Group Automobiles (€62 million).

The restructuring costs of €105 million in 2007 were incurred mainly by Sectors Fiat Group Automobiles (€40 million), CNH – Case New Holland (€30 million) and Comau (€21 million).

8. Other unusual income (expenses)

Net expenses of €245 million were incurred in 2008, consisting for the most part of costs for the rationalisation of strategic suppliers (€74 million) and exceptional additional accruals of €166 million made by FGA and Iveco as a consequence of the sudden serious crisis in the world automotive market, to provide mainly against the risks of the residual values of vehicles leased out under operating leases, those sold with buy-back clauses and those included in used stocks.

In 2007, net expenses of €166 million mainly referred to the rationalisation of a set of strategic Group suppliers, some of which were acquired in 2007.

9. Financial income (expenses)

In addition to the items included in the specific lines of the income statement, Net financial income (expenses) in 2008 also includes the income from financial services companies included in Net revenues for €959 million (€979 million in 2007) and the costs incurred by financial services companies included in Interest cost and other financial charges from financial services companies included in Cost of sales for €777 million (€756 million in 2007).

Reconciliation to the income statement is provided at the foot of the following table.

(€ millions)	2008	2007
Financial income		
Interest earned and other financial income	**229**	322
Interest income from customers and other financial income of financial services companies	**959**	979
Gains on disposal of securities	**2**	13
Total Financial income	**1,190**	1,314
of which:		
Financial income, excluding financial services companies	**231**	335
Interest and other financial expenses		
Interest expense and other financial expenses	**1,371**	1,496
Write-downs of financial assets	**121**	84
Losses on disposal of securities	**7**	3
Interest costs on employee benefits	**155**	155
Total Interest and other financial expenses	**1,654**	1,738
Net income (expenses) from derivative financial instruments and exchange differences	**(301)**	83
of which:		
Interest and other financial expenses, effects resulting from derivative financial instruments and exchange differences, excluding financial services companies	**1,178**	899
Net financial income (expenses) excluding financial services companies	**(947)**	(564)

Net financial expenses in 2008 (excluding financial services companies) totalled €947 million, and include net financial expenses of €263 million in 2008 arising from the fair value measurement of the equity swaps on Fiat shares, relating to certain stock option plans (see Note 21 for further details). Net financial expense of €564 million in 2007 included income of €70 million arising from the above mentioned equity swaps, partially offset by a €43 million charge recognised in relation to the redemption in advance of a CNH 9.25% fixed rate bond, originally repayable in 2011.

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

(€ millions)	2008	2007
Interest income from banks	**123**	195
Interest income from securities	**9**	11
Commission income	**–**	1
Other interest earned and financial income	**97**	115
Total Interest earned and other financial income	**229**	**322**

Interest and other financial expenses may be analysed as follows:

(€ millions)	2008	2007
Interest expenses on bonds	**427**	503
Bank interest expenses	**281**	229
Interest expenses on trade payables	**7**	6
Commission expense	**17**	20
Other interest and financial expenses	**639**	738
Total Interest and other financial expenses	**1,371**	**1,496**

10. Result from investments

This item, amounting to €162 million (€185 million in 2007), includes the Group's interest of €133 million (€210 million in 2007) in the net profit of the companies accounted for using the equity method, reversals of impairment losses for financial assets of €29 million (impairment losses for financial assets of €25 million in 2007), accruals to provisions against equity investments, income and expense arising from the adjustment to fair value of investments in other entities held for trading, and dividend income.

The item includes (amounts in € million): Fiat Group Automobiles Sector companies 93 (76 in 2007), entities of Agricultural and Construction equipment Sector companies 38 (70 in 2007); entities of Trucks and Commercial Vehicles 34 mainly arising from the release to income of a provision for risks no longer existing in connection with a Chinese investee; other companies -3 (39 in 2007).

11. Income taxes

Income taxes consist of the following:

(€ millions)		2008		2007
Current taxes:				
- IRAP	**168**		188	
- Other taxes	**755**		624	
Total Current taxes		**923**		812
Deferred taxes for the period:				
- IRAP	**(65)**		4	
- Other taxes	**(415)**		(118)	
Total Deferred taxes		**(480)**		(114)
Taxes relating to prior periods		**23**		21
Total Income taxes		**466**		**719**

The increase of the charge for current taxes in 2008 arises mainly from the increase in the taxable income of foreign companies.

The increase in deferred tax income is mostly due to the recognition of additional deferred tax assets, mainly for temporary differences arising during the year.

Taxes relating to prior periods include the cost arising from certain disputes with foreign tax authorities.

The effective tax rate for 2008 (excluding current and deferred IRAP) was 16.6% which represents a decrease over the corresponding rate of 19% in 2007 and is the result of an increased reversal of prior year temporary differences and utilisation of unused tax losses for which deferred tax assets were not recognised in prior years.

The reconciliation between the tax charges recorded in the Consolidated financial statements and the theoretical tax charge, calculated on the basis of the theoretical tax rate in effect in Italy, is the following:

(€ millions)	2008	2007
Theoretical income taxes	**602**	915
Tax effect of permanent differences	**52**	42
Taxes relating to prior years	**23**	21
Effect of difference between foreign tax rates and the theoretical Italian tax rate	**100**	40
Effect of deferred tax assets not recognised in prior years	**(193)**	(471)
Use of tax losses for which no deferred tax assets were recognised	**(250)**	(40)
Other differences	**29**	20
Current and deferred income tax recognised in the financial statements, excluding IRAP	**363**	527
IRAP (current and deferred)	**103**	192
Current and deferred income tax recognised in the financial statements	**466**	719

Since the IRAP tax has a taxable basis that is different from income before taxes, it generates distortions between one year and another. Accordingly, in order to render the reconciliation between income taxes recognised and theoretical income taxes more meaningful, the IRAP tax is not taken into consideration; theoretical income taxes are determined by applying only the tax rate in effect in Italy (IRES equal to 27.5% in 20087 and to 33% in 2007) to income before taxes.

Permanent differences in the above reconciliation include the tax effect of non-taxable income of €130 million in 2008 (€236 million in 2007) and of non-deductible costs of €182 million in 2008 (€278 million in 2007).

The effect of deferred tax assets not recognised in prior years (€443 million) consists of the income offsetting the tax charge for the year (income of €511 million in 2007).

Other differences included unrecoverable withholding tax for €50 million (€27 million in 2007).

Net deferred tax assets at 31 December 2008 consist of deferred tax assets, net of deferred tax liabilities, which have been offset where possible by the individual consolidated companies. The net balance of Deferred tax assets and Deferred tax liabilities may be analysed as follows:

(€ millions)	At 31 December 2008	At 31 December 2007	Change
Deferred tax assets	**2,386**	1,892	494
Deferred tax liabilities	**(170)**	(193)	23
Net deferred tax assets	**2,216**	1,699	517

The increase in net deferred tax assets, as analysed in the following table, is mainly due to:

- the recognition of deferred tax assets of €480 million, net of the realisation of deferred tax assets net of the release to income of deferred tax liabilities recognised in prior years;
- the corresponding tax effect of items recorded directly in equity amounting to €78 million;
- changes in the scope of consolidation due to the acquisition of Tritec Motors Ltda and the line-by-line consolidation of the Ergom group for an amount of €32 million;
- negative exchange differences and other changes amounting to €73 million.

Deferred tax assets and deferred tax liabilities may be analysed by source as follows:

(€ millions)	At 31 December 2007	Recognised in Income statement	Charged to equity	Changes in the scope of consolidation	Translation differences and other changes	At 31 December 2008
Deferred tax assets arising from:						
- Taxed provisions	1,489	88	–	15	(81)	**1,511**
- Inventories	183	64	–	–	(2)	**245**
- Taxed allowances for doubtful accounts	162	(6)	–	–	(7)	**149**
- Employee benefits	501	(91)	–	–	(1)	**409**
- Intangible assets	–	418	–	–	–	**418**
- Write-downs of financial assets	165	56	–	–	(3)	**218**
- Measurement of derivative financial instruments	141	9	31	–	7	**188**
- Other	588	(102)	–	22	–	**508**
Total Deferred tax assets	3,229	436	31	37	(87)	**3,646**
Deferred tax liabilities arising from:						
- Accelerated depreciation	(658)	(27)	–	(5)	11	**(679)**
- Deferred tax on gains on disposal	(8)	2	–	–	–	**(6)**
- Capital investment grants	(13)	3	–	–	–	**(10)**
- Employee benefits	(27)	(2)	–	(1)	–	**(30)**
- Capitalisation of development costs	(822)	(21)	–	–	17	**(826)**
- Other	(642)	(13)	49	(41)	(12)	**(659)**
Total Deferred tax liabilities	(2,170)	(58)	49	(47)	16	**(2,210)**
Theoretical tax benefit arising from tax loss carryforwards	4,431	(710)	–	3	(45)	**3,679**
Adjustments for assets whose recoverability is not probable	(3,791)	812	(2)	39	43	**(2,899)**
Total Deferred tax assets, net of Deferred tax liabilities	1,699	480	78	32	(73)	**2,216**

The temporary differences arising during the year relate mainly to the difference between the carrying amount of intangible assets in the consolidated financial statements and their tax base.

The decision to recognise deferred tax assets is taken by each company in the Group by assessing critically whether the conditions exist for the future recoverability of such assets on the basis of updated strategic plans, accompanied by the related tax plans. For this reason, the total theoretical future tax benefits arising from deductible temporary differences (€3,646 million at 31 December 2008 and €3,229 million at 31 December 2007) and tax loss carryforwards (€3,679 million at 31 December 2008 and €4,431 million at 31 December 2007) have been reduced by €2,899 million at 31 December 2008 and €3,791 million at 31 December 2007.

In particular, Deferred tax assets, net of Deferred tax liabilities, include €1,231 million at 31 December 2007 (€1,197 million at 31 December 2007) of tax benefits arising from tax loss carryforwards. At 31 December 2008, a further tax benefit of €2,448 million (€3,234 million at 31 December 2007) arising from tax loss carryforwards has not been recognised.

Deferred taxes have not been provided on the undistributed earnings of subsidiaries since the Group is able to control the timing of the distribution of these reserves and it is probable that they will not be distributed in the foreseeable future.

The totals of deductible and taxable temporary differences and accumulated tax losses at 31 December 2008, together with the amounts for which deferred tax assets have not been recognised, analysed by year of expiry, are as follows:

		Year of expiry					
(€ millions)	**Total at 31 December 2008**	2009	2010	2011	2012	Beyond 2012	Unlimited/ indeterminable
Temporary differences and tax losses relating to State taxation (IRES in the case of Italy):							
- Deductible temporary differences	**10,854**	3,229	1,183	1,079	1,127	4,002	234
- Taxable temporary differences	**(6,716)**	(1,416)	(1,231)	(1,188)	(1,160)	(1,667)	(54)
- Tax losses	**13,578**	901	2,107	1,236	389	1,924	7,021
- Temporary differences and tax losses for which deferred tax assets have not been recognised	**(10,586)**	(1,220)	(1,710)	(552)	(437)	(2,236)	(4,431)
Temporary differences and tax losses relating to State taxation	**7,130**	**1,494**	**349**	**575**	**(81)**	**2,023**	**2,770**
Temporary differences and tax losses relating to local taxation (IRAP in the case of Italy):							
- Deductible temporary differences	**5,381**	1,250	732	681	654	1,921	143
- Taxable temporary differences	**(4,127)**	(971)	(793)	(751)	(734)	(788)	(90)
- Tax losses	**789**	42	40	40	40	341	286
- Temporary differences and tax losses for which deferred tax assets have not been recognised	**(1,470)**	(292)	(115)	(102)	(98)	(583)	(280)
Temporary differences and tax losses relating to local taxation	**573**	**29**	**(136)**	**(132)**	**(138)**	**891**	**59**

12. Other information by nature

The income statement includes personnel costs for €7,466 million in 2008 (€6,959 million in 2007).

An analysis of the average number of employees by category is provided as follows:

	2008	2007
Managers	**2,442**	2,365
White-collar	**57,693**	53,888
Blue-collar	**138,005**	123,348
Average number of employees	**198,140**	**179,601**

13. Earnings per share

As explained at the Note 24 below, Fiat S.p.A. share capital is represented by three different classes of shares (ordinary shares, preference shares and saving shares) that participate in dividends with different rights. Profit or loss of the period attributable to each class of share is determined in accordance with the share's contractual dividend rights, and for this purpose the net profit or loss attributable to ordinary equity holders of the parent entity is adjusted by the amount of the preference dividends attributable to saving shares declared in the period equal to €0.31 per share (€0.155 per share in 2007). In order to determine earnings per share, the amount obtained has been divided by the weighted average number of outstanding shares.

Payment of the proposed dividend is contingent upon approval by shareholders at the Annual General Meeting and has therefore not been recognised as a liability in the Group Consolidated financial statements.

The following table shows the reconciliation between the net profit or loss attributable to equity holders of the parent and the profit attributable to each class of shares, as well as, the weighted average number of outstanding shares for the two years presented:

					2008				2007
		Ordinary shares	Preference shares	Saving shares	Total	Ordinary shares	Preference shares	Saving shares	Total
Profit attributable to equity holders of the parent	€ millions				**1,612**				1,953
Preferred dividends declared for the period	€ millions	–	–	25	**25**	–	–	12	12
Profit available for distribution to all classes of shares	€ millions	1,363	133	91	**1,587**	1,659	159	123	1,941
Profit attributable to each class of shares	€ millions	**1,363**	**133**	**116**	**1,612**	**1,659**	**159**	**135**	**1,953**
Weighted average number of shares outstanding	thousand	**1,056,675**	**103,292**	**79,913**	**1,239,880**	**1,079,175**	**103,292**	**79,913**	**1,262,380**
Basic Earnings per share	€	**1.290**	**1.290**	**1.445**		**1.537**	**1.537**	**1.692**	

For the purpose of calculating the diluted earnings per share for the two years presented the number of ordinary shares considered is the average number of shares outstanding plus "dilutive potential" ordinary shares arising from shares that would be issued on the exercise of all stock option plans or other similar as warrant. In 2007 no dilutive effects arose from warrants issued by Fiat S.p.A. and no dilutive effects arose from stock option plans granted on Fiat S.p.A. on its ordinary shares at an exercise price above €12.35 per share in 2008 and €19.74 per share in 2007. Moreover, the net profit or loss attributable to the Group has been adjusted to take into account the dilutive effects that would arise if the stock options granted by the Group's subsidiaries on their equity instruments were to be exercised.

Figures used to determine diluted earnings per shares are as follows:

					2008				2007
		Ordinary shares	Preference shares	Saving shares	Total	Ordinary shares	Preference shares	Saving shares	Total
Profit attributable to each class of shares	€ millions	**1,364**	**133**	**115**	**1,612**	1,660	158	134	1,952
Weighted average number of shares outstanding	thousand	1,056,675	103,292	79,913	**1,239,880**	1,079,175	103,292	79,913	1,262,380
Number of shares deployable for stock option plans	thousand	5,094	–	–	**5,094**	9,046	–	–	9,046
Number of shares considered in the diluted earnings per share	thousand	**1,061,769**	**103,292**	**79,913**	**1,244,974**	1,088,221	103,292	79,913	1,271,426
Diluted earnings per share	€	**1.285**	**1.285**	**1.440**		1.526	1.526	1.681	

Balance Sheet

14. Intangible assets

In 2008 and 2007, changes in the gross carrying amount of Intangible assets were as follows:

(€ millions)	At 31 December 2007	Additions	Divestitures	Changes in the scope of consolidation	Reclassified to Assets held for sale	Translation differences and other changes	At 31 December 2008
Goodwill	3,329	–	–	71	–	89	**3,489**
Trademarks and other intangible assets with indefinite useful lives	208	–	–	–	–	5	**213**
- Development costs externally acquired	2,768	475	(43)	–	–	(210)	**2,990**
- Development costs internally generated	2,964	741	(56)	19	–	88	**3,756**
Total Development costs	5,732	1,216	(99)	19	–	(122)	**6,746**
Patents, concessions and licenses externally acquired	1,057	108	(26)	16	(8)	43	**1,190**
Other intangible assets externally acquired	758	147	(6)	29	–	(108)	**820**
Advances and intangible assets in progress externally acquired	54	20	(1)	2	–	(27)	**48**
Total gross carrying amount of Intangible assets	11,138	1,491	(132)	137	(8)	(120)	**12,506**

(€ millions)	At 31 December 2006	Additions	Divestitures	Changes in the scope of consolidation	Reclassified to Assets held for sale	Translation differences and other changes	At 31 December 2007
Goodwill	3,534	–	(45)	69	–	(229)	**3,329**
Trademarks and other intangible assets with indefinite useful lives	229	2	–	–	–	(23)	**208**
- Development costs externally acquired	2,376	430	(1)	–	–	(37)	**2,768**
- Development costs internally generated	2,452	502	(27)	–	–	37	**2,964**
Total Development costs	4,828	932	(28)	–	–	–	**5,732**
Patents, concessions and licenses externally acquired	990	87	(37)	1	(1)	17	**1,057**
Other intangible assets externally acquired	552	97	(19)	37	–	91	**758**
Advances and intangible assets in progress externally acquired	52	20	(2)	–	–	(16)	**54**
Total gross carrying amount of Intangible assets	10,185	1,138	(131)	107	(1)	(160)	**11,138**

In 2008 and in 2007 changes in accumulated amortisation and impairment losses were as follows:

(€ millions)	At 31 December 2007	Amortisation	Impairment losses	Divestitures	Changes in the scope of consolidation	Reclassified to Assets held for sale	Translation differences and other changes	At 31 December 2008
Goodwill	605	–	12	–	40	–	17	**674**
Trademarks and other intangible assets with indefinite useful lives	46	–	–	–	–	–	(3)	**43**
- Development costs externally acquired	1,340	372	1	–	–	–	(67)	**1,646**
- Development costs internally generated	1,430	363	9	(37)	13	–	(7)	**1,771**
Total Development costs	2,770	735	10	(37)	13	–	(74)	**3,417**
Patents, concessions and licenses externally acquired	665	131	–	(23)	15	(1)	14	**801**
Other intangible assets externally acquired	529	66	–	(5)	27	–	(104)	**513**
Advances and intangible assets in progress externally acquired	–	–	10	–	–	–	–	**10**
Total accumulated amortisation and impairment of Intangible assets	4,615	932	32	(65)	95	(1)	(150)	**5,458**

(€ millions)	At 31 December 2006	Amortisation	Impairment losses	Divestitures	Changes in the scope of consolidation	Reclassified to Assets held for sale	Translation differences and other changes	At 31 December 2007
Goodwill	684	–	1	(45)	13	–	(48)	**605**
Trademarks and other intangible assets with indefinite useful lives	50	–	–	–	–	–	(4)	**46**
- Development costs externally acquired	1,001	320	25	(1)	–	–	(5)	**1,340**
- Development costs internally generated	1,051	365	17	(3)	–	–	–	**1,430**
Total Development costs	2,052	685	42	(4)	–	–	(5)	**2,770**
Patents, concessions and licenses externally acquired	554	136	–	(36)	–	(1)	12	**665**
Other intangible assets externally acquired	424	59	3	(16)	7	–	52	**529**
Advances and intangible assets in progress externally acquired	–	–	–	–	–	–	–	**–**
Total accumulated amortisation and impairment of Intangible assets	3,764	880	46	(101)	20	(1)	7	**4,615**

In 2008 and in 2007 changes in the net carrying amount of Intangible assets were as follows:

(€ millions)	At 31 December 2007	Additions	Amortisation	Impairment losses	Divestitures	Changes in the scope of consolidation	Reclassified to Assets held for sale	Translation differences and other changes	At 31 December 2008
Goodwill	2,724	–	–	(12)	–	31	–	72	**2,815**
Trademarks and other intangible assets with indefinite useful lives	162	–	–	–	–	–	–	8	**170**
- Development costs externally acquired	1,428	475	(372)	(1)	(43)	–	–	(143)	**1,344**
- Development costs internally generated	1,534	741	(363)	(9)	(19)	6	–	95	**1,985**
Total Development costs	2,962	1,216	(735)	(10)	(62)	6	–	(48)	**3,329**
Patents, concessions and licenses externally acquired	392	108	(131)	–	(3)	1	(7)	29	**389**
Other intangible assets externally acquired	229	147	(66)	–	(1)	2	–	(4)	**307**
Advances and intangible assets in progress externally acquired	54	20	–	(10)	(1)	2	–	(27)	**38**
Total net carrying amount of Intangible assets	6,523	1,491	(932)	(32)	(67)	42	(7)	30	**7,048**

(€ millions)	At 31 December 2006	Additions	Amortisation	Impairment losses	Divestitures	Changes in the scope of consolidation	Reclassified to Assets held for sale	Translation differences and other changes	At 31 December 2007
Goodwill	2,850	–	–	(1)	–	56	–	(181)	**2,724**
Trademarks and other intangible assets with indefinite useful lives	179	2	–	–	–	–	–	(19)	**162**
- Development costs externally acquired	1,375	430	(320)	(25)	–	–	–	(32)	**1,428**
- Development costs internally generated	1,401	502	(365)	(17)	(24)	–	–	37	**1,534**
Total Development costs	2,776	932	(685)	(42)	(24)	–	–	5	**2,962**
Patents, concessions and licenses externally acquired	436	87	(136)	–	(1)	1	–	5	**392**
Other intangible assets externally acquired	128	97	(59)	(3)	(3)	30	–	39	**229**
Advances and intangible assets in progress externally acquired	52	20	–	–	(2)	–	–	(16)	**54**
Total net carrying amount of Intangible assets	6,421	1,138	(880)	(46)	(30)	87	–	(167)	**6,523**

The increase of €42 million in net intangible assets in 2008 arising from the Change in the scope of consolidation consists mainly of €41 million deriving from the consolidation on a line-by-line basis of the Ergom Group and €1 million from the acquisition of Tritec Motors Ltda (now FPT Powertrain do Brasil – Industria e Comércio de Motores Ltda). In 2007 the change in the scope of consolidation arose from the following purchases: After Market Parts and Services group €63 million, I.T.C.A. group €13 million and Teksid Aluminum S.r.l. €7 million.

Foreign exchange gains of €6 million in 2008 (losses of €216 million in 2007) principally reflect changes in the Euro/U.S. dollar, Euro/Real, Euro/Zloty and Euro/Canadian dollar exchange rate. Included in the column Translation differences and Other changes is the reversal of previously recognised impairment losses for €17 million. In 2007 this item included a reclassification of €57 million of expenditure on software previously erroneously reported as Property, plant and equipment.

Goodwill, trademarks and intangible assets with indefinite useful life

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment. The following table presents the allocation of goodwill across the Sectors:

(€ millions)	At 31 December 2008	At 31 December 2007
Agricultural and Construction equipment	**1,699**	1,626
Ferrari	**786**	786
Production Systems	**133**	138
Component	**112**	87
Trucks and Commercial Vehicles	**56**	56
Metallurgical Products	**18**	18
Fiat Group Automobiles	**10**	10
FPT Powertrain Technologies	**1**	–
Other Operating Segment	–	3
Goodwill net carrying amount	**2,815**	2,724

At 31 December 2008 Trademarks and other intangible assets with indefinite useful lives, attributable for €167 million (€158 million at 31 December 2007) to the CNH – Case New Holland, consist of trademarks and similar rights from which, based on the competitive environment, the Group expects to be able to obtain a positive contribution to its cash flows for an indefinite period of time. For the purposes of impairment testing, those assets were attributed to the respective cash-generating units without the need for any recognition of impairment.

In particular the vast majority of goodwill, representing approximately 93% of the total, is allocated to cash-generating units in the Agricultural and Construction equipment, Ferrari and Comau Sectors. The cash-generating units considered for the testing of the recoverability of the goodwill are generally the product lines of the Sectors themselves.

The recoverable amount of the cash-generating units to which goodwill and other intangible assets with an indefinite useful life have been allocated is determined on the basis of their value in use, defined as the discounted value of the expected future operating cash flows at a rate of return that incorporates the risks associated with the particular cash-generating units as of the valuation date. The discounted cash flows approach is dependent on several critical management assumptions, including estimates of future sales growth, gross margins, operating costs, terminal value growth rates, capital expenditures, changes in working capital requirements and the weighted average cost of capital (discount rate). More in particular:

- In the CNH – Case New Holland Sector, the cash generating units to which goodwill has been allocated consist of the different brands (CaseIH and New Holland for agricultural equipment, Case and New Holland Construction for construction equipment and financial services). More in particular:

(€ millions)	Amount allocated to goodwill at 31 December 2008
Agricultural equipment	1,217
Construction equipment	397
Financial services	85
Total	**1,699**

To determine the recoverable amount of these cash-generating units, the CNH Sector relied on discounted cash flows and, as a further method, on market multiples.

Under the discounted cash flow approach the Sector used the following assumptions:

	2008		2007	
	Terminal value growth rate	Discount rate before taxes	Terminal value growth rate	Discount rate before taxes
Agricultural equipment	**1%**	**16.1%-17.5%**	2%	11.8%-12.5%
Construction equipment	**2%**	**14.3%-15.8%**	2%	12.5%-15.1%

Cash flow projections were based on the 2009 budget and the business plan for 2010-2011; for the period 2012-2015, growth rates of 1-2.5% were assumed. Terminal values were calculated using the growth rates provided in the table above.

Revenue and EBITDA market multiples were utilised in determining the fair value of Case IH and New Holland for agricultural equipment cash-generating unit and Case and New Holland Construction for construction equipment cash-generating unit while book value and total asset market multiples were utilised in determining the fair value of the Financial Services cash-generating unit.

As previously mentioned, the largest allocations of goodwill are in the agricultural equipment segment where, even in the current crisis, earnings expectations are positive. The construction equipment segment has been the most significantly impacted by the current worldwide financial and credit crisis which has had dramatic effects on many industries and has caused significant worldwide declines in industry unit sales of light construction equipment, where CNH has a stronger market position, as well as heavy construction equipment. These declines in the construction equipment industry are expected to continue into 2009. However, the recoverable amount of each cash-generating unit, calculated using the two methods mentioned above, exceeded the related carrying value, and therefore goodwill was not impaired as of December 31, 2008 in the Agricultural and Construction equipment Sector.

The net book value of CNH and its recoverable amount determined from the impairment testing exceeded the market capitalisation of CNH as of December 31, 2008, however, the Sector's cash-generating units have continued to generate cash flow from their ordinary operations and the Group expects that this will continue in the future. While market capitalisation is an indicator of impairment under IAS 36, the Group believes the recoverable amount determination should also consider factors such as recent trends in our market capitalisation and an expected control premium based on comparable transactional history, therefore there is a reasonable basis for the excess of estimated recoverable amount over Agricultural and Construction equipment's market capitalisation.

Finally, given current economic conditions in the construction equipment industry, the Group also performed sensitivity analysis of the estimated recoverable amount using the discounted cash flow approach for the goodwill allocated to the Case construction equipment and to New Holland Construction equipment cash-generating units whose net carrying amount at 31 December 2008 is €205 million and €192 million respectively. The Group believes that the pre-tax discount rate used for discounting cash flow to present value in these cash generating units (equal to 15.8% and 14.3% respectively) is a key assumption and noted that an increase in the discount rate between 880 and 910 basis points for the construction equipment reporting units could cause each reporting unit's carrying value to exceed recoverable amount. Another key assumption in the fair value estimates is the terminal value growth rate. The Group selected a terminal value growth rate of 2% for both construction equipment reporting units and observed that even a rate of 0% would not result in impairment.

■ For Ferrari, the cash generating unit corresponds to the Sector as a whole, while in Comau goodwill has been allocated to the System, Pico and Service businesses. In those Sectors, the cash-generating unit recoverable amount is determined on the basis of their value in use defined as the discounted value of the expected future operating cash flows resulting from the estimates included in the 2009 budget and 2010-2011 plans, as extrapolated for later years on the basis of a medium- to long-term growth rates depending on the detailed nature of the operations and the extent to which they are differentiated and on the forecasts made by the individual Sector to which the cash-generating units belong. These cash flows are then discounted using rates that take account of current market assessments of the time value of money and the specific risks inherent in individual cash-generating units.

The recoverable amount of the Ferrari and Comau cash-generating units and of the respective goodwill is determined on the basis of the following assumptions:

	2008		2007	
	Terminal value growth rate	Discount rate before taxes	Terminal value growth rate	Discount rate before taxes
Ferrari	**2%**	**10.5%**	2%	10.2%
Production Systems	**2%**	**9.6%**	2%	10.4%

The recoverable amount of the cash generating unit to which the Ferrari Sector goodwill relates is significantly higher than its carrying amount; in addition, the exclusivity of the business, its historical profitability and its future earnings prospects indicate that this carrying amount will continue to be recoverable, even in the event of economic and market conditions which remain difficult and maybe become much worse.

In the Comau Sector, this approach led to the recognition in 2008 and in 2007 of impairment losses of €12 million and €1 million, respectively, for goodwill allocated to the System cash generating unit. This loss was recognised as Other unusual income (expenses) in the income statement. A sensitivity analysis was carried out on the residual goodwill, which is mainly allocated to the Pico cash-generating unit, but no matters arose to indicate that this may be significantly impaired.

The results obtained for the other Sectors and related sensitivity analyses also confirmed the absence of significant impairment losses.

Finally, it is appropriate to note that the estimates and budget data to which the above mentioned parameters have been applied are those determined by management on the basis of past performance and expectations of developments in the markets in which the Group operates. In this respect the negative actual data for trends in demand in the various sectors in the last quarter of 2008 together with pessimistic forecasts for performance in 2009 have led management to reconsider the expected rates of growth of the revenues and margins incorporated in the business plan drawn up in previous years and to revise the plan using a more cautious basis. This means that the sales objectives included in the most recent plan will be achieved more slowly, although without causing situations to arise in which the carrying amount of goodwill may be significantly impaired. However, estimating the recoverable amount of cash generating units requires discretion and the use of estimates by management. The Group cannot guarantee that there will be no goodwill impairment in future periods. In fact, various factors connected to the current challenging market environment could require a reassessment of [reduction in] the value of goodwill. Circumstances and events which could potentially cause further impairment losses are constantly monitored by the Group.

Development costs

The amortisation of development costs and impairment losses are reported in the income statement as Research and development costs and Restructuring costs. These charges were all reported as Research and development costs in 2007.

Development costs recognised as assets are attributed to cash generating units and are tested for impairment together with the related tangible fixed assets, using the discounted cash flow method in determining their recoverable amount.

15. Property, plant and equipment

In 2008 and 2007, changes in the gross carrying amount of Property, plant and equipment were as follows:

(€ millions)	At 31 December 2007	Additions	Divestitures	Change in the scope of consolidation	Translation differences	Reclassified to Assets held for sale	Other changes	At 31 December 2008
Land	481	10	(4)	11	(13)	3	8	**496**
- Owned industrial buildings	4,553	342	(20)	195	(185)	15	95	**4,995**
- Industrial buildings leased under finance leases	72	1	(3)	5	–	–	1	**76**
Total Industrial buildings	4,625	343	(23)	200	(185)	15	96	**5,071**
- Owned plant, machinery and equipment	25,120	1,619	(829)	277	(803)	5	443	**25,832**
- Plant, machinery and equipment leased under finance leases	202	104	(3)	31	(3)	–	–	**331**
Total Plant, machinery and equipment	25,322	1,723	(832)	308	(806)	5	443	**26,163**
Assets sold with a buy-back commitment	1,458	406	(318)	–	(47)	–	–	**1,499**
- Owned other tangible assets	1,734	254	(222)	14	(46)	10	(8)	**1,736**
- Other tangible assets leased under finance leases	7	2	–	–	–	-	(1)	**8**
Total Other tangible assets	1,741	256	(222)	14	(46)	10	(9)	**1,744**
Advances and tangible assets in progress	759	1,156	(10)	2	(86)	–	(555)	**1,266**
Total gross carrying amount of Property, plant and equipment	34,386	3,894	(1,409)	535	(1,183)	33	(17)	**36,239**

(€ millions)	At 31 December 2006	Additions	Divestitures	Change in the scope of consolidation	Translation differences	Reclassified to Assets held for sale	Other changes	At 31 December 2007
Land	453	6	(3)	20	1	–	4	**481**
- Owned industrial buildings	4,338	184	(95)	46	36	(12)	56	**4,553**
- Industrial buildings leased under finance leases	69	1	–	3	–	–	(1)	**72**
Total Industrial buildings	4,407	185	(95)	49	36	(12)	55	**4,625**
- Owned plant, machinery and equipment	24,052	1,203	(1,121)	328	177	(7)	488	**25,120**
- Plant, machinery and equipment leased under finance leases	16	182	–	2	–	–	2	**202**
Total Plant, machinery and equipment	24,068	1,385	(1,121)	330	177	(7)	490	**25,322**
Assets sold with a buy-back commitment	1,518	383	(425)	–	(18)	–	–	**1,458**
- Owned other tangible assets	1,869	242	(259)	13	(8)	(12)	(111)	**1,734**
- Other tangible assets leased under finance leases	8	1	–	–	–	–	(2)	**7**
Total Other tangible assets	1,877	243	(259)	13	(8)	(12)	(113)	**1,741**
Advances and tangible assets in progress	649	725	(5)	18	9	–	(637)	**759**
Total gross carrying amount of Property, plant and equipment	32,972	2,927	(1,908)	430	197	(31)	(201)	**34,386**

In 2008 and 2007, Changes in accumulated depreciation and impairment losses were as follows:

(€ millions)	At 31 December 2007	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Reclassified to Assets held for sale	Other changes	At 31 December 2008
Land	6	–	–	–	–	–	–	–	**6**
- Owned industrial buildings	2,244	147	8	(15)	28	(86)	2	(2)	**2,326**
- Industrial buildings leased under finance leases	13	3	–	(1)	1	–	–	2	**18**
Total Industrial buildings	2,257	150	8	(16)	29	(86)	2	–	**2,344**
- Owned plant, machinery and equipment	19,202	1,559	27	(798)	135	(559)	4	(5)	**19,565**
- Plant, machinery and equipment leased under finance leases	15	49	–	(3)	22	–	–	–	**83**
Total Plant, machinery and equipment	19,217	1,608	27	(801)	157	(559)	4	(5)	**19,648**
Assets sold with a buy-back commitment	328	143	12	(117)	–	(16)	–	(5)	**345**
- Owned other tangible assets	1,316	120	1	(133)	6	(29)	9	(19)	**1,271**
- Other tangible assets leased under finance leases	4	1	–	–	–	–	–	(1)	**4**
Total Other tangible assets	1,320	121	1	(133)	6	(29)	9	(20)	**1,275**
Advances and tangible assets in progress	12	–	2	–	–	–	–	–	**14**
Total accumulated depreciation and impairment of Property, plant and equipment	23,140	2,022	50	(1,067)	192	(690)	15	(30)	**23,632**

(€ millions)	At 31 December 2006	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Reclassified to Assets held for sale	Other changes	At 31 December 2007
Land	6	–	–	–	2	–	–	(2)	**6**
- Owned industrial buildings	2,118	142	–	(86)	16	14	–	40	**2,244**
- Industrial buildings leased under finance leases	10	3	–	–	–	–	–	–	**13**
Total Industrial buildings	2,128	145	–	(86)	16	14	–	40	**2,257**
- Owned plant, machinery and equipment	18,455	1,515	19	(1,050)	221	129	(4)	(83)	**19,202**
- Plant, machinery and equipment leased under finance leases	9	6	–	–	1	(1)	–	–	**15**
Total Plant, machinery and equipment	18,464	1,521	19	(1,050)	222	128	(4)	(83)	**19,217**
Assets sold with a buy-back commitment	361	144	8	(176)	–	(7)	–	(2)	**328**
- Owned other tangible assets	1,469	115	1	(168)	11	(6)	(11)	(95)	**1,316**
- Other tangible assets leased under finance leases	4	2	–	–	–	–	-	(2)	**4**
Total Other tangible assets	1,473	117	1	(168)	11	(6)	(11)	(97)	**1,320**
Advances and tangible assets in progress	–	–	–	–	12	–	–	–	**12**
Total accumulated depreciation and impairment of Property, plant and equipment	22,432	1,927	28	(1,480)	263	129	(15)	(144)	**23,140**

In 2008 and 2007, changes in the net carrying amount of Property, plant and equipment were as follows:

(€ millions)	At 31 December 2007	Additions	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Reclassified to Assets held for sale	Other changes	**At 31 December 2008**
Land	475	10	–	–	(4)	11	(13)	3	8	**490**
- Owned industrial buildings	2,309	342	(147)	(8)	(5)	167	(99)	13	97	**2,669**
- Industrial buildings leased under finance leases	59	1	(3)	–	(2)	4	–	–	(1)	**58**
Total Industrial buildings	2,368	343	(150)	(8)	(7)	171	(99)	13	96	**2,727**
- Owned plant, machinery and equipment	5,918	1,619	(1,559)	(27)	(31)	142	(244)	1	448	**6,267**
- Plant, machinery and equipment leased under finance leases	187	104	(49)	–	–	9	(3)	–	–	**248**
Total Plant, machinery and equipment	6,105	1,723	(1,608)	(27)	(31)	151	(247)	1	448	**6,515**
Assets sold with a buy-back commitment	1,130	406	(143)	(12)	(201)	–	(31)	–	5	**1,154**
- Owned other tangible assets	418	254	(120)	(1)	(89)	8	(17)	1	11	**465**
- Other tangible assets leased under finance leases	3	2	(1)	–	–	–	–	–	–	**4**
Total Other tangible assets	421	256	(121)	(1)	(89)	8	(17)	1	11	**469**
Advances and tangible assets in progress	747	1,156	–	(2)	(10)	2	(86)	–	(555)	**1,252**
Total net carrying amount of Property, plant and equipment	**11,246**	**3,894**	**(2,022)**	**(50)**	**(342)**	**343**	**(493)**	**18**	**13**	**12,607**

(€ millions)	At 31 December 2006	Additions	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Reclassified to Assets held for sale	Other changes	At 31 December 2007
Land	447	6	–	–	(3)	18	1	–	6	**475**
- Owned industrial buildings	2,220	184	(142)	–	(9)	30	22	(12)	16	**2,309**
- Industrial buildings leased under finance leases	59	1	(3)	–	–	3	–	–	(1)	**59**
Total Industrial buildings	2,279	185	(145)	–	(9)	33	22	(12)	15	**2,368**
- Owned plant, machinery and equipment	5,597	1,203	(1,515)	(19)	(71)	107	48	(3)	571	**5,918**
- Plant, machinery and equipment leased under finance leases	7	182	(6)	–	–	1	1	–	2	**187**
Total Plant, machinery and equipment	5,604	1,385	(1,521)	(19)	(71)	108	49	(3)	573	**6,105**
Assets sold with a buy-back commitment	1,157	383	(144)	(8)	(249)	–	(11)	–	2	**1,130**
- Owned other tangible assets	400	242	(115)	(1)	(91)	2	(2)	(1)	(16)	**418**
- Other tangible assets leased under finance leases	4	1	(2)	–	–	–	–	–	–	**3**
Total Other tangible assets	404	243	(117)	(1)	(91)	2	(2)	(1)	(16)	**421**
Advances and tangible assets in progress	649	725	–	–	(5)	6	9	–	(637)	**747**
Total net carrying amount of Property, plant and equipment	10,540	2,927	(1,927)	(28)	(428)	167	68	(16)	(57)	**11,246**

Additions of €3,894 million in 2008 mainly relate to Fiat Group Automobiles, FPT Powertrain Technologies, Iveco, Magneti Marelli and CNH – Case New Holland and do not include capitalised borrowing costs.

During 2008 the Group recognised impairment losses on Assets sold with a buy-back commitment from Trucks and Commercial Vehicles for an amount of €12 million (€8 million in 2007) in order to align their carrying amount to market value. These losses are recognised in Cost of sales for an amount of €8 million and in Other unusual income (expenses) for an amount of €4 million.
In addition, in 2008 the Group reviewed the recoverable amount of certain plant, machinery and industrial equipment in order to determine whether there was any reduction in value arising from technical obsolescence from the negative effects expected in the market in which those assets will be used or from the restructuring plans drawn up for certain businesses. This assessment led to the recognition of impairment losses of €38 million (€20 million in 2007), of which €24 million has been recognised in Trading profit and €14 million as Restructuring costs. These losses were all recognised in Trading profit in 2007.

In 2008 the column Other changes includes the reversal of impairment losses of €17 million in 2008 (€3 million in 2007). This column also includes the reclassification of the prior year balances for Advances and tangible assets in progress to the appropriate categories when the assets were effectively acquired and put into operation. In 2007 this column included, also, a reclassification of €57 million of expenditure on software previously erroneously reported as Property, plant and equipment.

The column Change in the scope of consolidation shows an overall net increase of €343million, which mainly reflects the line-by-line consolidation of the Ergom group (€280 million) and of Tritec Motors Ltda (now FPT Powertrain do Brasil – Industria e Comércio de Motores Ltda) (€57 million). In 2007 this column reflected the first time line-by-line consolidation of I.T.C.A. (€109 million) and Teksid Aluminum S.r.l. (€55 million).

The total increase of €18 million in 2008 in the column Reclassified to assets held for sale includes the carrying amount of certain tangible assets of particular businesses of the Comau and CNH Sectors which were previously classified as Assets held for sale and were reclassified to their respective line items during the year. In 2007, this column consisted of the tangible assets of certain businesses of the Comau Sector which were reclassified to Assets held for sale.

Exchange losses of €493 million principally reflect changes in the Real/Euro and in the Zloty/Euro exchange rate. In 2007 exchange gains of €68 million principally reflected changes in the Real/Euro and in the Zloty/Euro exchange rate.

At 31 December 2008, land and industrial buildings of the Group pledged as security for debt amounted to €113 million (€113 million at 31 December 2007); plant and machinery pledged as security for debt and other commitments amounted to €267 million (€199 million at 31 December 2007) and other assets pledged as security for debt and other commitments totalled €3 million (€3 million at 31 December 2007); these relate to suppliers' assets recognised in the Consolidated financial statements in accordance with IFRIC 4, with the simultaneous recognition of a financial lease payable.

At 31 December 2008, the Group had contractual commitments for the acquisition of property, plant and equipment amounting to €725 million (€500 million at 31 December 2007).

16. Investments and other financial assets

(€ millions)		At 31 December 2008		At 31 December 2007
Investments accounted for using the equity method	**1,899**		1,930	
Investments at fair value with changes directly in equity	**18**		34	
Investments at cost	**67**		68	
Total Investments		**1,984**		2,032
Non-current financial receivables		**127**		78
Other securities		**66**		104
Total Investments and other financial assets		**2,177**		2,214

Investments

The changes in Investments in 2008 and in 2007 are set out below:

(€ millions)	At 31 December 2007	Revaluations/ (Write-downs)	Acquisitions, Capitalisations	Change in the scope of consolidation	Translation differences	Disposals and other changes	At 31 December 2008
Investments in unconsolidated subsidiaries	70	(3)	13	(20)	1	(4)	**57**
Investments in jointly controlled entities	1,411	106	59	4	(54)	(149)	**1,377**
Investments in associates	497	25	–	(4)	22	(28)	**512**
Investments in other companies	54	3	–	–	–	(19)	**38**
Total Investments	2,032	131	72	(20)	(31)	(200)	**1,984**

(€ millions)	At 31 December 2006	Revaluations/ (Write-downs)	Acquisitions, Capitalisations	Change in the scope of consolidation	Translation differences	Disposals and other changes	At 31 December 2007
Investments in unconsolidated subsidiaries	47	(2)	38	(4)	(2)	(7)	**70**
Investments in jointly controlled entities	1,213	163	46	55	4	(70)	**1,411**
Investments in associates	503	39	1	(5)	(7)	(34)	**497**
Investments in other companies	315	–	–	2	–	(263)	**54**
Total Investments	2,078	200	85	48	(5)	(374)	**2,032**

Revaluations and Write-downs consist of adjustments to the carrying value of investments accounted for using the equity method for the Group's share of the profit or loss for the year of the investee company for an amount of €133 million in 2008 (€210 million in 2007). Write-downs in 2008 and in 2007 also include impairment losses recognised during the period for investments accounted for under the cost method.

The decrease of €20 million (an increase of €48 million in 2007) shown in the column Change in the scope of consolidation includes the consolidation of certain minor subsidiaries. In 2007, this item mostly consisted of an increase of €55 million arising from the establishment of the equal share joint venture with Tata Motors, Fiat India Automobiles Private Limited.

Acquisitions and capitalisations amounting to €72 million consist mainly of the capital increase of €43 million made by the 50/50 jointly controlled entity Fiat India Automobiles Private Limited and the capitalisations of other, more minor, companies. In 2007, this item consisted mainly of €39 million for the capital increase made by the jointly controlled Chinese entity SAIC Iveco Commercial Vehicle Investment Company Limited, €23 million for capital increases in certain minor subsidiaries and €4 million due to the establishment of new subsidiaries.

Disposals and other changes of €200 million in 2008 consist of a decrease of €37 million arising from the disposal of the investment in Consolidated Diesel Company (which was carried out in the third quarter of 2008) and of €8 million arising from the disposal of certain minor investments; a decrease of €84 million as the result of the distribution of dividends by companies accounted for using the equity method (€81 million in 2007); the fair value adjustment of investment classified as available-for-sale of €15 million and other decreases of €56 million (including negative changes in the cash flow hedge reserve of Tofas-Turk Otomobil Fabrikasi Tofas A.S. for €28 million and that of Fiat Group Automobiles Financial Services S.p.A. for €16 million).

The item Investments in jointly controlled entities comprises the following:

	At 31 December 2008		At 31 December 2007	
	% of interest	(€ millions)	% of interest	(€ millions)
Fiat Group Automobiles Financial Services S.p.A.	**50.0**	**617**	50.0	576
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	**37.9**	**190**	37.9	255
Naveco Ltd.	**50.0**	**128**	50.0	106
Società Europea Veicoli Leggeri-Sevel S.p.A.	**50.0**	**98**	50.0	96
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	**50.0**	**98**	50.0	79
SAIC Iveco Commercial Vehicle Investment Company Limited	**50.0**	**55**	50.0	40
Turk Traktor Ve Ziraat Makineleri A.S.	**37.5**	**48**	37.5	46
Fiat India Automobiles Private Limited	**50.0**	**31**	51.0	55
New Holland HFT Japan Inc.	**50.0**	**26**	50.0	27
LBX Company LLC	**50.0**	**26**	50.0	24
CNH de Mexico SA de CV	**50.0**	**17**	50.0	19
Transolver Finance Establecimiento Financiero de Credito S.A.	**50.0**	**15**	50.0	19
Consolidated Diesel Company	**–**	**–**	50.0	30
New Holland Trakmak Traktor A.S. (merged into Turk Traktor Ve Ziraat Makineleri A.S.)	**–**	**–**	37.5	20
Other minor		**28**		19
Total Investments in jointly controlled entities		**1,377**		**1,411**

The item Investments in associates comprises the following:

	At 31 December 2008		At 31 December 2007	
	% of interest	(€ millions)	% of interest	(€ millions)
Iveco Finance Holdings Limited	**49.0**	**147**	49.0	145
Kobelco Construction Machinery Co. Ltd.	**20.0**	**123**	20.0	91
Rizzoli Corriere della Sera MediaGroup S.p.A.	**10.1**	**117**	10.1	125
CNH Capital Europe S.a.S.	**49.9**	**66**	49.9	67
Al-Ghazi Tractors Ltd.	**43.2**	**17**	43.2	18
Other minor		**42**		51
Total Investments in associates		**512**		**497**

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 its most recent published financial statements being those of Interim Management Statement at 30 September 2008, as those to be issued for financial year 2008 will be published subsequent to the publication of the Consolidated financial statements of the Group.

At 31 December 2008, the stock market quotation of Investments in listed jointly controlled entities and listed associates is as follows:

(€ millions)	Carrying value	Stock market quotation
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	190	99
Rizzoli Corriere della Sera MediaGroup S.p.A.	117	75
Turk Traktor Ve Ziraat Makineleri A.S.	48	38
Al-Ghazi Tractors Ltd.	17	35
Total Investments in listed jointly controlled entities and associates	**372**	**247**

The stock market quotation is not considered representative of the recoverable amount of these investments considering the present crisis in the financial markets.

At 31 December 2008, the item Investments whose carrying amount is measured at fair value with changes recognised directly in equity, includes the investment in Assicurazioni Generali S.p.A. of €3 million (€6 million at 31 December 2007); the item includes also the investment of €15 million in Fin. Priv. S.r.l. (€28 million at 31 December 2007).

At 31 December 2008, non-current financial receivables of €47 million (€51 million at 31 December 2007) were pledged as security for loans obtained.

17. Leased assets

The Group leases out assets, mainly its own products, as part of its financial services business. This item changed as follows in 2008 and 2007:

(€ millions)	At 31 December 2007	Additions	Depreciation	Translation differences	Disposals and other changes	At 31 December 2008
Gross carrying amount	520	284	–	5	(135)	**674**
Less: Depreciation and impairment	(124)	–	(90)	(1)	46	**(169)**
Net carrying amount of Leased assets	396	284	(90)	4	(89)	**505**

(€ millions)	At 31 December 2006	Additions	Depreciation	Translation differences	Disposals and other changes	At 31 December 2007
Gross carrying amount	347	302	–	(27)	(102)	**520**
Less: Depreciation and impairment	(100)	–	(71)	5	42	**(124)**
Net carrying amount of Leased assets	247	302	(71)	(22)	(60)	**396**

At 31 December 2008 minimum lease payments from non-cancellable operating leases amount to €320 million (€231 million at 31 December 2007) and fall due as follows:

(€ millions)	At 31 December 2008	At 31 December 2007
Within one year	**117**	93
Between one and five years	**182**	138
Beyond five years	**21**	–
Total Minimum lease payments	**320**	231

18. Inventories

(€ millions)	At 31 December 2008	At 31 December 2007
Raw materials, supplies and finished goods	**11,135**	9,489
Gross amount due from customers for contract works	**211**	501
Total Inventories	**11,346**	9,990

At 31 December 2008, Inventories include assets sold with a buy-back commitment by Fiat Group Automobiles for €845 million (€1,032 million at 31 December 2007). Excluding this item, inventories increased by €1,543 million in 2008, mainly due to lower activities in Iveco and CNH– Case New Holland.

At 31 December 2008, Inventories include inventories measured at their net realisable value (estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale) amounting to €3,260 million (€2,267 million at 31 December 2007).

The amount of inventory write-downs recognised as an expense during 2008 is €474 million (€428 million in 2007). Amounts recognised as income from the reversal of write-downs on items sold during the year were not significant.

There were no inventories pledged as security at 31 December 2008 and 2007.

The majority of amount due from customers for contract work relates to the Production Systems Sector and can be analysed as follows:

(€ millions)	At 31 December 2008	At 31 December 2007
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	**1,462**	1,817
Less: Progress billings	**(1,332)**	(1,699)
Construction contracts, net of advances on contract work	**130**	118
Gross amount due from customers for contract work as an asset	**211**	501
Less: Gross amount due to customers for contract work as a liability included in Other current liabilities (Note 29)	**(81)**	(383)
Construction contracts, net of advances on contract work	**130**	118

At 31 December 2008 and 2007, 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 caption is as follows:

(€ millions)		At 31 December 2008		At 31 December 2007
Trade receivables		**4,390**		4,384
Receivables from financing activities		**13,136**		12,268
Current tax receivables		**770**		1,153
Other current assets:				
- Other current receivables	**2,373**		2,050	
- Accrued income and prepaid expenses	**227**		241	
Total Other current assets		**2,600**		2,291
Total Current receivables and Other current assets		**20,896**		20,096

The analysis by due date is as follows:

	At 31 December 2008				At 31 December 2007			
(€ millions)	Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total
Trade receivables	**4,285**	**94**	**11**	**4,390**	4,323	51	10	4,384
Receivables from financing activities	**8,076**	**4,909**	**151**	**13,136**	6,542	5,565	161	12,268
Current tax receivables	**540**	**123**	**107**	**770**	871	175	107	1,153
Other current receivables	**2,090**	**248**	**35**	**2,373**	1,599	330	121	2,050
Total Current receivables	**14,991**	**5,374**	**304**	**20,669**	13,335	6,121	399	19,855

At 31 December 2008, Current receivables include receivables sold and financed through both securitisation and factoring transactions of €6,190 million (€6,290 million at 31 December 2007) which do not meet IAS 39 derecognition requirements. These receivables are recognised as such in the Group financial statements even though they have been legally sold; a corresponding financial liability is recorded in the Consolidated balance sheet as Asset-backed financing (see Note 27).

Trade receivables

Trade receivables are shown net of allowances for doubtful accounts of €478 million at 31 December 2008 (€469 million at 31 December 2007), determined on the basis of historical losses on receivables. Changes in the allowance accounts during the year are as follows:

(€ millions)	At 31 December 2007	Provision	Use and other changes	Change in the scope of consolidation	At 31 December 2008
Allowances for doubtful accounts	469	96	(92)	5	**478**

The carrying amount of Trade receivables is considered in line with their fair value at the date.

At 31 December 2008, trade receivables of €36 million were pledged as security for loans obtained (€45 million at 31 December 2007).

Receivables from financing activities

Receivables from financing activities include the following:

(€ millions)	At 31 December 2008	At 31 December 2007
Retail financing	**6,593**	6,601
Finance leases	**885**	690
Dealer financing	**5,343**	4,477
Supplier financing	**88**	104
Current financial receivables from jointly controlled financial services entities	**3**	81
Financial receivables from companies under joint control, associates and unconsolidated subsidiaries	**80**	152
Other	**144**	163
Total Receivables from financing activities	**13,136**	12,268

The increase of €868 million in Receivables from financing activities is principally due to the rise in loans disbursed by the financial services companies.

Receivables from jointly controlled financial services entities include financial receivables due to Fiat Group entities by the FAFS group.

Receivables from financing activities are shown net of an allowance for doubtful accounts determined on the basis of specific insolvency risks. At 31 December 2008 the allowance amounts to €345 million (€339 million at 31 December 2007). Changes in the allowance accounts during the year are as follows:

(€ millions)	At 31 December 2007	Provision	Use and other changes	At 31 December 2008
Allowance for receivables regarding:				
- Retail financing	136	71	(56)	**151**
- Finance leases	91	7	(23)	**75**
- Dealer financing	52	21	(7)	**66**
- Supplier financing	9	–	(3)	**6**
- Other	51	–	(4)	**47**
Total allowance on Receivables from financing activities	339	99	(93)	**345**

Finance lease receivables mainly relate to vehicles of Trucks and Commercial Vehicles and Agricultural and Construction equipment Sectors leased out under finance lease arrangements. The interest rate implicit in the lease is determined at the commencement of the lease for the whole lease term. The average interest rate implicit in total finance lease receivables vary depending on prevailing market interest rates.

The item may be analysed as follows stated gross of an allowance of €75 million at 31 December 2008 (€91 million at 31 December 2007):

(€ millions)	At 31 December 2008 Due within one year	Due between one and five years	Due beyond five years	Total	At 31 December 2007 Due within one year	Due between one and five years	Due beyond five years	Total
Receivables for future minimum lease payments	**438**	**622**	**57**	**1,117**	356	509	21	886
Less: unrealised interest income	**(60)**	**(86)**	**(11)**	**(157)**	(46)	(57)	(2)	(105)
Present value of future minimum lease payments	**378**	**536**	**46**	**960**	310	452	19	781

There are no contingent rents as finance lease recognised income during 2008 or 2007 and unguaranteed residual values at 31 December 2008 and 2007 are not significant.

Receivables for dealer financing are typically generated by sales of vehicles and are generally managed under dealer network financing programs as a component of the portfolio of the financial services companies. These receivables are interest bearing, with the exception of an initial limited, non-interest bearing period. The contractual terms governing the relationships with the dealer networks vary from Sector to Sector and from country to country, although these receivables are on average collected after a period ranging from two to six months.

The fair value of receivables from financing activities at 31 December 2008 amounts approximately to €13,329 million (€12,285 million at 31 December 2007) and has been calculated using a discounted cash flow method based on the following discount rates, adjusted, where necessary, to take account of the specific risk of insolvency of the underlying financial instrument.

In %	EUR	USD	GBP	CAD	AUD	BRL	PLN
Interest rate for six months	2.97	1.75	2.96	1.87	4.74	12.67	5.95
Interest rate for one year	3.05	2.00	3.07	1.91	4.65	12.17	4.43
Interest rate for five years	3.27	2.15	3.18	1.63	4.28	12.54	4.19

Other current assets

At 31 December 2008, Other current assets mainly consist of Other tax receivables for VAT and other indirect taxes of €1,617 million (€1,076 million at 31 December 2007), Receivables from employees of €51 million (€41 million at 31 December 2007) and Accrued income and prepaid expenses of €227 million (€241 million at 31 December 2007).

At the balance sheet date the carrying amount of Other current assets is considered to be in line with their fair value.

20. Current securities

Current securities consist of short-term or marketable securities which represent temporary investments, but which do not satisfy all the requirements for being classified as cash equivalents. In particular:

(€ millions)	At 31 December 2008	At 31 December 2007
Current securities available-for-sale	**43**	156
Current securities for trading	**134**	135
Total Current securities	**177**	291

21. Other financial assets and Other financial liabilities

These items include the measurement at fair value of derivative financial instruments at the balance sheet date.

In particular:

	At 31 December 2008		At 31 December 2007	
(€ millions)	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges:				
- Interest rate risk - Interest rate swaps	**198**	**(34)**	110	(6)
- Interest rate and currency risk - Combined interest rate and currency swaps	**22**	**–**	59	–
Total Fair value hedges	**220**	**(34)**	169	(6)
Cash flow hedges:				
- Currency risks - Forward contracts, Currency swaps and Currency options	**336**	**(735)**	278	(65)
- Interest rate risk - Interest rate swaps	**46**	**(220)**	31	(62)
- Interest rate and currency risk - Combined interest rate and currency swaps	**10**	**–**	31	–
- Other derivatives	**–**	**(6)**	–	(2)
Total Cash flow hedges	**392**	**(961)**	340	(129)
Derivatives for trading	**152**	**(207)**	194	(53)
Other financial assets/(liabilities)	**764**	**(1,202)**	703	(188)

The fair value of derivative financial instruments is determined by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment. In particular:

- the fair value of forward contracts and currency swaps is determined by taking the prevailing exchange rate and interest rates in the two currencies at the balance sheet date;

- the fair value of currency options is determined using valuation techniques based on the Black-Scholes model or binomial models and market parameters at the balance sheet date (in particular exchange rates, interest rates and volatility rates);

- the fair value of interest rate swaps and forward rate agreements is determined by using the discounted cash flow method;

- the fair value of derivative financial instruments acquired to hedge interest rate risk and currency risk is determined using the exchange rates prevailing at the balance sheet date and the discounted cash flow method;

- the fair value of equity swaps is determined using market prices at the balance sheet date;

- the fair value of the equity option is determined using the Black-Scholes or binomial models, with market parameters (in particular the price of the underlying, interest rates, expected future dividends and volatility) being measured at the balance sheet date;

- the fair value of derivatives hedging commodity price risk is determined by using the discounted cash flow method, taking the market parameters at the balance sheet date (and in particular the future price of the underlying and interest rates).

The overall increase in Other financial assets from €703 million at 31 December 2007 to €764 million at 31 December 2008, and the increase in Other financial liabilities from €188 million at 31 December 2007 to €1,202 million at 31 December 2008 is mostly due to changes in exchange rates and interest rates during the year, and to a negative fair value arising from the equity swaps on Fiat S.p.A. ordinary shares.

As this item consists principally of hedging instruments, the change in their value is compensated by the change in the value of the hedged item.

Derivates for trading consist principally of the following types:

- Derivatives (mostly currency based derivatives) acquired to hedge receivables and payables subject to currency risk and/or interest rate risk which are not formally designated as hedges at Group level.

- Derivatives relating to Fiat shares (Equity Swap) which are described further below.

- Embedded derivatives in certain bond issues in which the yield is determined as a function of trends in various equity indices and the inflation rate and related hedging derivatives, which convert the exposure to floating rate. The total value of the embedded derivatives is offset by the value of the hedging derivatives.

At 31 December 2008, the notional amount of outstanding derivative financial instruments is as follows:

(€ millions)	At 31 December 2008	At 31 December 2007
Currency risk management	**11,791**	9,074
Interest rate risk management	**11,382**	10,634
Interest rate and currency risk management	**965**	913
Other derivative financial instruments	**334**	538
Total notional amount	**24,472**	**21,159**

At 31 December 2008, the notional amount of Other derivative instruments consists of:

- For €204 million (€220 million at 31 December 2007) the notional amount of the two equity swaps, renewed in 2008 and expiring in 2009 stipulated to hedge the risk of an increase in the Fiat share price above the exercise price of stock options granted in 2004 and 2006 to the Chief Executive Officer (see Note 25). At 31 December 2008, the Equity Swaps have a total negative fair value of €109 million (a positive value of €146 million at 31 December 2007). 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 €104 million (€271 million at 31 December 2007), the notional amount of derivatives embedded in certain bonds with a return linked to stock market indices or inflation rates, as well as the notional amount of the related hedging derivatives, which convert this exposure to floating market rate. The decrease in the notional value is due to the redemption at due date during the year of a portion of the bonds outstanding at the end of 2007.

- For €26 million (€47 million at 31 December 2007), the notional amount of derivatives linked to commodity prices hedging specific exposures arising from supply agreements. Under these agreements there is a regular updating of the prices on the basis of trends in the quoted prices of the raw material.

Cash flow hedges

The economic effects mainly refer to the management of the currency risk and, to a lesser extent, to the hedges relating to the debt of the Group's financial companies and Group treasury.

The policy of the Group for managing currency risk normally requires that future cash flows from trading activities which will occur for accounting purposes within the following twelve months, and from orders acquired (or contracts in progress), whatever their due dates, to be hedged. As a result, it is considered reasonable to suppose that the hedging effect arising from this and recorded in the cash flow hedge reserve will be recognised in income, almost entirely during the following year.

With reference to the interest rate and currency derivatives entered by the North American treasury for the purpose of hedging the bond issue expiring in 2017, and treated as cash flow hedges, the amount recorded in the cash flow hedge reserve will be recognised in income accordingly to the timing of the flows of the underlying bond.

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

In 2008 the Group transferred to income gains of €295 million (gains of €187 million in 2007) net of tax effect previously recognised directly in equity presented in the following line items:

(€ millions)	2008	2007
Currency risk		
- Increase in Net revenues	**138**	144
- Decrease/(Increase) in Cost of sales	**115**	35
- Financial income (expenses)	**50**	33
- Result from investments	**9**	(4)
Interest rate risk		
- Result from investments	**9**	14
- Financial income (expenses)	**(2)**	–
Taxes income (expenses)	**(24)**	(35)
Total recognised in the income statement	**295**	187

The ineffectiveness of cash flow hedges was not material for the years 2008 and 2007.

There was an overall positive economic effect of €21 million in 2008 from hedges which subsequently turned out to be in excess of the future flows being hedged (over-hedges) (the effect was immaterial in 2007); this was mainly due to the contraction of volumes in the Fiat Group Automobiles Sector in certain markets exposed to currency risk.

Fair value hedges

The gains and losses arising from the valuation of interest rate and currency derivatives (mostly for managing currency risk) and interest rate derivatives (mostly for managing the interest rate risk) recognised in accordance with fair value hedge accounting and the gains and losses arising from the respective hedged items are set out in the following table:

(€ millions)	2008	2007
Currency risk		
- Net gains (losses) on qualifying hedges	**(34)**	61
- Fair value changes in hedged items	**34**	(61)
Interest rate risk		
- Net gains (losses) on qualifying hedges	**80**	(21)
- Fair value changes in hedged items	**(80)**	21
Net gains (losses)	**–**	–

The ineffectiveness arising from transactions treated as fair value hedges in 2008 and 2007 was not significant.

22. Cash and cash equivalents

Cash and cash equivalents include:

(€ millions)	At 31 December 2008	At 31 December 2007
Cash at banks	**2,989**	5,429
Cash with a pre-determined use	**473**	530
Money market securities	**221**	680
Total Cash and cash equivalents	**3,683**	**6,639**

Amounts shown are readily convertible into cash and are subject to an insignificant risk of changes in value. The carrying amount of cash and cash equivalent is to be considered in line with their fair value at the balance sheet date.

Cash with a pre-determined use consists of cash whose use is restricted to the repayment of the debt related to securitisations classified in the item Asset-backed financing.

The credit risk associated with Cash and cash equivalents is limited, because it mainly relates to deposits spread across primary national and international financial institutions.

23. Assets and Liabilities held for sale

At 31 December 2008, Assets and liabilities held for sale consist mainly of certain buildings and factories of the Agricultural and Construction Equipment, Fiat Group Automobiles and Comau Sectors, together with the book value of certain patents and the assets and liabilities of a minor subsidiary of the Fiat Group Automobiles Sector.

At 31 December 2007, Assets and liabilities held for sale included certain buildings and factories of the Agricultural and Construction Equipment Sector and the assets and liabilities of certain businesses of the Comau Sector, which were then classified back to their respective line items in 2008. The item also included certain buildings and factories of the Fiat Group Automobiles and Iveco Sectors and the investment in Teksid Aluminum Getti Speciali S.r.l., a subsidiary of Teksid Aluminum S.r.l., which was sold during 2008.

The items included in Assets held for sale and Liabilities held for sale may be summarised as follows:

(€ millions)	At 31 December 2008	At 31 December 2007
Other intangible assets	**7**	–
Property, plant and equipment	**30**	60
Investments and other financial assets	–	4
Inventories	–	6
Trade receivables	–	7
Other current assets	–	4
Cash and cash equivalents	–	2
Total Assets	**37**	83
Employee benefits	–	6
Other provisions	–	9
Trade payables	**2**	7
Other current liabilities	–	13
Total Liabilities	**2**	35

24. Shareholders' equity

Shareholders' equity at 31 December 2008 decreased by €178 million over that at 31 December 2007, mainly due to the net income for the period of €1,721 million being more than offset by negative changes of €750 million in the cash flow hedge reserve, foreign exchange losses of €328 million arising from the translation into euros of the financial statements of subsidiaries denominated in other currencies, dividends distributed of €546 million (of which €509 million distributed by Fiat S.p.A. as follows: €0.40 to each ordinary and preference share and €0.555 to each saving share), and treasury share buy-backs (net of sales for the exercise of stock options) of €238 million.

Share capital

At 31 December 2008, the fully paid share capital of Fiat S.p.A. is as follows:

(number of shares)	At 31 December 2008	At 31 December 2007
Ordinary shares	**1,092,247,485**	1,092,247,485
Preference shares	**103,292,310**	103,292,310
Saving shares	**79,912,800**	79,912,800
Total shares issued	**1,275,452,595**	1,275,452,595

Issued shares have a nominal value of €5, with each category having rights as follows.

Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of preference and savings shares, as described in the following paragraph.

Each ordinary share confers the right to vote without any restrictions whatsoever. Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings. No voting rights are attached to savings shares.

Net profit reported in the annual financial statements of Fiat S.p.A. shall be allocated as follows:

- to the legal reserve, 5% of net profit until the amount of such reserve is equivalent to one-fifth of share capital;

- to savings shares, a dividend of up to €0.31 per share;

- further allocations to the legal reserve, allocations to the extraordinary reserve and/or retained profit reserve as may be resolved by Shareholders;

- to preference shares, a dividend of up to €0.31 per share;

- to ordinary shares, a dividend of up to €0.155 per share;

- to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.155 per share;

- to each ordinary, preference and savings share, in equal amounts, any remaining net profit which Shareholders may resolve to distribute.

When the dividend paid to savings shares in any year amounts to less than €0.31, the difference shall be added to the preferred dividend to which they are entitled in the following two years.

In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall have the right to a higher dividend increased by €0.175, rather than €0.155, with respect to the dividend received by the ordinary and preference shares.

In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by €0.200 per share.

In the event of winding-up, the Company's assets shall be distributed in order of priority to saving shares up to their par value, to the preference shares up to their par value, to the ordinary shares up to their par value; the remaining balance, if any, to shares of all three classes in an equal pro rata amount.

The following table provides reconciliation between the number of shares outstanding at 31 December 2006 and those outstanding at 31 December 2008:

(number of shares in thousand)	At 31 December 2006	Capital increase	(Purchases)/ Sales of treasury shares	At 31 December 2007	Capital increase	(Purchases)/ Sales of treasury shares	**At 31 December 2008**
Ordinary shares issued	1,092,246	1	–	1,092,247	–	–	**1,092,247**
Less: Treasury shares	(3,773)	–	(18,078)	(21,851)	–	(16,717)	**(38,568)**
Ordinary shares outstanding	1,088,473	1	(18,078)	1,070,396	–	(16,717)	**1,053,679**
Preference shares issued	103,292	–	–	103,292	–	–	**103,292**
Less: Treasury shares	–	–	–	–	–	–	**–**
Preference shares outstanding	103,292	–	–	103,292	–	–	**103,292**
Saving shares issued	79,913	–	–	79,913	–	–	**79,913**
Less: Treasury shares	–	–	–	–	–	–	**–**
Saving shares outstanding	79,913	–	–	79,913	–	–	**79,913**
Total Shares issued by Fiat S.p.A.	1,275,451	1	–	1,275,452	–	–	**1,275,452**
Less: Treasury shares	(3,773)	–	(18,078)	(21,851)	–	(16,717)	**(38,568)**
Total Fiat S.p.A. outstanding shares	1,271,678	1	(18,078)	1,253,601	–	(16,717)	**1,236,884**

Treasury share sales and buybacks in 2008 and 2007 are discussed under Treasury shares below.

In respect of changes in 2007 regarding issued ordinary shares, on 29 January 2007, the 2007 Fiat Ordinary Share Warrants issued in 2002 were removed from trading by the Italian Stock Exchange in accordance with their natural due date. The owners of the 65,509,168 outstanding warrants at that date were given the option to subscribe in January 2007 to Fiat S.p.A. ordinary shares in the ratio of one Fiat ordinary share at a price of €29.364 for every four warrants held. A total of 4,676 warrants were exercised in that month with the issue of 1,169 shares. As a consequence, on 1 February 2007 the share capital of Fiat S.p.A. increased from €6,377,257,130 to €6,377,262,975 and additional paid-in capital increased by €28,481.52.

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 by Shareholders in a General Meeting who may delegate powers to the Board of Directors, having validity for a maximum period of five years, to increase share capital up to a predetermined amount; 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 more than one third. If as the consequence of a loss of more than one third of capital this then drops below the legal minimum, Shareholders in General Meeting are required to approve a decrease and simultaneous increase of capital to an amount not less than this minimum or must change a company's legal form;

- as discussed previously the share in profits due to each class of share is determined by a company's bylaws;

- an additional paid-in capital reserve is established if a company issues shares at a price exceeding their nominal value. This reserve may not be distributed until the legal reserve has reached one fifth of 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 tenth of share capital.

The following matter is also relevant to the share capital of Fiat S.p.A.: in a meeting held on 3 November 2006, the Board of Directors of Fiat S.p.A. exercised its delegated powers pursuant to article 2443 of the Italian Civil Code to increase share capital reserved for employees of the company and/or its subsidiaries up to a maximum of 1% of those shares, being €50,000,000, by taking a decision to issue a maximum of 10,000,000 ordinary shares each of nominal value €5, corresponding to 0.78% of share capital and 0.92% of ordinary share capital, at a price of €13.37 each, to service the new employee stock option plan described in the following paragraph. The execution of this increase in capital is dependant on the conditions of the plan being satisfied.

In addition, in respect of dividends, the Group has in force since 2006 a policy under which it intends to distribute a total dividend to its shareholders amounting to 25% of consolidated profits earned up to 2010. However, despite the fact that the Group earned Consolidated profit of €1,721 million in 2008 and that the net profit of Fiat S.p.A. is such to enable a dividend to be distributed in conformity with the policy, the Board of Directors will be proposing to shareholders at their Annual General Meeting that the distribution of dividends should be limited to savings shares alone (a total of €24.8 million, as established by the Company's bylaws), with the aim of strengthening the Group's capital structure and preserving its liquidity.

The objectives identified by the Group for managing capital are to create value for shareholders as a whole, to safeguard business continuity and support the growth of the Group. As a result the Group endeavours to maintain an adequate level of capital that at the same time enables it to obtain a satisfactory economic return for its shareholders and guarantee economic access to external sources of funds, including in this by means of achieving an adequate rating.

The Group constantly monitors the evolution of the ratio between debt and equity and in particular the level of net debt and the generation of cash from its industrial activities.

In order to reach these objectives the Group aims at a continuous improvement in the profitability of the business in which it operates. Further, it may sell part of its assets to reduce the level of its debt, while the Board of Directors may make proposals to Shareholders in General Meeting to reduce or increase share capital or, where the law permits, to distribute reserves. In this context, the Group also makes purchases of treasury shares, without exceeding the limits authorised by Shareholders in General Meeting, under the same logic of creating value, compatible with the objectives of achieving financial equilibrium and an improvement in its rating.

In this respect capital means both the value brought into Fiat S.p.A. by its shareholders for employment in the management of the Group (share capital plus the additional paid-in capital reserve less treasury shares, equal to €7,261 million at 31 December 2008 and €7,499 million at 31 December 2007), and the value generated by the Group in terms of the results achieved in operations (retained earnings and other reserves, equal in total, before the allocation of net profit or loss for the year, to €3,802 million at 31 December 2008 and €2,726 million at 31 December 2007, excluding gains and losses recognised directly in equity and minority interests).

Share-based compensation

At 31 December 2008 and at 31 December 2007, the following share-based compensation plans relating to managers of Group companies or members of the Board of Directors of Fiat S.p.A. were in place.

Stock Option plans linked to Fiat S.p.A. ordinary shares

The Board of Directors of Fiat S.p.A. approved certain stock option plans prior to 2002 which provided managers of the Group with the title of *Direttore*, high management potential included in "management development programmes" and executive Directors of Fiat S.p.A. with the right to purchase a determined number of Fiat S.p.A. ordinary shares at a fixed price (strike price). These rights may be exercised over a fixed period of time from the vesting date to the expiry date of the plan. These stock option plans do not depend on any specific market conditions.

These options may generally be exercised once a three year period has passed from the grant date and for the following six years, consistent with tax law on the subject; nonetheless, the full amount granted as options is not exercisable until the end of the fourth year.

The contractual terms of these plans are as follows:

Plan	Recipient	Grant date	Expiry date	Strike price (€)	Number of options granted	Vesting date	Vesting portion
Stock Options 2000 (expired)	Managers	18 February 2000	18 February 2008	28.122	5,158,000	18 February 2001	25%
						18 February 2002	25%
						18 February 2003	25%
						18 February 2004	25%
Stock Options July 2000 (expired)	Former Chairman of Fiat S.p.A.	25 July 2000	25 July 2008	25.459	250,000	25 July 2001	50%
						14 May 2002	50%
Stock Options February 2001	Managers	27 February 2001	27 February 2009	24.853	785,000	27 February 2002	25%
						27 February 2003	25%
						27 February 2004	25%
						27 February 2005	25%
Stock Options March 2001 (expired)	Former Chairman of Fiat S.p.A.	29 March 2001	30 October 2008	23.708	1,000,000	1 July 2002	100%
Stock Options October 2001	Managers	31 October 2001	31 October 2009	16.526	5,417,500	31 October 2002	25%
						31 October 2003	25%
						31 October 2004	25%
						31 October 2005	25%
Stock Options May 2002	Former Chairman of Fiat S.p.A.	14 May 2002	1 January 2010	12.699	1,000,000	1 January 2005	100%
Stock Options September 2002	Managers	12 September 2002	12 September 2010	10.397	6,100,000	12 September 2003	25%
						12 September 2004	25%
						12 September 2005	25%
						12 September 2006	25%

On 26 July 2004, the Board of Directors granted to Sergio Marchionne as a part of his compensation as Chief Executive Officer options for the purchase of 10,670,000 Fiat S.p.A. ordinary shares at the price of €6.583 per share, exercisable from 1 June 2008 to 1 January 2011. In each of the first three years following the grant date, the right vested for the CEO to purchase, from 1 June 2008, an annual maximum of 2,370,000 shares. From 1 June 2008, he has the right to exercise, effective at that date, the residual portion of the options on 3,560,000 shares because he reached the predetermined performance objectives during the reference period. In connection with this plan, on 22 January 2009 the Board of Directors considered it a priority for the Group

to propose a motion to shareholders, in the General meeting being called by the Board, to adopt changes having the aim of reinstating and extending the extent to which the plan encourages loyalty. More specifically, the changes to be proposed regard the introduction of a new vesting period, depending solely on CEO's permanence in office, which would mean that the options cannot be exercised until 1 January 2011, and the extension of the exercise period to 1 January 2016, with all the other conditions remaining unaltered.

The current features of the stock option plan are as follows:

Plan	Grant date	Expiry date	Strike price (€)	Number of options vested	Vesting date	Vesting portion
Stock Options July 2004	26 July 2004	1 January 2011	6.583	10,670,000	1 June 2005	22.2%
					1 June 2006	22.2%
					1 June 2007	22.2%
					1 June 2008	33.4%*NMC

On 3 November 2006 the Fiat S.p.A. Board of Directors 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 provides certain managers of the Group and the Fiat S.p.A. Chief Executive Officer with the right to purchase a determined number of Fiat S.p.A. ordinary shares at the fixed price of €13.37 per share. In particular, the 10,000,000 options granted to employees and the 5,000,000 options granted to the Chief Executive Officer have a vesting period of four years, with a quarter of the number vesting each year, are subject to achieving certain pre-determined profitability targets (*Non-Market Conditions or "NMC"*) in the reference period and may be exercised from the date on which the 2010 Financial statements are approved. The remaining 5,000,000 options granted to the Chief Executive Officer of Fiat S.p.A. also have a vesting period of four years with a quarter of the number vesting each year and may be exercised from November 2010.

The ability to exercise the options is additionally subject to specific restrictions regarding the duration of the employment relationship or the continuation of the position held. The stock option plan will become effective once all its conditions have been satisfied.

The contractual terms of 2006 plan are as follows:

Plan	Recipient	Expiry date	Strike price (€)	Number of options granted	Vesting date	Vesting portion
Stock Option November 2006	Chief Executive Officer	3 November 2014	13.37	5,000,000	November 2007	25%
					November 2008	25%
					November 2009	25%
					November 2010	25%
Stock Option November 2006	Chief Executive Officer	3 November 2014	13.37	5,000,000	1st Quarter 2008 (*)	25%*NMC
					1st Quarter 2009 (*)	25%*NMC
					1st Quarter 2010 (*)	25%*NMC
					1st Quarter 2011 (*)	25%*NMC
Stock Option November 2006	Managers	3 November 2014	13.37	10,000,000	1st Quarter 2008 (*)	25%*NMC
					1st Quarter 2009 (*)	25%*NMC
					1st Quarter 2010 (*)	25%*NMC
					1st Quarter 2011 (*)	25%*NMC

(*) On approval of the prior year's Financial Statements.

On 26 February 2008 the Board of Directors of Fiat S.p.A. passed an incentive plan which was subsequently approved by shareholders in the Annual General Meeting on 31 March 2008, by which an overall maximum of 4 million financial instruments may be assigned on a periodic basis until 2010 in the form of stock options and/or stock appreciation rights. The plan addresses the attraction and retention of managers in key roles who have been hired or promoted following the granting of the stock option plan of 3 November 2006 or who have assumed greater responsibilities since the granting of the 2006 plan and has the features of that plan in terms of performance vesting and exercise rights. Implementing the first grant under this program on 23 July 2008, the Board of Directors assigned 1,418,500 stock options which have an exercise price of €10.24 and a vesting period of three years, which are subject to achieving certain pre-determined profitability targets (*Non-Market Conditions or "NMC"*) in the reference period and which may be exercised from the date on which the 2010 Financial statements are approved.

The contractual terms of the 2008 plan are as follows:

Plan	Recipient	Expiry date	Strike price (€)	Number of options granted	Vesting date	Vesting portion
Stock Option July 2008	Managers	3 November 2014	10.24	1,418,500	1st Quarter 2009 (*)	18%*NMC
					1st Quarter 2010 (*)	41%*NMC
					1st Quarter 2011 (*)	41%*NMC

(*) On approval of the prior year's Consolidated Financial Statements.

A summary of outstanding stock options at 31 December 2008 is as follows:

	Managers compensation			Compensation as member of the Board		
Exercise price (€)	Options outstanding at 31 December 2008	Options outstanding at 31 December 2007	Average remaining contractual life (in years)	Options outstanding at 31 December 2008	Options outstanding at 31 December 2007	Average remaining contractual life (in years)
6.583	–	–	–	**10,670,000**	10,670,000	**2.0**
10,24	**1,414,000**	–	**5.8**	–	–	–
10.397	**921,500**	1,008,500	**1.7**	–	–	–
12.699	–	–	–	**500,000**	500,000	**1.0**
13.370	**9,497,500**	9,792,500	**5.8**	**10,000,000**	10,000,000	**5.8**
16.526	**1,044,000**	1,119,000	**0.8**	–	–	–
23.708	–	–	–	–	1,000,000	–
24.853	**50,000**	50,000	**0.2**	–	–	–
25.459	–	–	–	–	250,000	–
28.122	–	1,051,500	–	–	–	–
Total	**12,927,000**	13,021,500		**21,170,000**	22,420,000	

Changes during the year are as follows:

	Managers compensation		Compensation as member of the Board	
	Number of options	Average exercise price (€)	Number of options	Average exercise price (€)
Outstanding at the beginning of the year	13,021,500	14.65	22,420,000	10.72
Granted	1,418,500	10.24	–	–
Forfeited	–	–	–	–
Exercised	(71,000)	10.397	–	–
Expired	(1,442,000)	24.22	(1,250,000)	24.06
Outstanding at 31 December 2008	**12,927,000**	**13.11**	**21,170,000**	**9.93**
Exercisable at 31 December 2008	**2,015,500**	**13.93**	**11,170,000**	**6.86**
Exercisable at 31 December 2007	**3,229,000**	**18.52**	**1,750,000**	**20.81**

For the July 2008 plan the fair value calculated at the grant date used to determine the compensation expense to be accrued, based on a binomial pricing model, amounts to €4 and is based on the following assumptions:

	July 2008 grant
Price of Fiat S.p.A. ordinary shares at grant date (€)	**11.43**
Historical volatility of Fiat S.p.A. ordinary shares (%)	**44.2**

The expected dividends from Fiat S.p.A. ordinary shares used in the binomial model for the valuation of the July 2008 stock option plan are those declared by the Group in 2006. The following table sets out the risk-free interest rate yield used in the pricing model:

in %	Risk-free interest rate
July 2009	5.3182
July 2010	5.2981
July 2011	5.2686
July 2012	5.2173
July 2013	5.1617
July 2014	5.1174

For stock options exercised during the period, the weighted average stock market price of Fiat S.p.A. ordinary shares at the exercise date was €13.99 per share.

As discussed under Significant accounting policies, in the case of share-based payments the Group applies IFRS 2 to all those stock options granted after 7 November 2002 which had not yet vested at 1 January 2005, namely the July 2004, November 2006 and July 2008 stock option plans. More specifically, for the November 2006 plan, since the Group did not reach the performance objectives relating to the tranche vesting in the first quarter of 2009, the likelihood that subsequent tranches will vest has been revised, and the accrual of €18 million made in previous periods for the nominal costs relating to those tranches was released to income at the end of 2008. As a consequence the net cost recognised in the income statement in 2008 for stock options amounts to €3 million (€66 million in 2007).

Stock Option plans linked to CNH Global N.V. ordinary shares

In the Agricultural and Construction equipment Sector, CNH Global N.V. ("CNH") has granted share-based compensation to directors' officers and employees which are linked to shares and which have the following terms.

The CNH Global N.V. Outside Directors' Compensation Plan ("CNH Directors' Plan")

This plan, as amended on July 22, 2008, provides for the payment of the following to independent outside members of the CNH Global N.V. Board in the form of cash, and/or common shares of CNH, and/or options to purchase common shares of CNH.

- an annual retainer fee of 100,000 USD;
- an Audit Committee membership fee of 20,000 USD;
- Corporate Governance and Compensation Committee membership fee of 15,000 USD;
- an Audit Committee chair fee of 35,000 USD; and
- a Corporate Governance and Compensation Committee chair fee of 25,000 USD (collectively, the "Fees").

Each quarter the outside directors elect the form of payment of ¼ of their Fees. If the elected form is options, the outside director will receive as many options as the amount of Fees that the director elects to forego, multiplied by four and divided by the fair market value of a common share, such fair market value being equal to the average of the highest and lowest sale price of a CNH Global N.V. common share on the last trading day of the New York Stock Exchange preceding the start of each quarter. Stock options granted as a result of such an election vest immediately, but shares purchased under options cannot be sold for six months following the date of exercise. Prior to 2007, CNH also issued automatic option awards, which vest after the third anniversary of the grant date.

At 31 December 2008 and 2007, there were 746,067 and 770,600 common shares, respectively reserved for issuance under the CNH Directors' Plan. Outside directors do not receive benefits upon termination of their service as directors.

A summary of outstanding stock options under the CNH Directors' Plan at 31 December 2008 and 2007 is as follows:

Exercise price (in USD)	Options outstanding at 31 December 2008	Weighted Average remaining contractual life (in years)	Options outstanding at 31 December 2007	Weighted Average remaining contractual life (in years)
9.23 - 15.70	**11,358**	**8.0**	4,000	5.4
15.71 - 26.20	**19,656**	**6.7**	19,656	7.7
26.21 - 40.00	**40,295**	**7.6**	37,252	8.5
40.01-56.00	**11,162**	**9.1**	2,896	9.5
56.01-77.05	**10,037**	**6.1**	10,037	7.1
Total	**92,508**		73,841	

Changes during the period under the CNH Directors' Plan are as follows:

	2008		2007	
	Number of options	Average exercise price (in USD)	Number of options	Average exercise price (in USD)
Outstanding at the beginning of the year	73,841	30.93	126,770	23.16
Granted	18,667	31.35	13,188	53.09
Forfeited	–	–	–	–
Exercised	–	–	(66,117)	15.32
Expired	–	–	–	–
Outstanding at the end of the year	**92,508**	**31.01**	73,841	30.93
Exercisable at the end of the year	**64,508**	**32.45**	37,841	36.20

The CNH Equity Incentive Plan (the "CNH EIP")

The plan provides for grants of various types of awards on specific performance targets for the Sector linked to the IFRS results of CNH, to officers and employees of CNH and its subsidiaries. As of 31 December 2008, CNH has reserved 15,900,000 shares for the CNH EIP (15,900,000 shares at December 31, 2007). The plan envisages stock option and share incentives as described below.

■ Stock option plan

Prior to 2006, certain stock option grants were issued which vest rateably over four years from the grant date and expire after ten years. Additionally, certain performance-based options, which had an opportunity for accelerated vesting tied to the attainment of specified performance criteria were issued; however, the performance criteria were not achieved. In any event, vesting of these performance-based options occurred seven years from the grant date. All options granted prior to 2006 have a contract life of ten years.

Except as noted below, the exercise prices of all options granted under the CNH EIP are equal to or greater than the fair market value of CNH Global N.V. common shares on the respective grant dates. During 2001, CNH granted stock options with an exercise price less than the quoted market price of CNH common shares at the date of grant. The exercise price of this grant was based upon the average closing price of CNH common shares on the New York Stock Exchange for the thirty-day period preceding the date of grant.

Beginning in 2006, CNH no longer issued CNH Long-Term Incentive ("LTI") awards, as discussed below, and began to issue awards under plans providing performance-based stock options, performance-based shares and cash. In June, 2008, CNH granted approximately 1.2 million performance-based stock options (at target award levels) under the CNH EIP. Target performance levels for 2008 were not fully achieved, resulting in only a partial vesting. One-third of the options vested with the approval of 2008 results by the Board of Directors in January 2009. The remaining options will vest equally on the first and second anniversary of the initial vesting date. It is expected that only 511,240 of these options will vest based on CNH's 2008 results. Options granted under the CNH EIP in 2008 have a contractual life of five years from the initial vesting date.

The following table summarises outstanding stock options under the CNH EIP:

	At 31 December 2008			At 31 December 2007	
Exercise Price (in USD)	Number of options Outstanding	Weighted Average remaining Contractual life (in years)	Average Exercise Price (in USD)	Number of options Outstanding	Average Exercise Price (in USD)
10.00 - 19.99	111,688	3.6	16.18	148,063	16.18
20.00 - 29.99	225,908	3.2	21.20	293,139	21.20
30.00 - 39.99	1,518,935	3.9	37.23	1,715,708	37.16
40.00 - 69.99	861,578	3.7	55.47	314,328	68.85
Total	**2,718,109**			2,471,238	

Changes during the period in all CNH stock option plans are as follows:

	2008		2007	
	Number of shares	Average exercise price (in USD)	Number of shares	Average exercise price (in USD)
Outstanding at the beginning of the year	2,471,238	38.08	1,760,466	36.42
Granted	1,299,474	48.75	1,634,932	37.96
Forfeited	(913,064)	46.70	(377,997)	49.30
Exercised	(139,539)	27.71	(546,163)	24.59
Expired	–	–	–	–
Outstanding at the end of the year	**2,718,109**	**40.82**	2,471,238	38.08
Exercisable at the end of the year	**1,142,411**	**40.74**	725,975	43.74

■ Performance Share Grants

Under the CNH EIP, performance-based shares may also be granted to selected key employees and executive officers. CNH establishes the period and conditions of performance for each award and holds the shares during the performance period. Performance-based shares vest upon the attainment of specified performance objectives.

The following table reflects performance-based share activity under the CNH EIP:

	2008		2007	
	Number of shares	Weighted average grant date fair value (in USD)	Number of shares	Weighted average grant date fair value (in USD)
Non-vested at the beginning of the year	2,011,790	30.82	2,362,052	26.45
Granted	100,000	26.76	240,500	61.14
Forfeited	(155,000)	28.09	(545,463)	26.25
Vested	(86,290)	21.22	(45,299)	18.77
Non-vested at the end of the year	**1,870,500**	**31.28**	2,011,790	30.82

The LTI awards issued prior to 2006 were subject to the achievement of certain performance criteria over a 3-year performance cycle. At the end of the 3-year performance cycle, any earned awards will be satisfied equally with cash and CNH common shares as determined at the beginning of the performance cycle, for minimum, target, and maximum award levels.

In 2004, a LTI award for which payout was tied to the achievement of specified performance objectives was approved under the CNH EIP for selected key employees and executive officers. This award for the 2004-2006 performance cycle provided an opportunity to receive an accelerated payment of 50% of the targeted award after the first two years of the performance cycle. Objectives for the first two years of the performance cycle were met and an accelerated payment of cash and 66,252 shares were issued in 2006. Ultimately, the cumulative results for the 2004-2006 performance cycle were achieved and the remaining award was issued in early 2007.

A second 3 year LTI award for the 2005-2007 performance cycle was granted in 2005. The results for the 2005-2007 performance cycle were partially achieved and the award was issued in early 2008 upon approval of the 2007 results by the Board of Directors of CNH.

In connection with the new performance-based plans which were approved in 2006, CNH introduced the Top Performance Plan ("TPP"), under which CNH has granted performance based, non-vested share awards to approximately 200 of the Company's top executives. The TPP performance shares vest only if specified targets are achieved in 2008, 2009, or 2010. The number of shares that vest will decrease by 20% each year the specified targets are not achieved. If specified targets are not achieved by 2010, the shares granted will not vest.

TPP performance shares were granted in 2006, 2007 and 2008. The fair value of TPP awards have been estimated for each potential service period over which the award may vest. The total estimated expense varies depending on the period during which targets are expected to be achieved.

In 2006 and 2007, CNH recognised expense for TPP awards based an assumption that the specified performance targets would be achieved in 2009. In 2008, CNH did not achieve these performance targets and reversed all previously recognized share-based compensation expense for €7 million (US$11 million) as a result of a change in estimate.

The following table summarizes the outstanding performance shares under the CNH EIP as of 31 December 2008:

			2008-2010 TPP	2005-2007 LTI	2004-2006 LTI
	2008 awards	2007 award	2006 award	2005 award	2004 award
Granted	100,000	240,500	4,325,000	195,946	235,134
Cancelled	–	–	(2,162,500)	–	–
Vested	–	–	–	(86,290)	(111,551)
Forfeited	–	(5,000)	(627,500)	(109,656)	(123,583)
Outstanding	**100,000**	**235,500**	**1,535,000**	**–**	**–**

As of 31 December 2008, there were 9,433,477 CNH Global N.V. common shares (9,916,370 CNH Global N.V. common shares at 31 December 2007) available for issue under the CNH EIP.

The Black-Scholes pricing model was used to calculate the fair value of stock options by CNH – Case New Holland Sector. The weighted-average assumptions used under the Black-Scholes pricing model were as follows:

	2008		2007	
	Directors' plan	Equity incentive plan	Directors' plan	Equity incentive plan
Option life (years)	**5.0**	**3.6**	5.0	4.0
Expected volatility of CNH Global N.V. shares (%)	**45.0**	**40.50**	44.56	38.3
Expected dividend yield (%)	**0.9**	**0.9**	1.1	1.0
Risk-free interest rate (%)	**2.4**	**3.0**	4.3	4.4

Based on this model, the weighted-average fair values of stock options awarded by CNH for the years ended 31 December 2008, and 2007 were as follows:

(in USD)	2008	2007
Directors' Plan	**11.70**	21.66
Equity incentive plan	**12.95**	12.65

The total cost recognised in the 2008 income statement for all share-based compensation linked to CNH Global N.V. ordinary shares amounted to €0.2 million (€14 million in 2007).

Stock option plan linked to Ferrari S.p.A. ordinary shares

Under this scheme, certain employees of Ferrari S.p.A., and the Chairman and the Chief Executive Officer of the company at the time, have the option to acquire respectively 207.200 and 184,000 Ferrari S.p.A. ordinary shares at a strike price of €175 per share. Under the scheme the options may be exercised until 31 December 2010, wholly or partially, and are subject to a limited extent to the company's listing process. At 31 December 2008 the employees and the Chairman held respective totals of 53,600 and 80,000 stock option rights under this scheme, all of whose exercise rights are subordinated to the listing of the company.

Cash-settled share-based payments

Various entities belonging to the former joint venture with General Motors reached agreements with certain employees in 2001, 2002, 2003 and 2004 over four cash-settled share-based payment schemes entitled Stock Appreciation Rights (SAR) plans. Under these plans, certain of the employees involved have the right to receive a payment corresponding to the increase in price between the grant date and the exercise date of General Motors $1 2/3 shares listed in New York and Fiat S.p.A. ordinary shares listed in Milan. The right is exercisable from the vesting date to the expiry date of the plans and is subordinated to certain conditions (*Non-Market Conditions "NMC"*). The contractual terms of these rights are as follows:

Plan	Grant date	Vesting date From	Vesting date Until	Outstanding rights on GM $1 2/3 shares at 31 December 2008	Outstanding rights on Fiat S.p.A. shares at 31 December 2008	Grant price GM $1 2/3 (in USD)	Grant price Fiat S.p.A. (€)	Vesting portion
2001	12 February 2002	1 March 2002	12 February 2009	45,053	113,516	49.57	15.50	100%*NMC
2002	12 February 2002	12 February 2003	12 February 2010	44,580	124,340	49.57	15.50	1/3*NMC
		12 February 2004	12 February 2010					1/3*NMC
		12 February 2005	12 February 2010					1/3*NMC
2003	11 February 2003	11 February 2004	11 February 2011	46,644	72,828	36.26	7.95	1/3*NMC
		11 February 2005	11 February 2011					1/3*NMC
		11 February 2006	11 February 2011					1/3*NMC
2004	10 February 2004	10 February 2005	11 February 2012	40,470	87,136	49.26	6.03	1/3*NMC
		10 February 2006	11 February 2012					1/3*NMC
		10 February 2007	11 February 2012					1/3*NMC

Changes during the period are as follows:

	rights on GM $1 2/3 shares	rights on Fiat S.p.A. shares
Outstanding at the beginning of the year	176,747	397,820
Granted during the year	–	–
Forfeited during the year	–	–
Exercised during the year	–	–
Expired during the year	–	–
Outstanding at 31 December 2008	**176,747**	**397,820**
Exercisable at 31 December 2008	**176,747**	**397,820**
Exercisable at 31 December 2007	176,747	397,820

In accordance with IFRS 2, the Group measures the liability arising from cash-settled share-based payment transactions at fair value at each reporting date and at the date of settlement; the changes in the fair value of these liabilities are recognised in the income statement for the period. At 31 December 2008 and 2007, the Group measured the fair value of the liabilities generated by these plans using the binomial method based on the following assumptions:

	At 31 December 2008		At 31 December 2007	
	GM $1 2/3 share	**Fiat S.p.A. ordinary share**	GM $1 2/3 share	Fiat S.p.A. ordinary share
Closing price	**$3.36**	**€4.59**	$24.89	€17.69
Expected volatility (%)	**109.81**	**74.17**	51.90	36.27
Expected dividend yield (%)	**–**	(a)	4.07	(a)

(a) The dividends expected to be paid on the ordinary shares of Fiat S.p.A. and used in the binomial model to calculate the fair value of these stock appreciation rights at 31 December 2007 and 2008 are those declared by the Group in 2006.

The *fair value* of the above mentioned rights at 31 December 2008 and at 31 December 2007 amounts to:

	Fair value at 31 December 2008		Fair value at 31 December 2007	
(€)	**GM $1 2/3 share**	**Fiat S.p.A. ordinary share**	GM $1 2/3 share	Fiat S.p.A. ordinary share
2001 Plan	**0.00**	**0.00**	0.61	3.85
2002 Plan	**0.03**	**0.11**	1.57	4.60
2003 Plan	**0.31**	**0.78**	3.65	9.81
2004 Plan	**0.51**	**1.23**	3.17	11.67

The liability arising on this plan at 31 December 2008 amounted to €0.2 million (€3 million at 31 December 2007). The intrinsic value of these plans at 31 December 2008, amounted to zero (€2 million at 31 December 2007).

Treasury Shares

Treasury shares consists of 38,568,458 Fiat S.p.A. ordinary shares for an amount of €657 million (21,851,458 ordinary shares for an amount of €419 million at 31 December 2007).

Sales and purchases of treasury shares in 2008 were as follows: sales of 71,000 ordinary shares (at a total price of €1 million) were made on the exercise of stock options. Purchases of 16.788 million ordinary shares (at a total price of €239 million) were made under a share buy-back programme (the "Programme") announced by the Board of Directors following the approval given by Shareholders at the General Meeting held on 5 April 2007 and renewed on 31 March 2008. This authorisation is effective for a period of 18 months beginning 31 March 2008. The buy-backs, whose purpose is the servicing of stock option plans and investment of liquidity, are authorised up to a maximum number of shares for the three share classes not to exceed 10% of share capital or an aggregate value of €1.8 billion, including the €656.6 million in Fiat shares currently held by the Company. Under the Programme (which is renewable), the purchases are to be carried out on regulated markets in accordance with the following conditions:

- the Programme will end on 30 September 2009, or once the maximum purchase value of €1.8 billion (including the €656.6 million in Fiat shares currently held by the Company) or a number of shares equivalent to 10% of share capital is reached;

- the maximum purchase price may not exceed the reference price reported on the Stock Exchange on the day before the purchase is made by more than 10%;

- the maximum number of shares purchased daily may not exceed 20% of the total daily trading volume for each share class.

At 13 February 2009, the total number of ordinary shares purchased since the beginning of the programme was 37.27 million, for a total invested amount of €665 million. Although the share buy-back programme has been placed on hold, the Board in consideration of the fact that the current authorisation expires on 30 September 2009 and to maintain the necessary operating flexibility for an adequate period, has decided proposed to Shareholders at the Annual General Meeting that the Programme be renewed for a period of 18 months and for a maximum amount of shares for the three classes not to exceed 10% of share capital or € 1.8 billion including the €656.6 million in Fiat shares currently held by the Company. Should renewal of the programme be approved, the Company would, however, have no obligation to buyback shares.

In 2007, Treasury share sales of 2.404 million ordinary shares (at a total price of €31 million) were made on the exercise of stock options. Purchases of 20.482 million ordinary shares (at a total price of €426 million) were made under the above-mentioned Programme.

Capital reserve
At 31 December 2008, the Capital reserve, amounting to €682 million, refers to the Additional paid-in capital, consisting of part of the share premium paid by the subscribers of the capital increase made after the extinguishment of the Mandatory Convertible Facility on 20 September 2005; the remaining share premium of €859 million arising from this is into Earning reserves.

Earning reserves
The principal earning reserves are as follows:

- The legal reserve of Fiat S.p.A. of €640 million at 31 December 2008 (€536 million at 31 December 2007);

- Retained earnings totalling €2,313 million at 31 December 2008 (retained earnings totalling €622 million at 31 December 2007);

- The net profit before minority interests of €1,612 million at 31 December 2008 (net profit of €1,953 million for the at 31 December 2007);

- The share based payments reserve of €96 million at 31 December 2008 (€93 million at 31 December 2007).

Income (expense) recognised directly in equity
This item consists of accumulated other comprehensive income, changes for the two years then ended are as follows:

(€ millions)	Cash flow hedge reserve	Available-for-sale reserve	Cumulative translation differences	Income (expense) recognised directly in equity
Balances at 1 January 2007	76	170	294	540
Gains (losses) recognised directly in the cash flow hedge reserve	262	–	–	262
Gains (losses) recognised directly in the available-for-sale reserve	–	(32)	–	(32)
Gains (losses) on translation differences	–	–	(96)	(96)
Net (profit) loss	(187)	(123)	(2)	(312)
Balances at 31 December 2007	151	15	196	362
Gains (losses) recognised directly in the cash flow hedge reserve	**(455)**	**–**	**–**	**(455)**
Gains (losses) recognised directly in the available-for-sale reserve	**–**	**(16)**	**–**	**(16)**
Gains (losses) on translation differences	**–**	**–**	**(328)**	**(328)**
Net (profit) loss	**(295)**	**–**	**–**	**(295)**
Balances at 31 December 2008	**(599)**	**(1)**	**(132)**	**(732)**

Minority interest
The minority interest in shareholders' equity of €747 million (€673 million at 31 December 2007) refers mainly to the following companies consolidated on a line-by-line basis:

	% held by minority shareholders	
	At 31 December 2008	At 31 December 2007
Italian companies:		
Ferrari S.p.A.	**15.0**	15.0
Teksid S.p.A.	**15.2**	15.2
Foreign companies:		
CNH Global N.V.	**10.7**	10.7

25. Provisions for employee benefits
Group companies provide post-employment benefits for their active employees and for retirees, either directly or by contributing to independently administered funds. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which the Group operates, the benefits generally being based on the employees' remuneration and years of service.

Group companies provide post-employment benefits under defined contribution and/or defined benefit plans.

In the case of defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The entity recognise the contribution cost when the employee has rendered his service and includes this cost by destination in Cost of sales, Selling, general and administrative costs and Research and development costs. In 2008, these expenses totalled €1,366 million (€1,243 million in 2007).

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions by an entity, and sometimes by its employees, into an entity, or fund, that is legally separate from the employer and from which the employee benefits are paid. Benefits are generally payable under these plans after the completion of employment. The plans are classified by the Group on the basis of the type of benefit provided as follows: Reserve for employee severance indemnity (TFR), Pension plans, Health care plans and Other.

Reserve for employee severance indemnity ("TFR")

The TFR consists of the residual obligation for severance indemnities which was required until 31 December 2006 under Italian legislation to be paid to employees of Italian companies with more than 50 employees when leaving the company, and accrued over the employee's working life for other companies. This provision is settled to retiree employees and may be partially paid in advance if certain conditions are met. This defined benefit post-employment plan is unfunded.

Pension plans

The item Pension plans consists principally of the obligations of Group companies operating in the United States (mainly to the CNH – Case New Holland Sector) and in the United Kingdom towards certain employees and former employees of the Group.

Under these plans a contribution is generally made to a separate fund (trust) which independently administers the plan assets. 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 in respect of the minimum performance requirement as long as the fund is in surplus.

The investment strategy for these assets depends on the features of the plan and on the maturity of the obligations. Typically long-term plan benefit obligations are funded by investing mainly in equity securities; short and medium-term plan benefit obligations are funded by investing in fixed income securities, which are less volatile.

In the United Kingdom the Group participates in a plan financed by various entities belonging to the Group, called the "Fiat Group Pension Scheme", amongst others. Under this plan, participating employers make contributions on behalf of their active employees (active), retirees and employees who have left the Group but have not yet retired (deferred).

Health care plans

The item Health care plans comprise obligations for health care and insurance plans granted to employees of the Group working in the United States and Canada (mostly relating to CNH – Case New Holland Sector). These plans generally cover employees retiring on or after reaching the age of 55 who have had at least 10 years of service. CNH United States salaried and non-represented hourly and Canada employees hired after 1 January 2001 and 1 January 2002, respectively, are not eligible for health care and insurance benefits under the CNH plans. Until 31 December 2006 these plans were fully unfunded; starting in 2007, the Group began making contributions on a voluntary basis to a separate and independently managed fund established to finance the North American health care plans.

Other

The item Other includes loyalty bonuses, which are due to employees who reach a specified seniority and are generally settled when an employee leaves the Group; and for French entities, the *Indemnité de depart à la retraite*, a plan similar to the Italian TFR. These schemes are unfunded.

Provisions for employee benefits are as follows:

(€ millions)	At 31 December 2008	At 31 December 2007
Employee severance indemnity	**1,129**	1,180
Pension Plans	**616**	711
Health care plans	**876**	846
Other	**247**	253
Total post-employment benefits	**2,868**	2,990
Other provisions for employees	**329**	437
Other long-term employee benefits	**169**	170
Total provision for employee benefits	**3,366**	3,597
Defined benefit plan assets	**108**	18
Total Defined benefits plan assets	**108**	18

The item Other provisions for employees consists of the best estimate at the balance sheet date of short-term employee benefits payable by the Group within twelve months after the end of the period in which the employees render the related service.

The item Other long-term employee benefits consists of the Group's obligation for those benefits generally payable during employment on reaching a certain level of seniority in the company or when a specified event occurs, and reflects the probability of payment and the length of time over which this will be made.

In 2008 and in 2007 changes in Other provisions for employees and in Other long-term employee benefits are as follows:

(€ millions)	At 31 December 2007	Provision	Utilisation	Change in the scope of consolidation and other changes	At 31 December 2008
Other provisions for employees	437	242	(260)	(90)	**329**
Other long-term employee benefits	170	17	(21)	3	**169**
Total	607	259	(281)	(87)	**498**

(€ millions)	At 31 December 2006	Provision	Utilisation	Change in the scope of consolidation and other changes	At 31 December 2007
Other provisions for employees	266	419	(242)	(6)	**437**
Other long-term employee benefits	185	17	(16)	(16)	**170**
Total	451	436	(258)	(22)	**607**

Post-employment benefits and other long-term employee benefits are calculated on the basis of the following assumptions:

	At 31 December 2008				At 31 December 2007			
In %	Italy	USA	UK	Other	Italy	USA	UK	Other
Discount rate	**5.1**	**6.1**	**6.5**	**6**	4.7	5.8	5.6	5-5.3
Future salary increase	**4.65**	**n/a**	**3.1**	**2.5-3.75**	4.6	n/a	4.0	0-3.75
Inflation rate	**2.0**	**n/a**	**3.1**	**2**	2.0	n/a	3.25	2.0
Weighted average, initial healthcare cost trend rate	**n/a**	**9**	**n/a**	**n/a**	n/a	10	n/a	n/a
Weighted average, ultimate healthcare cost trend rate	**n/a**	**5**	**n/a**	**n/a**	n/a	5	n/a	n/a
Expected return on plan assets	**n/a**	**7.75-8**	**7.0**	**n/a**	n/a	8.0	7.25	n/a

Assumed discount rates are used in measurements of pension and postretirement benefit obligations and interest cost components of net periodic cost. The Group selects its assumed discount rates based on the consideration of equivalent yields on high-quality fixed income investments at the measurement date.

The assumed health care trend rate represents the rate at which health care costs are assumed to increase. Rates are determined based on the Agricultural and Construction equipment Sector specific experience and various trend factors including general and health care sector-specific inflation projections from the United States Department of Health and Human Services Health Care Financing Administration. The initial trend is a short-term assumption based on recent experience and prevailing market conditions. The ultimate trend is a long-term assumption of health care cost inflation based, among others on general inflation, incremental medical inflation, technology, new medicine, aging population and a changing mix of medical services. The change in the U.S. assumed health care trend rate from 2007 to 2008 is a result of recent health care cost experience.

The expected long-term rate of return on plan assets reflects management’s expectations on long-term average rates of return on funds invested to provide for benefits included in the projected benefit obligations. The expected return is based on the outlook for inflation, fixed income returns and equity returns, while also considering asset allocation and investment strategy, premiums for active management to the extent asset classes are actively managed and plan expenses. Historical return patterns and correlations, consensus return forecasts and other relevant financial factors are analysed to check for reasonability and appropriateness.

The amounts recognised in the balance sheet for post-employment benefits at 31 December 2008 and 2007 are as follows:

	Employee severance indemnity		Pension Plans		Health care plans		Other	
(€ millions)	At 31 December 2008	At 31 December 2007	At 31 December 2008	At 31 December 2007	At 31 December 2008	At 31 December 2007	At 31 December 2008	At 31 December 2007
Present value of funded obligations	–	–	**1,614**	2,274	**821**	779	–	–
Fair Value of plan assets	–	–	**(1,554)**	(2,036)	**(39)**	(47)	–	–
	–	–	**60**	238	**782**	732	–	–
Present value of unfunded obligations	**1,062**	1,133	**653**	456	**27**	38	**288**	279
Unrecognised actuarial gains (losses)	**67**	47	**(211)**	(4)	**49**	51	**(10)**	(14)
Unrecognised past service cost	–	–	–	(3)	**18**	25	**(31)**	(12)
Unrecognised assets	–	–	**6**	6	–	–	–	–
Net liability	**1,129**	1,180	**508**	693	**876**	846	**247**	253
Amounts in the balance sheet:								
Liabilities	**1,129**	1,180	**616**	711	**876**	846	**247**	253
Assets	–	–	**(108)**	(18)	–	–	–	–
Net liability	**1,129**	1,180	**508**	693	**876**	846	**247**	253

The amounts recognised in the income statement for Post-employment benefits are as follows:

	Employee severance indemnity		Pension Plans		Health care plans		Other	
(€ millions)	2008	2007	2008	2007	2008	2007	2008	2007
Current service cost	–	–	**37**	32	**5**	8	**14**	11
Interest costs	**53**	50	**147**	152	**48**	57	**14**	12
Expected return on plan assets	–	–	**(151)**	(155)	**(6)**	(1)	–	–
Net actuarial losses (gains) recognised	–	–	**2**	1	–	5	–	3
Past service costs	–	–	**1**	–	**(8)**	(9)	**2**	–
Paragraph 58 adjustment	–	–	**(2)**	2	–	–	–	–
Losses (gains) on curtailments and settlements	–	(26)	**(2)**	(4)	–	2	**(6)**	(3)
Total Costs (gains)	**53**	24	**32**	28	**39**	62	**24**	23
Actual return on plan assets	**n/a**	n/a	**(274)**	111	**(11)**	–	**n/a**	n/a

Changes in the present value of Post-employment obligations are as follows:

(€ millions)	Employee severance indemnity 2008	2007	Pension Plans 2008	2007	Health care plans 2008	2007	Other 2008	2007
Present value of obligation at the beginning of the year	**1,133**	1,362	**2,730**	3,107	**817**	1,109	**279**	278
Current service cost	**–**	–	**37**	32	**5**	8	**14**	11
Interest costs	**53**	50	**147**	152	**48**	57	**14**	12
Contribution by plan participants	**–**	–	**5**	7	**3**	3	**–**	–
Actuarial losses (gains) generated	**(17)**	(49)	**(262)**	(187)	**(13)**	(206)	**(9)**	(2)
Exchange rate differences	**–**	–	**(218)**	(209)	**40**	(97)	**(3)**	(1)
Benefits paid	**(100)**	(148)	**(163)**	(166)	**(52)**	(58)	**(35)**	(30)
Past service cost	**–**	–	**–**	–	**–**	–	**21**	11
Change in scope of consolidation	**33**	44	**10**	–	**–**	–	**(3)**	–
(Gains) Losses on curtailments	**–**	(117)	**(2)**	(1)	**–**	1	**(6)**	(3)
(Gains) Losses on settlements	**–**	–	**–**	(2)	**–**	–	**–**	–
Other changes	**(40)**	(9)	**(17)**	(3)	**–**	–	**6**	3
Present value of obligation at the end of the year	**1,062**	1,133	**2,267**	2,730	**848**	817	**288**	**279**

The past service cost arising during the year in relation to Other benefits regards a change made to French regulations of the *Indemnité de depart à la retraite* plan (the *National Interprofessional Agreement* – ANI), which led to an increase in the minimum amount due to employees in the case of voluntary resignation. The increased benefit payable to employees for this matter is being amortised as an expense over the average service period of the employees to whom the agreement relates. The law introducing the *Indemnité de départ à la retraite* had already been amended in 2007, with the changes reflected as past service cost in the variations of the present value of the obligation being recognised in income as they accrue over a period of approximately 15 years.

The changes in legislation introduced in 2007 regarding the Employee severance indemnity led to a reduction in the present value of the obligation at 1 January 2007 by a total of €117 million; the income from this reduction was offset in 2007 by the immediate recognition in the income statement of the unrecognised actuarial losses of €91 million at 31 December 2006, with the result that net income of €26 million arising from the reduction was recognised in that year.

Changes in the fair value of plan assets are as follows:

(€ millions)	Pension Plans 2008	2007	Health care plans 2008	2007
Fair value of plan assets at the beginning of the year	**2,036**	2,176	**47**	–
Expected return on plan assets	**151**	155	**6**	1
Actuarial gains (losses) generated	**(425)**	(44)	**(17)**	(1)
Exchange rate differences	**(208)**	(181)	**3**	(4)
Contribution by employer	**139**	75	**49**	106
Contribution by plan participants	**5**	7	**3**	3
Benefits paid	**(150)**	(152)	**(52)**	(58)
Change in scope of consolidation	**7**	–	**–**	–
(Gains) losses on settlements	**–**	(1)	**–**	–
Other changes	**(1)**	1	**–**	–
Fair value of plan assets at the end of the year	**1,554**	2,036	**39**	47

As discussed earlier, the Group, and in particular the companies of the CNH – Case New Holland Sector, began making contributions on a voluntary basis in 2007 to a separate and independently managed fund established to finance the North American health care plans.

Plan assets for Post-employment benefits and Health-care benefits mainly consist of listed equity instruments and fixed income securities; plan assets do not include treasury shares of Fiat S.p.A. or properties occupied by Group companies.

Plan assets may be summarised as follows:

In %	At 31 December 2008	At 31 December 2007
Third party equity instruments	**35**	58
Third party debt instruments	**57**	39
Properties occupied by third parties	**1**	1
Other assets	**7**	2

Assumed health care cost trend rates have a significant effect on the amount recognised in the 2008 income statement. A one percentage point change in assumed health care cost trend rates would have the following effects:

(€ millions)	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service costs and interest cost	**5**	**(4)**
Effect on defined benefit obligation	**75**	**(64)**

The present value of the defined benefit obligations, the fair value of plan assets and the surplus or deficit of the plans for 2008 and at the end of the four previous years is as follows:

(€ millions)	At 31 December 2008	At 31 December 2007	At 31 December 2006	At 31 December 2005	At 31 December 2004
Present value of obligation:					
- Employee severance indemnity	**1,062**	1,133	1,362	1,417	1,243
- Pension plans	**2,267**	2,730	3,107	3,186	2,830
- Health care plans	**848**	817	1,109	1,417	1,186
- Others	**288**	279	278	323	278
Fair value of plan assets					
- Pension plans	**1,554**	2,036	2,176	2,115	1,709
- Health care plans	**39**	47	–	–	–
Surplus (deficit) of the plan:					
- Employee severance indemnity	**(1,062)**	(1,133)	(1,362)	(1,417)	(1,243)
- Pension plans	**(713)**	(694)	(931)	(1,071)	(1,121)
- Health care plans	**(809)**	(770)	(1,109)	(1,417)	(1,186)
- Others	**(288)**	(279)	(278)	(323)	(278)

The best estimate of expected contribution to pension and health care plan for 2009 is as follows:

(€ millions)	2009
Pension plans	126
Health care plans	59
Total expected contribution	**185**

26. Other provisions

Changes in Other provisions are as follows:

(€ millions)	At 31 December 2007	Charge	Utilisation	Release to income	Other changes	At 31 December 2008
Warranty provision	1,334	1,230	(1,166)	(68)	(34)	**1,296**
Restructuring provision	308	138	(144)	(28)	5	**279**
Investment provision	90	–	–	(39)	(3)	**48**
Other risks	3,233	3,282	(2,892)	(231)	(237)	**3,155**
Total Other provisions	4,965	4,650	(4,202)	(366)	(269)	**4,778**

The effect of discounting provisions amounts to €8 million in 2008 and has been included in the Other changes as the negative effect of exchange rate differences amounting to €191 million.

The warranty provision represents management's best estimate of commitments given by the Group for contractual, legal or constructive obligations arising from product warranties given for a specified period of time which begins at the date of delivery to the customer. This estimate has been calculated considering, past experience and specific contractual terms.

The restructuring provision comprises the estimated amount of benefits payable to employees on termination in connection with restructuring plans amounting to €217 million at 31 December 2008 (€230 million at 31 December 2007), other costs for exiting activities amounting to€34 million at 31 December 2008 (€51 million at 31 December 2007) and other costs totalling €28 million at 31 December 2008 (€27 million at 31 December 2007).

The total balance at 31 December 2008 relates to restructuring programs of the following Sectors (in € million): Fiat Group Automobiles 91 (129 at 31 December 2007); Agricultural and Construction equipment 17 (55 at 31 December 2007); FPT Powertrain Technologies 19 (29 at 31 December 2007), Trucks and Commercial Vehicles 21 (23 at 31 December 2007); Metallurgical Products 16 (14 at 31 December 2007); Components 65 (8 at 31 December 2007); Production Systems 20 (28 at 31 December 2007); Other sectors 30 (22 at 31 December 2007).

The provision for other risks represents the amounts set aside by the individual companies of the Group principally in connection with contractual and commercial risks and disputes. The more significant balances of these provisions are as follows:

(€ millions)	At 31 December 2008	At 31 December 2007
Sales Incentives	**939**	873
Legal proceedings and other disputes	**729**	740
Commercial risks	**782**	922
Environmental risks	**77**	72
Indemnities	**61**	58
Other reserves for risk and charges	**567**	568
Total Other risks	**3,155**	3,233

A description of these follows:

■ *Sales Incentives* - these provisions relate to sales incentives that are offered on a contractual basis to the Group's dealer networks, primarily on the basis of the dealers achieving a specific cumulative level of revenue transactions during the calendar year. This provision is estimated based on the information available regarding the sales made by the dealers during the calendar year. The provision also includes sales incentives such as cash rebates announced by the Group and provided by dealers to customers, for which the dealers are reimbursed. The Group records these provisions when it is probable that the incentive will be provided and the Group's inventory is sold to its dealers. The Group estimates these provisions based on the expected use of these rebates with respect to the volume of vehicles that has been sold to the dealers.

■ *Legal proceedings and other disputes* - this provision represents management's best estimate of the liability to be recognised by the Group with regard to:

– Legal proceedings arising in the ordinary course of business with dealers, customers, suppliers or regulators (such as contractual or patent disputes).

– Legal proceedings involving claims with active and former employees.

– Legal proceedings involving different tax authorities.

None of these provisions is individually significant. Each Group company recognises a provision for legal proceedings when it is deemed probable that the proceedings will result in an outflow of resources. In determining their best estimate of the probable liability, each Group company evaluates their legal proceedings on a case-by-case basis to estimate the probable losses that typically arise from events of the type giving rise to the liability. Their estimate takes into account, as applicable, the views of legal counsel and other experts, the experience of the Group and others in similar situations and the Group's intentions with regard to further action in each proceeding. Fiat's consolidated provision aggregates these individual provisions established by each of the Group's companies.

■ *Commercial risks* - this provision includes the amount of obligations arising in connection with the sale of products and services such as extended warranty agreements and maintenance contracts. An accrual is recorded when the expected costs to complete the services under these contracts exceed the revenues expected to be realised. This provision also includes management's best estimate of the costs that are expected to be incurred in connection with product defects that could result in a larger recall of vehicles. This provision for risks is developed through an assessment of reported damages or returns on a case-by-case basis.

■ *Environmental risks* - based upon currently available information, the reserve represents management's best estimate of the Group's possible environmental obligations. Amounts included in the estimate comprise direct costs to be incurred in connection with environmental obligations associated with current or formerly owned facilities and sites. This provision also includes costs related to claims on environmental matters.

■ *Indemnities* - the reserve for indemnities relates to contractual indemnities provided by the Group in connection with divestitures carried out in 2008 and prior years. These liabilities primarily arise from indemnities relating to contingent liabilities in existence at the time of the sale, as well as those covering any breach of the representations and warranties provided in the contract and, in certain instances, environmental or tax matters. These provisions were determined estimating the amount of the expected outflow of resources, taking into consideration the relevant level of probability of occurrence.

27. Debt

A breakdown of debt and an analysis by due date is as follows:

	At 31 December 2008				At 31 December 2007			
(€ millions)	Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total
Asset-backed financing	**4,647**	**1,845**	**171**	**6,663**	4,070	2,707	43	6,820
- Bonds	**785**	**4,642**	**1,609**	**7,036**	431	4,101	2,534	7,066
- Borrowings from banks	**3,250**	**2,953**	**163**	**6,366**	1,559	993	170	2,722
- Payables represented by securities	**94**	**16**	**–**	**110**	149	14	–	163
- Other	**793**	**162**	**249**	**1,204**	809	155	216	1,180
Total Other debt	**4,922**	**7,773**	**2,021**	**14,716**	2,948	5,263	2,920	11,131
Total Debt	**9,569**	**9,618**	**2,192**	**21,379**	7,018	7,970	2,963	17,951

The item Asset-backed financing represents the amount of financing received through both securitisation and factoring transactions which do not meet IAS 39 derecognition requirements and is recognised as an asset in the balance sheet under the item Receivables from financing activities (Note 19).

The bonds issued by the Group are governed by different terms and conditions according to their type as follows:

■ *Global Medium Term Note (GMTN Program)*: a maximum of €15 billion may be used under this Program, of which notes of approximately €5 billion have been issued to date; the Program is guaranteed by Fiat S.p.A. The issuer taking part in the program is, among others, Fiat Finance & Trade Ltd. S.A. for an amount outstanding of €3,768 million. As a part of this Program, a new bond having a nominal value of €1 billion was issued in 2007 by Fiat Finance North America Inc. at a price of 99.232 bearing fixed interest at 5.625% and repayable on June 12, 2017.

■ *Other bonds*: these refer to the following issues:

– a bond issued by Fiat Finance & Trade Ltd. S.A. having a nominal value of €1 billion, issued at par, bearing fixed interest at 6.625% and repayable on 15 February 2013.

– a bond issued by Case New Holland Inc. ("CNH Inc.") having for an amount of 500 million of US dollars (equivalent to €359 million), issued in 2006 at par, bearing annual interest at 7.125% and repayable in 2014.

– bond issued by Case New Holland Inc. in 2004 (bearing coupon interest at 6.00% and repayable on 1 June 2009 for an amount of 500 million U.S. dollars, equivalent to €359 million).

– bonds issued by CNH America LLC for a total amount outstanding of 254 million of US dollars, equivalent to €183 million.

The decrease in the item Bonds in 2008 arises from the repayment at the due date of the second fixed annual instalment of €123 million in connection with the "Fiat Step-Up Amortizing" bond issued under the Global Medium Term Notes Program and from the repayment at the due date of Other minor bonds of €102 million. These repayments have been partially offset by the issuance under the Global Medium Term Notes (GMTN) Program of a new bond amounting to €50 million by Fiat Finance Canada, by exchange rate differences and by the effect of changes arising from fair value hedging.

The unaudited prospectuses and offering circulars, or their abstracts, relating to these principal bond issues are available on the Group's website at www.fiatgroup.com under "Investor Relations – Financial Reports".

Most of the bonds issued by the Group impose covenants on the issuer and, in certain cases, on Fiat S.p.A. as guarantor, which is standard international practice for similar bonds issued by companies in the same industry sector as the Group. Such covenants include: (i) negative pledge clauses which require that bonds benefit from any existing or future pledges of assets of the issuer and/or Fiat S.p.A. granted in connection with other bonds or debt securities having the same ranking; (ii) pari passu clauses, under which no obligations ranking senior to the bonds in question may be assumed; (iii) periodic disclosure obligations; (iv) for certain bond issues, cross-default clauses which require immediate repayment of the bonds under certain events of default on other financial instruments issued by the Group; and, (v) other clauses that are generally applicable to securities of a similar type.

The above-mentioned bonds issued by CNH Inc. contain, moreover, financial covenants common to the high yield American bond market which place restrictions, among other things, on the possibility of the issuer and certain companies of the CNH group to secure new debt, pay dividends or buy back treasury shares, realise certain investments, conclude transactions with associated companies, give collateral on its assets, conclude sale and leaseback transactions, sell certain fixed assets or merge with other companies, and financial covenants which impose a maximum limit on further indebtedness by the CNH group companies which cannot exceed a specific ratio of cash flows to dividend payments and financial expenses.

The above commitments and covenants are subject to various exceptions and limitations and, in particular, some of them would no longer be binding or would be less restrictive if the bonds issued by CNH were assigned an investment grade rating by Standard & Poor's Rating Services and/or Moody's Investors Service.

The major bond issues outstanding at 31 December 2008 are the following:

	Currency	Face value of outstanding bonds (in millions)	Coupon	Maturity	Outstanding amount (€ millions)
Global Medium Term Notes:					
Fiat Finance and Trade Ltd S.A. (1)	EUR	1,000	6.25%	24 February 2010	1,000
Fiat Finance and Trade Ltd S.A. (1)	EUR	1,300	6.75%	25 May 2011	1,300
Fiat Finance and Trade Ltd S.A. (1)	EUR	370	(2)	(2)	370
Fiat Finance and Trade Ltd S.A. (3)	EUR	1,000	5.625%	15 November 2011	1,000
Fiat Finance North America Inc. (3)	EUR	1,000	5.625%	12 June 2017	1,000
Others (4)		148			148
Total Global Medium Term Notes					**4,818**
Other bonds:					
Case New Holland Inc.	USD	500	6.00%	1 June 2009	359
Fiat Finance and Trade Ltd S.A. (3)	EUR	1,000	6.625%	15 February 2013	1,000
Case New Holland Inc.	USD	500	7.125%	1 March 2014	359
CNH America LLC	USD	254	7.25%	15 January 2016	183
Total Other bonds					**1,901**
Hedging effect and amortised cost valuation					317
Total Bonds					**7,036**

(1) Bonds listed on the Mercato Obbligazionario Telematico of the Italian Stock Exchange (EuroMot). and also on the Luxembourg Stock Exchange.
(2) "Fiat Step-Up Amortizing 2001-2011" bonds repayable at face value in five equal annual instalments each for 20% of the total issued (€617 million) due beginning from the sixth year (7 November 2007) by reducing the face value of each bond outstanding by one-fifth. The last instalment will be repaid on 7 November 2011. The bonds pay coupon interest equal to: 4.40% in the first year (7 November 2002), 4.60% in the second year (7 November 2003), 4.80% in the third year (7 November 2004), 5.00% in the fourth year (7 November 2005), 5.20% in the fifth year (7 November 2006), 5.40% in the sixth year (7 November 2007), 5.90% in the seventh year (7 November 2008), 6.40% in the eighth year (7 November 2009), 6.90% in the ninth year (7 November 2010), 7.40% in the tenth year (7 November 2011).
(3) Bond listed on the Irish Stock Exchange.
(4) Bonds with amounts outstanding equal to or less than the equivalent of €50 million.

The Group intends to repay the issued bonds in cash at due date by utilising available liquid resources. In addition, the companies in the Group may from time to time buy back bonds on the market that have been issued by the Group, also for purposes of their cancellation. Such buy backs, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

Committed credit lines expiring after the end of 2009, amounting to approximately €2 billion, were almost entirely used at 31 December 2008.

The annual interest rates and the nominal currencies of debt at 31 December 2008 are as follows:

					Interest rate	
(€ millions)	less than 5%	from 5% to 7.5%	from 7.5% to 10%	from 10% to 12.5%	greater than 12.5%	Total
Euro	4,974	6,211	83	–	1	**11,269**
US dollar	4,726	1,288	53	12	–	**6,079**
Brazilian real	162	123	1,293	61	829	**2,468**
Canadian dollar	849	–	–	–	–	**849**
Australian dollar	307	75	–	–	–	**382**
Argentine peso	–	–	–	–	47	**47**
British pound	–	40	–	–	–	**40**
Other	39	150	11	–	45	**245**
Total Debt	**11,057**	**7,887**	**1,440**	**73**	**922**	**21,379**

Debt with annual nominal interest rates in excess of 12.5% relates principally to the companies operating in Argentina, Brazil and India.

For further information on the management of interest rate and currency risk reference should be made to the previous section Risk Management and to Note 33.

The fair value of Debt at 31 December 2008 amounts approximately to €19,932 million (approximately €18,014 million at 31 December 2007), determined using the quoted market price of financial instruments, if available, or the related future cash flows. The amount is calculated using the interest rates stated in Note 19, suitably adjusted to take account of the Group's current creditworthiness.

At 31 December 2008 the Group had outstanding financial lease agreements for certain property, plant and equipment whose net carrying amount totalling €310 million (€249 million at 31 December 2007) is included in the item Property, plant and equipment (Note 15). Payables for finance leases included in the item Other debt amount to €276 million at 31 December 2008 (€228 million at 31 December 2007) and are analysed as follows:

	At 31 December 2008				At 31 December 2007			
(€ millions)	Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total
Minimum future lease payments	**55**	**116**	**109**	**280**	56	118	58	232
Interest expense	**(2)**	**(2)**	**–**	**(4)**	(2)	(2)	–	(4)
Present value of minimum lease payments	**53**	**114**	**109**	**276**	54	116	58	228

As discussed in Note 15, finance lease payables also relate to suppliers' assets recognised in the Consolidated financial statements in accordance with IFRIC 4.

Debt secured by mortgages on assets of the Group amounts to €378 million at 31 December 2008 (€357 million at 31 December 2007), of which €276 million (€228 million at 31 December 2007) due to creditors for assets acquired under finance leases. The total carrying amount of assets acting as security for loans amounts to €466 million at 31 December 2008 (€411 million at 31 December 2007). In addition, it is recalled that the group's assets include current receivables and set-aside cash to be used for settling asset-backed financing of €6,663 million at 31 December 2008 (€6,820 million at 31 December 2007).

Net financial position

In compliance with Consob Regulation issued on 28 July 2006 and in conformity with 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 is as follows:

(€ millions)	At 31 December 2008	of which Related parties	At 31 December 2007	of which Related parties
A. Cash and cash equivalents	3,683	101	6,639	–
B. Cash and cash equivalents included as Assets held for sale	–	–	2	–
C. Current securities (securities held for trading)	177	–	291	–
D. Liquidity (A) + (B) + (C)	**3,860**	**101**	6,932	–
E. Receivables from financing activities (Current financial receivables)	**13,136**	**134**	12,268	331
- of which: From jointly controlled financial services entities	3	3	81	81
F. Other financial assets	**764**	**46**	703	–
G. Debt	**21,379**	**773**	17,951	617
H. Other financial liabilities	**1,202**	**95**	188	–
I. Net financial position (I) = (D+E+F-G-H):	**(4,821)**	**(587)**	1,764	(286)

The item Receivables from financing activities includes the entire portfolio of the financial services entities, classified as current assets as they will be realised during the normal operating cycle of these companies.

The following is reconciliation between Net financial position as presented in the above table and Net debt as presented in the Report on Operations:

(€ millions)	At 31 December 2008	At 31 December 2007
Consolidated net debt as presented in the Report on Operations	**(17,954)**	(10,423)
Less: Current financial receivables, excluding those due from jointly controlled financial services companies amounting to €3 million at 31 December 2008 (amounting to €81 million at 31 December 2007)	13,133	12,187
Net financial position	**(4,821)**	1,764

Reference should be made to Notes 19, 20, 21 and 22 and the information provided in Note 27 for a further analysis of the items in the table.

28. Trade payables

An analysis by due date of trade payables is as follows:

(€ millions)	At 31 December 2008 Due within one year	Due between one and five years	Due beyond five years	Total	At 31 December 2007 Due within one year	Due between one and five years	Due beyond five years	Total
Trade payables	**13,224**	**33**	**1**	**13,258**	14,720	2	3	14,725

The carrying amount of Trade payables is considered in line with their fair value at the balance sheet date.

29. Other current liabilities

An analysis of Other current liabilities is as follows:

(€ millions)	At 31 December 2008	At 31 December 2007
Advances on buy-back agreements	**2,256**	2,513
Indirect tax payables	**1,063**	879
Accrued expenses and deferred income	**1,024**	1,083
Payables to personnel	**527**	594
Social security payables	**408**	368
Amounts due to customers for contract work (Note 18)	**81**	383
Other minor	**826**	752
Total current liabilities	**6,185**	6,572

An analysis of Other current liabilities (excluding Accrued expenses and deferred income) by due date is as follows:

(€ millions)	At 31 December 2008 Due within one year	Due between one and five years	Due beyond five years	Total	At 31 December 2007 Due within one year	Due between one and five years	Due beyond five years	Total
Other current liabilities, excluding Accrued expenses and deferred income	**4,279**	**844**	**38**	**5,161**	4,591	836	62	5,489

The item Advances on buy-back agreements refers to agreements entered into by the Group during the year or which still remain effective at the balance sheet date. An amount of €1,208 million relate to assets included in Property, plant and equipment, with the balance of €1,048 million relating to inventories. The item Advances on buy-back agreements represents the following:

- at the date of the sale, the price received for the product is recognised as an advance in liabilities;

- subsequently, since the difference between the original sales price and the repurchase price is recognised in the income statement as operating lease instalments on a straight line basis over the lease term, the balance represents the remaining lease instalments yet to be recognised in income plus the repurchase price.

The carrying amount of Other current liabilities is considered in line with their fair value.

30. Guarantees granted, commitments and contingent liabilities

Guarantees granted

At 31 December 2008, the Group has provided guarantees on the debt or commitments of third parties or jointly controlled and associated entities totalling €569 million, which has fallen from the amount of €725 million at 31 December 2007 following the repayment of certain guaranteed loans by joint venture companies.

Other commitments and important contractual rights

The Group has important commitments and rights deriving from outstanding agreements, summarised in the following.

Ferrari

On 24 July 2008 the expiry date of the call option held by Mubadala Development Company PJSC on 5% of Ferrari S.p.A.'s share capital was extended. This option is now exercisable between 1 January 2010 and 31 July 2010 at a price of €302.07 per share (for a total of €122.4 million) less any dividends which may be distributed.

Teksid

Fiat S.p.A. is subject to a put contract with Renault in reference to the original investment of 33.5% in Teksid, now 15.2%. In particular, Renault would acquire the right to exercise a sale option to Fiat on its interest in Teksid, in the following cases:

- in the event of non-fulfilment in the application of the protocol of the agreement and admission to receivership or any other redressement procedure;

- in the event Renault's investment in Teksid falls below 15% or Teksid decides to invest in a structural manner outside the foundry sector;

- should Fiat be the object of the acquisition of control by another car manufacturer.

The exercise price of the option is established as follows:

- for the original 6.5% of the 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.

Sales of receivables

The Group has discounted receivables and bills without recourse having due dates after 31 December 2008 amounting to €5,825 million (€7,044 million at 31 December 2007, with due dates after that date), which refer to trade receivables and other receivables for €4,054 million (€5,524 million at 31 December 2007) and receivables from financing for €1,771 million (€1,520 million at 31 December 2007). These amounts include receivables, mainly from the sales network, sold to jointly-controlled financial services companies (FAFS) for €3,181 million (€3,817 million at 31 December 2007) and associated financial service companies (Iveco Finance Holdings, controlled by Barclays) for €752 million (€869 million at 31 December 2007).

Operating lease contracts

The Group enters into operating lease contracts for the right to use industrial buildings and equipments with an average term of 10-20 years and 3-5 years, respectively. The total future minimum lease payments under non-cancellable lease contracts are as follows:

	At 31 December 2008				At 31 December 2007			
(€ millions)	Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total
Future minimum lease payments under operating lease agreements	**88**	**201**	**162**	**451**	64	122	128	314

During 2008, the Group has recorded costs for lease payments for €94 million (€67 million in 2007).

Contingent liabilities

As a global company with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, environmental risks and tax matters. The outcome of any current or future proceedings cannot be predicted with certainty. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group financial position and results. At 31 December 2008, contingent liabilities estimated by the Group amount to approximately €190 million (approximately €200 million at 31 December 2007), for which no provisions have been recognised since an outflow of resources is not considered to be probable. Furthermore, contingent assets and expected reimbursement in connection with these contingent liabilities for approximately €20 million (€20 million at 31 December 2007) have been estimated but not recognised.

Instead, when it is probable that an outflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, the Group recognises specific provision for this purpose.

Furthermore, in connection with significant asset divestitures carried out in prior years, the Group provided indemnities to purchasers with the maximum amount of potential liability under these contracts generally capped at a percentage of the purchase price. These liabilities primarily relate to potential liabilities arising from breach of representations and warranties provided in the contracts and, in certain instances, environmental or tax matters, generally for a limited period of time. At 31 December 2008, potential obligations with respect to these indemnities are approximately €877 million (approximately €866 million at 31 December 2007), against which provisions of €61 million (€58 million 31 December 2007) have been made, classified as Other provisions. The Group has provided certain other indemnifications that do not limit potential payment; it is not possible to estimate a maximum amount of potential future payments that could result from claims made under these indemnities.

The question relating to the participation of certain Fiat Group companies, belonging to the CNH and Iveco Sectors, in the Oil-for-Food Program was concluded in 2008 with signing of two settlement agreements with the SEC and the US Department of Justice (DOJ). Following the report presented in October 2006 by the Independent Inquiry Committee into the United Nations Oil-for-Food Program on the conduct of the approximately 2,000 companies involved in the Program, between 1999 and 2002, which alleges that certain of these companies were party to contracts where sums of money were paid inappropriately to the Iraqi government at the time, in February 2006 the SEC initiated an investigation into a large number of companies, including some belonging to the Fiat Group, and the US DOJ also subsequently instituted a similar initiative. The Fiat Group closed the matter with the US authorities, with whom it has cooperated fully, by coming to a settlement agreement in 2008 which led to payment by Group companies totalling €13 million (equivalent to US$17 million, provisions were made in the 2007 Consolidated financial statements based on an estimated potential liability of over US$20 million). The settlement papers acknowledge Fiat's high level of cooperation and the fact that the Group has strengthened its compliance programmes and internal control system considerably since the period in which the events took place.

31. Segment reporting

The operating segments through which the Group carries out its activities are based on the internal reporting used by the Group's Chief Executive Officer to make strategic decisions. That reporting, which reflects the Group's current organisational structure, is broken down by the various products and services offered by the Group and prepared in accordance with the accounting policies described under Significant Accounting Policies above.

The individual operating segments derive revenues from their usual production and sales activities as follows:

- Fiat Group Automobiles derives its revenues from the production and sale of passenger cars and light commercial vehicles, in addition to the provision of financial services associated with the sale of those vehicles in markets outside of the European Union. Financial services activities within the European Union are, however, carried out through a 50/50 joint venture between Fiat Group Automobiles Financial Services and the Crédit Agricole group.

- The Maserati segment derives its revenues from the production and sale of Maserati-brand luxury sport cars.

- The Ferrari segment derives its revenues from the production and sale of Ferrari-brand luxury sport cars, in addition to management of the Formula 1 team and financial services offered in conjunction with its vehicle sales.

- The Agricultural and Construction Equipment segment (CNH-Case New Holland) is active globally in the design, production and sale of agricultural and construction equipment. This segment also provides financial services to its end customers and dealers.

- The Trucks and Commercial Vehicles segment (Iveco) derives its revenues from the production and sale, predominantly in Europe, of commercial vehicles, buses and special use vehicles. The segment also offers financial services directly to its customers and dealers in Eastern Europe, while in Western Europe they are offered through Iveco Finance Holdings Ltd., which is owned 51% by the Barclays Group and 49% by Iveco.

- The FPT Powertrain Technologies segment (FPT) derives its revenues from the production and sale of engines and transmissions for passenger and commercial vehicles (P&CV), in addition to the powertrain activities of Iveco (Industrial & Marine) and Centro Ricerche Fiat.

- The Components segment (Magneti Marelli) derives its revenues from the production and sale of lighting components, engine control units, suspensions, shock absorbers, electronic systems, exhaust systems and plastic moulding components activities and After Market.

- The Metallurgical Products segment (Teksid) derives its revenues from the production and sale of cast iron components for engines, transmissions and suspension systems, and aluminium cylinder heads.

- The Production System segment (Comau) derives its revenues from the design and production of industrial automation systems and related products for the automotive sector.

The Group assesses performance of its operating segments on the basis of Trading profit, Operating profit and Result from investments made by those segments.

Revenues for each reported segment are those directly generated by or attributable to the segment as a result of its usual business activities and include revenues from transactions with third parties as well as those derived from transactions with other segments, recognised at normal market prices. For those operating segments which also carry out financial services activities, revenues include interest income and other financial income derived from those activities. Segment expenses represent expenses derived from each segment's business activities both with third parties and other operating segments or which may otherwise be directly attributable to it. Expenses derived from business activities with other segments are recognised at normal market prices. For those operating segments which also carry out financial services activities, expenses include interest expense and other financial expense derived from those activities.

The measure used to assess profit and loss for each operating segment is the Operating profit/(loss). Trading Profit is reported as a specific part of the Operating profit/(loss) to separate the income and expense that is non-recurring in the ordinary operations of the business, such as gains and losses from the disposals of equity investments or restructuring costs from profit or loss attributable to the Segments. Financial income and expense and taxes not derived from operating activities are recognised centrally and reported under Unallocated items and adjustments.

All profit and loss items reported are recognised in accordance with the same accounting principles adopted for preparation of the Group's Consolidated financial statements.

Details of the income statement by operating segment for the years ended 31 December 2008 and 2007 is as follows:

(€ millions)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Other Operating Segments	Unallocated items & adjustments	FIAT Group
2008												
Segment revenues	26,937	825	1,921	12,723	10,768	7,000	5,447	837	1,123	1,394	(9,595)	**59,380**
Revenues from transactions with other operating segments	(247)	(109)	(94)	(9)	(115)	(5,491)	(2,179)	(300)	(381)	(670)	9,595	**–**
Revenues from external customers	**26,690**	**716**	**1,827**	**12,714**	**10,653**	**1,509**	**3,268**	**537**	**742**	**724**	**–**	**59,380**
Trading profit	**691**	**72**	**339**	**1,122**	**838**	**166**	**174**	**41**	**21**	**(65)**	**(37)**	**3,362**
Unusual income/(expense)	(231)	–	2	24	(59)	(4)	(81)	8	(21)	(29)	1	**(390)**
Operating profit/(loss)	**460**	**72**	**341**	**1,146**	**779**	**162**	**93**	**49**	**–**	**(94)**	**(36)**	**2,972**
Financial income/(expense)											(947)	**(947)**
Interest in profit/(loss) of joint ventures and associates accounted for by the equity method	94	–	–	38	12	(28)	–	2	1	11	3	**133**
Other profit/(loss) from investments	(1)	–	–	–	22	–	–	–	–	4	4	**29**
Result from investments	**93**	**–**	**–**	**38**	**34**	**(28)**	**–**	**2**	**1**	**15**	**7**	**162**
Profit before taxes												**2,187**
Income taxes											**466**	**466**
Profit from continuing operations												**1,721**
Amortisation and depreciation	(1,421)	(73)	(158)	(297)	(426)	(344)	(255)	(26)	(20)			
Goodwill impairment	–	–	–	–	-	–	–	–	(12)			
Non-cash items other than depreciation and amortisation	(1,391)	(64)	(40)	(2,251)	(599)	(113)	(140)	(22)	(38)			
Reversal of impairment losses on Intangible assets and Property, plan and equipment	15	–	–	17	1	–	1	–	–			

(€ millions)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Other Operating Segments	Unallocated items & adjustments	FIAT Group
2007												
Segment revenues	26,812	694	1,668	11,843	11,196	7,075	5,000	783	1,089	1,374	(9,005)	58,529
Revenues from transactions with other operating segments	(303)	(28)	(84)	(15)	(93)	(5,412)	(1,829)	(242)	(374)	(625)	9,005	–
Revenues from external customers	**26,509**	**666**	**1,584**	**11,828**	**11,103**	**1,663**	**3,171**	**541**	**715**	**749**	**–**	58,529
Trading profit	**803**	**24**	**266**	**990**	**813**	**271**	**214**	**47**	**(23)**	**(110)**	**(62)**	3,233
Unusual income/(expense)	(168)	(2)	–	(37)	(10)	(14)	(5)	–	(10)	189	(24)	(81)
Operating profit/(loss)	**635**	**22**	**266**	**953**	**803**	**257**	**209**	**47**	**(33)**	**79**	**(86)**	3,152
Financial income/(expense)											(564)	(564)
Interest in profit/(loss) of joint ventures and associates accounted for by the equity method	98	–	4	70	6	1	1	3	–	26	1	210
Other profit/(loss) from investments	(22)	–	–	–	(6)	–	–	–	–	4	(1)	(25)
Result from investments	**76**	**–**	**4**	**70**	**–**	**1**	**1**	**3**	**–**	**30**	**–**	185
Profit before taxes												2,773
Income taxes											**719**	719
Profit from continuing operations												2,054
Amortisation and depreciation	(1,338)	(49)	(129)	(306)	(421)	(358)	(209)	(26)	(23)			
Goodwill impairment	–	–	–	–	–	–	–	–	(1)			
Non-cash items other than depreciation and amortisation	(1,674)	(72)	(42)	(1,720)	(579)	(68)	(73)	(15)	(40)			
Reversal of impairment losses on Intangible assets and Property, plan and equipment	–	–	–	–	3	–	–	–	–			

Segment assets are those assets employed by each segment in carrying out its usual activities or those which may be reasonably allocated to it on the basis of its usual activities, including the value of investments in joint ventures and associates. Segment liabilities are those liabilities arising directly from each segment's usual activities or which may be reasonably allocated to it on the basis of its usual activities. The Group's treasury and tax activities are managed centrally and, therefore, are not allocated to the individual segments as they are not directly related to operating activities. These assets and liabilities are not included under the assets and liabilities attributed to the segments, but rather are reported under "Unallocated items and adjustments". In particular, treasury assets include amounts receivable from financing activities, other non-current receivables, securities other financial assets, and cash and cash equivalents of the Group's industrial entities. Treasury liabilities, however, include debt and other financial liabilities of the Group's industrial entities, net of current financial receivables from jointly-controlled financial services entities. As the segment net profit or loss includes Interest income and other financial income and Interest expense and other financial expense of the financial services entities, the operating assets of Fiat Group Automobiles, Ferrari, CNH-Case New Holland and Iveco also include the financial assets (predominantly the loan portfolio) of their financial services companies. Similarly, liabilities for those segments include the debt of the financial services companies. Therefore, the unallocated Group debt represents the debt of industrial entities only.

The reported segment assets and liabilities are recognised in accordance with the same accounting principles adopted for preparation of the Group's Consolidated financial statements.

(€ millions)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Other Operating Segments	Unallocated items & adjustments	FIAT Group
At 31 December 2008												
Segment assets	**15,958**	**437**	**1,542**	**19,958**	**8,097**	**4,953**	**3,123**	**497**	**751**	**14,898**	**(15,473)**	**54,741**
Tax assets											3,156	**3,156**
Receivables from financing activities, Non-current Other receivables and Securities of industrial companies											386	**386**
Cash and cash equivalents, Current securities and Other financial assets of industrial companies											3,489	**3,489**
Total Treasury assets											**3,875**	**3,875**
Total unallocated assets											**7,031**	**7,031**
Total Assets												**61,772**
Segment operating assets include:												
Investments in associates and joint-ventures accounted for by the equity method	1,010	–	–	336	354	50	7	24	1			
Increases in non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	2,306	73	311	687	841	927	479	41	17			
Segment liabilities	**15,184**	**657**	**1,726**	**20,257**	**7,948**	**3,908**	**2,675**	**431**	**667**	**12,901**	**(14,907)**	**51,447**
Tax liabilities											887	**887**
Treasury liabilities											9,438	**9,438**
Total unallocated liabilities											**10,325**	**10,325**
Total Liabilities												**61,772**

(€ millions)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Other Operating Segments	Unallocated items & adjustments	FIAT Group
At 31 December 2007												
Segment assets	**15,203**	**364**	**1,079**	**18,816**	**6,839**	**4,337**	**2,658**	**565**	**1,132**	**14,194**	**(15,019)**	**50,168**
Tax assets											3,045	**3,045**
Receivables from financing activities, Non-current Other receivables and Securities of industrial companies											471	**471**
Cash and cash equivalents, Current securities and Other financial assets of industrial companies											6,452	**6,452**
Total Treasury assets											**6,923**	**6,923**
Total unallocated assets											**9,968**	**9,968**
Total Assets												**60,136**
Segment operating assets include:												
Investments in associates and joint-ventures accounted for by the equity method	1,051	–	6	350	322	47	2	20	1			
Increases in non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	1,876	97	249	658	769	365	336	34	33			
Segment liabilities	**16,860**	**571**	**1,300**	**19,891**	**7,690**	**3,823**	**2,915**	**501**	**1,052**	**12,878**	**(14,618)**	**52,863**
Tax liabilities											1,176	**1,176**
Treasury liabilities											6,097	**6,097**
Total unallocated liabilities											**7,273**	**7,273**
Total Liabilities												**60,136**

32. Information by geographical area

The Group's parent company has its registered office in Italy. In 2008, revenues derived from external customers in Italy totalled € 14,316 million (€15,857 million in 2007) and revenues derived from external customers in the rest of the world totalled € 45,064 million (€42,672million in 2007). Following is a breakdown of revenues derived from external customers in the Rest of the World countries:

(€ millions)	2008	2007
Brazil	**8,691**	7,120
France	**4,948**	4,531
United States	**4,723**	4,818
Germany	**4,597**	4,676
UK	**2,349**	2,488
Spain	**2,242**	3,242
Poland	**1,390**	1,058
Turkey	**1,195**	1,231
Other	**14,929**	13,508
Total revenues from external customers in RoW	**45,064**	42,672

Total non-current Assets, excluding financial assets, deferred tax assets, defined benefit assets and rights arising under insurance contracts located in Italy totalled €11,622 million at 31 December 2008 (€10,391 million at 31 December 2007) and the total of such assets located in the Rest of the World totalled €10,522 million at 31 December 2008 (€9,816 million at 31 December 2007). Non-current assets located in the Rest of the World are broken down as follows:

(€ millions)	At 31 December 2008	At 31 December 2007
United States	**3,003**	2,720
Brazil	**1,525**	1,372
Poland	**1,130**	1,111
France	**1,005**	910
Germany	**826**	820
Spain	**686**	654
Other	**2,347**	2,229
Total non current assets in RoW	**10,522**	9,816

In 2007 and 2008, no single external customer of the Group accounted for 10 percent or more of consolidated revenues.

33. Information on financial risks

The Group is exposed to the following financial risks connected with its operations:

- credit risk, regarding its normal business relations with customers and dealers, and its financing activities;

- liquidity risk, with particular reference to the availability of funds and access to the credit market and to financial instruments in general;

- market risk (principally relating to exchange rates, interest rates), since the Group operates at an international level in different currencies and uses financial instruments which generate interest. The Group is also exposed to the risk of changes in the price of certain listed shares.

As described in the section "Risk management", the Group constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance and take the necessary action to mitigate them.

The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the Group.

The quantitative data reported in the following do not have any value of a prospective nature, in particular the sensitivity analysis on market risks, is unable to reflect the complexity of the market and its related reaction which may result from every change which may occur.

Credit risk

The maximum credit risk to which the Group is theoretically exposed at 31 December 2008 is represented by the carrying amounts stated for financial assets in the balance sheet and the nominal value of the guarantees provided on liabilities or commitments to third parties as discussed in Note 30.

Dealers and final customers are subject to specific assessments of their creditworthiness under a detailed scoring system; in addition to carrying out this screening process, the Group also obtains financial and non-financial guarantees for credit granted for the sale of cars, commercial vehicles and Agricultural and Construction equipment. These guarantees are further strengthened where possible by reserve of title clauses on financed vehicle sales to the sales network and on vehicles assigned under finance leasing agreements.

Balances which are objectively uncollectible either in part or for the whole amount are written down on a specific basis if they are individually significant. The amount of the write-down takes into account an estimate of the recoverable cash flows and the date of receipt, the costs of recovery and the fair value of any guarantees received. General provisions are made for receivables which are not written down on a specific basis, determined on the basis of historical experience and statistical information.

Out of Receivables for financing activities amounting to €13,136 million at 31 December 2008 (€12,268 million at 31 December 2007), balances totalling €82 million (€89 million at 31 December 2007) have been written down on an individual basis. Of the remainder, balances totalling €263 million (€174 million at 31 December 2007) are past due up to one month, while balances totalling €413 million are past due by more than one month (€277 million at 31 December 2007). In the event of instalment payments, even if only one instalment is overdue, the whole amount of the receivable is classified as such.

Out of Trade receivables and Other receivables totalling €6,763 million at 31 December 2008 (€6,434 million at 31 December 2007), balances totalling €101 million (€94 million at 31 December 2007) have been written down on an individual basis. Of the remainder, balances totalling €363 million (€367 million at 31 December 2007) are past due up to one month, while balances totalling €615 million (€476 million at 31 December 2007) are past due by more than one month.

The increase in the past due component reflects the difficult overall situation, which has also affected the Group's customers and dealers, in particular in Eastern Europe. The receivables positions concerned are monitored with particular care and, in general, are covered by bank guarantees or reservation of title clauses.

Banco CNH Capital S.A. participates in various agricultural development/subsidy programs of the Brazilian government, provided through the Banco Nacional de Desenvolvimento Economico e Social ("BNDES"). Under such programs BNDES provides credit lines to Banco CNH, at subsidised interest rates, such that Banco CNH can provide subsidised financing to farmers for purchases of agricultural equipment. In 2005, 2006 and 2007, in support of the struggling agricultural sector, the Brazilian government granted a series of payment moratorium extending the loan payment terms and rescheduling, at the same time, the maturity of payments due on the credit lines provided to Banco CNH and all other financial services participants in the program.

Also in 2008, the Brazilian government announced a new debt relief program that allowed an additional extension of credit terms to the farmers, mostly subject to the payment of at least 40% of the amount due in 2008. As in previous moratorium, Banco CNH and other financial institutions participating in the program would receive an equal extension of principal amounts due to BNDES. As of 31 December 2008, the total remaining value of the outstanding financings and credit lines that are eligible under the renegotiation programs, was approximately 2.6 billion Reais (€0.8 billion). The final maturity for the minimum downpayment has been postponed to March 2009.

Liquidity risk

Liquidity risk arises if the Group is unable to obtain under economic conditions the funds needed to carry out its operations.

The two main factors that determine the Group's liquidity situation are on one side the funds generated by or used in operating and investing activities and on the other the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

As described in the Risk management section, the Group has adopted a series of policies and procedures whose purpose is to optimise the management of funds and to reduce the liquidity risk, as follows:

- centralising the management of receipts and payments, where it may be economical in the context of the local civil, currency and fiscal regulations of the countries in which the Group is present;
- maintaining an adequate level of available liquidity;
- diversifying the means by which funds are obtained and maintaining a continuous and active presence on the capital markets;
- obtaining adequate credit lines; and
- monitoring future liquidity on the basis of business planning.

Details as to the repayment structure of the Group's financial assets and debt are provided in Notes 19 and 27, which are entitled respectively Current receivables and Debt.

Management believes that the funds currently available, in addition to those funds that will be generated from operating and funding activities, will enable the Group to satisfy its requirements resulting from its investing activities and its working capital needs and to fulfil its obligations to repay its debts at their natural due date.

Currency risk

The Group is exposed to risk resulting from changes in exchange rates, which can affect its earnings and equity. In particular:

■ Where a Group company incurs costs in a currency different from that of its revenues, any change in exchange rates can affect the operating profit/(loss) of that company. In 2008, the total trade flows exposed to currency risk amounted to the equivalent of 14% of the Group's turnover (14% in 2007). The principal exchange rates to which the Group is exposed are the following:

- EUR/USD, relating to sales in dollars made by Italian companies (in particular Ferrari and Maserati) to the North American market and to other markets in which the dollar is the trading currency, and to the production and purchases of the Agricultural and Construction Equipment Sector in the Euro area;
- EUR/GBP, principally in relation to sales by Fiat Group Automobiles and Iveco on the UK market;
- EUR/PLN, relating to local costs incurred in Poland regarding products sold in the Euro area;
- USD/BRL and EUR/BRL, relating to Brazilian manufacturing operations and the related import and export flows, for which the company is a net exporter in US dollars.

The trading flows exposed to changes in these exchange rates amounted in 2008 to about 69% of the total currency risk from trading transactions. Other significant exposures regard the exchange rates EUR/CHF, EUR/TRY, USD/CAD, AUD/USD, GBP/USD, USD/JPY, ARS/USD and CZK/EUR. None of these exposures, taken individually, exceeded 5% of the Group's total transaction exchange risk exposure in 2008. It is the Group's policy to use derivative financial instruments to hedge a certain percentage, on average between 55% and 85%, of the trading transaction exchange risk exposure forecast for the coming 12 months (including such risk beyond that date where it is believed to be appropriate in relation to the characteristics of the business) and to hedge completely the exposure resulting from firm commitments.

■ Group companies may find themselves with trade receivables or payables denominated in a currency different from the money of account of the company itself. In addition, in a limited number of cases, it may be convenient from an economic point of view or it may be required under local market conditions, for companies to obtain finance or use funds in a currency different from the money of account. Changes in exchange rates may result in exchange gains or losses arising from these situations. It is the Group's policy to hedge fully, whenever possible, the exposure resulting from receivables, payables and securities denominated in foreign currencies different from the company's money of account.

■ Certain of the Group's subsidiaries are located in countries which are not members of the European monetary union, in particular the United States, Canada, United Kingdom, Switzerland, Czech Republic, Brazil, Poland, Turkey, India, China, Argentina and South Africa. As the Group's reference currency is the Euro, the income statements of those countries are converted into euros using the average exchange rate for the period, and while revenues and margins are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs and the result in Euros.

■ The assets and liabilities of consolidated companies whose money of account is different from the euros may acquire converted values in euros which differ as a function of the variations in exchange rates. The effects of these changes are recognised directly in the item Cumulative translation differences included in shareholders' equity (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 2008 in the nature or structure of exposure to currency risk or in the Group's hedging policies.

Sensitivity analysis

The potential loss in fair value of derivative financial instruments held by the Group at 31 December 2008 for managing exchange risk (currency swaps/forward, currency options and interest rate and currency swaps), which would arise in the case of a hypothetical, unfavourable and instantaneous change of 10% in the exchange rates of the major foreign currencies with the Euro, amounts to approximately €687 million (€580 million at 31 December 2007). The valuation model for currency options assumes that market volatility at year end remains unchanged.

Receivables, payables and future trade flows whose hedging transactions have been analysed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

The increase over the prior year is mainly due to increased hedging levels.

Interest rate risk

The manufacturing companies and treasuries of the Group make use of external funds obtained in the form of financing and invest in monetary and financial market instruments. In addition, Group companies make sales of receivables resulting from their trading activities on a continuing basis. Changes in market interest rates can affect the cost of the various forms of financing, including the sale of receivables, or the return on investments, and the employment of funds, causing an impact on the level of net financial expenses incurred by the Group.

In addition, the financial services companies provide loans (mainly to customers and dealers), financing themselves using various forms of direct debt or asset-backed financing (e.g. securitisation of receivables). Where the characteristics of the variability of the interest rate applied to loans granted differ from those of the variability of the cost of the financing obtained, changes in the current level of interest rates can influence the operating profit/(loss) of those companies and the Group as a whole.

In order to manage these risks, the Group uses interest rate derivative financial instruments, mainly interest rate swaps and forward rate agreements, with the object of mitigating, under economically acceptable conditions, the potential variability of interest rates on net profit/(loss).

Sensitivity analysis

In assessing the potential impact of changes in interest rates, the Group separates out fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows).

The fixed rate financial instruments used by the Group consist principally of part of the portfolio of the financial services companies (basically customer financing and financial leases) and part of debt (including subsidised loans and bonds).

The potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivative financial instruments) held at 31 December 2008, resulting from a hypothetical, unfavourable and instantaneous change of 10% in market interest rates, would have been approximately €47 million (€86 million at 31 December 2007). The minor effect compared to 2007 is due to a reduction in the residual duration of fixed rate liabilities and lower interest rate levels at the end of the year.

Floating rate financial instruments include principally cash and cash equivalents, loans provided by the financial services companies to the sales network and part of debt. The effect of the sale of receivables is also considered in the sensitivity analysis as well as the effect of hedging derivative instruments.

A hypothetical, unfavourable and instantaneous change of 10% in short-term interest rates at 31 December 2008, applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivatives financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately €26 million (€9 million at 31 December 2007). The increase over 2007 reflects the higher level of debt.

This analysis is based on the assumption that there is a general and instantaneous change of 10% in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

Other risks on derivative financial instruments

As described in Note 21, the Group holds certain derivative financial instruments whose value is linked to the price of listed shares and stock market indices (principally Equity swaps on Fiat shares).

Although theses transactions were entered into for hedging purposes, they do not qualify for hedge accounting under IFRS. As a consequence, the variability of the underlying values could have an effect on the Group's net profit or loss.

In addition the Group entered derivatives contracts linked to commodity prices to hedge specific exposures on supply contracts.

Sensitivity analysis

In the event of a hypothetical, unfavourable and instantaneous change of 10% in the underlying values, the potential loss in fair value of outstanding derivative financial instruments at 31 December 2008 linked to the Fiat share price would be approximately €9 million (€37 million at 31 December 2007). The decrease over the previous year is due to the different price of the share at the end of the year (which is used as a basis for the simulation).

In the event of a hypothetical, unfavourable and instantaneous change of 10% in the underlying raw materials prices, the potential loss in fair value of outstanding derivative financial instruments at 31 December 2008 linked to commodity prices would be approximately €1 million (€4 million at 31 December 2007).

34. Related party transactions

The Group engages in transactions with unconsolidated subsidiaries, jointly controlled entities, associated companies and other related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

The effects of such transactions on the Consolidated income statements for 2008 and 2007 are as follows:

(€ millions)	Total 2008	Unconsolidated Subsidiaries	Jointly controlled entities	Associated companies	Other related parties	Total related parties	Effect on Total (%)
		of which: with related parties					
Net revenues	59,380	32	2,524	443	2	**3,001**	**5.1%**
Cost of sales	49,423	21	4,403	125	61	**4,610**	**9.3%**
Selling, general and administrative costs	5,075	8	23	12	56	**99**	**2.0%**

(€ millions)	Total 2007	Unconsolidated Subsidiaries	Jointly controlled entities	Associated companies	Other related parties	Total related parties	Effect on Total
		of which: with related parties					
Net revenues	58,529	52	2,125	372	2	2,551	4.4%
Cost of sales	48,924	16	3,145	54	49	3,264	6.7%
Selling, general and administrative costs	4,924	10	17	13	99	139	2.8%

The effects on the Consolidated balance sheets at 31 December 2008 and 2007 are as follows:

(€ millions)	At 31 December 2008	Unconsolidated Subsidiaries	Jointly controlled entities	Associated companies	Other related parties	Total related parties	Effect on Total
		of which: with related parties					
Other investments and non current financial assets	278	32	–	16	–	**48**	**17.3%**
Inventories	11,346	–	2	–	–	**2**	**0%**
Trade receivables	4,390	32	462	132	1	**627**	**14.3%**
Current receivables from financing activities	13,136	14	114	4	2	**134**	**1.0%**
Current tax receivables	770	2	–	–	–	**2**	**0.3%**
Other current assets	2,600	7	20	–	24	**51**	**2%**
Current financial assets	967	–	–	–	46	**46**	**4.8%**
Cash and cash equivalents	3,683	–	–	–	101	**101**	**2.7%**
Asset-backed financing	6,663	–	116	143	20	**279**	**4.2%**
Other debt	14,716	35	242	47	170	**494**	**3.4%**
Other financial liabilities	1,202	-	–	–	95	**95**	**7.9%**
Trade payables	13,258	12	961	59	19	**1,051**	**7.9%**
Current tax payables	331	2	–	–	–	**2**	**0.6%**
Other current liabilities	6,185	–	150	–	3	**153**	**2.5%**

(€ millions)	At 31 December 2007	of which: with related parties Unconsolidated Subsidiaries	Jointly controlled entities	Associated companies	Other related parties	Total related parties	Effect on Total
Other investments and non current financial assets	284	44	–	20	–	64	22.5%
Inventories	9,990	–	6	–	–	6	0.1%
Trade receivables	4,384	38	248	80	1	367	8.4%
Current receivables from financing activities	12,268	111	199	21	–	331	2.7%
Current tax receivables	1,153	1	–	–	–	1	0.1%
Other current assets	2,291	165	36	3	–	204	8.9%
Current financial assets	1,016	–	–	–	–	–	–
Cash and cash equivalents	6,639	–	–	–	–	–	–
Asset-backed financing	6,820	–	141	155	–	296	4.3%
Other debt	11,131	40	217	64	–	321	2.9%
Other financial liabilities	188	–	–	–	–	–	–
Trade payables	14,725	30	1,012	40	25	1,107	7.5%
Current tax payables	631	1	–	–	–	1	0.2%
Other current liabilities	6,572	1	116	–	4	121	1.8%

Transactions with jointly controlled entities

Significant transactions with jointly controlled entities are set out as follows:

- Net revenues: transactions consist principally of the sales of motor vehicles, production systems and components, including engines and gearboxes, and the provision of services, to the following companies:

(€ millions)	2008	2007
Società Europea Veicoli Leggeri-Sevel S.p.A., for the sale of engines, other components and production systems	**937**	771
Tofas-Turk Otomobil Fabrikasi Tofas A.S., for the sale of motor vehicles	**914**	942
Fiat Group Automobiles Financial Services S.p.A. for the sale of motor vehicles	**190**	148
Fiat India Automobiles Limited, for the provision of services, recharges of research costs and the sale of materials	**179**	–
CNH de Mexico SA de CV, for the sale of agricultural and construction equipment	**86**	26
Iveco Fiat-Oto Melara Società consortile, for the sale of vehicles and special transport	**58**	90
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme, for the sale of engines and other components and production systems	**58**	73
Turk Traktor Ve Ziraat Makineleri A.S., for the sale of agricultural and construction equipment	**41**	21
New Holland HFT Japan Inc., for the sale of agricultural and construction equipment	**28**	15
Other	**33**	39
Total Net revenues from jointly controlled entities	**2,524**	2,125

■ Cost of sales: transactions have taken place principally with the following companies:

(€ millions)	2008	2007
Società Europea Veicoli Leggeri-Sevel S.p.A., for the purchase of motor vehicles	**2,023**	1,435
Tofas-Turk Otomobil Fabrikasi Tofas A.S., for the purchase of motor vehicles	**1,272**	828
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme, for the purchase of motor vehicles	**696**	560
Fiat Group Automobiles Financial Services S.p.A.	**190**	159
Other	**222**	163
Total Cost of sales for purchases from jointly controlled entities	**4,403**	3,145

■ Trade receivables: these relate to receivables resulting from the revenues discussed above and those arising from the Group's trade relationships with FAFS, which mostly regard the sales of vehicles leased out by FAFS in its own turn under operating or financial lease arrangements. In particular:

(€ millions)	At 31 December 2008	At 31 December 2007
Fiat India Automobiles Limited	**183**	24
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	**85**	66
Società Europea Veicoli Leggeri-Sevel S.p.A.	**55**	62
Fiat Group Automobiles Financial Services S.p.A.	**48**	60
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	**3**	2
Other	**88**	34
Total Current trade receivables due from jointly controlled entities	**462**	248

■ Current receivables from financing activities of €114 million (€199 million at 31 December 2007): these relate to receivables resulting from financial activities carried out by the Group with jointly controlled entities and receivables of €3 million at 31 December 2008 (€81 million at 31 December 2007) from jointly controlled financial service companies (FAFS) resulting from the financing of the sales network.

■ Other current assets of €20 million (€36 million at 31 December 2007): these relate mostly to other receivables of €15 million due from FAFS at 31 December 2008 (€16 million at 31 December 2007).

■ Asset-backed financing of €116 million (€141 million at 31 December 2007): these relate to amounts due to FAFS for sales of receivables which do not qualify as sales under IAS 39.

■ Other financial payables of €242 million (€217 million at 31 December 2007): this item includes €230 million of other payables of a financial nature due to FAFS (€214 million at 31 December 2007).

- Trade payables: these relate to payables resulting from the costs discussed above and those arising from the Group's trade relationships with FAFS. In particular:

(€ millions)	At 31 December 2008	At 31 December 2007
Società Europea Veicoli Leggeri-Sevel S.p.A.	**438**	525
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	**297**	269
Fiat Group Automobiles Financial Services S.p.A.	**124**	47
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	**51**	106
Other	**51**	65
Total Trade payables due to jointly controlled entities	**961**	1,012

Transactions with associated companies

The principal transactions are as follows:

- Net Revenues: transactions consist principally of the sales of motor vehicles and components, including engines and gearboxes, production systems, and the provision of services, to the following companies:

(€ millions)	2008	2007
Iveco Finance Holdings Ltd. (a subsidiary of the Barclays group), for the sale of industrial vehicles leased out by the associate	**226**	219
Otoyol Sanayi A.S., for the sale of industrial vehicles	**18**	16
Others	**199**	137
Total Net Revenues from associated companies	**443**	372

- Trade receivables of €132 million (€80 million at 31 December 2007): these relate to receivables resulting from the revenues discussed above.

Transactions with other related parties

The principal transaction in this category relates to an amount of €61 million (€49 million in 2007) classified in Cost of sales; included in this balance is the purchase of steel from the Corus group, which is part of the Tata group, for an amount of €36 million (an amount of €30 million in 2007), the purchase of goods of €16 million (€11 million in 2007) for the high range and deluxe upholstery of the Group's automobiles from Poltrona Frau S.p.A., a company listed on the Italian Stock Exchange in which the chairman of the Board of Directors of Fiat S.p.A., Luca Cordero di Montezemolo, has an indirect investment. The Selling, general and administrative costs include sponsorship costs of €13 million in 2008 (€9 million in 2007) relating to the second part of the 2007-2008 and the 2008-2009 football seasons pursuant the contract signed with Juventus Football Club S.p.A. in 2007.

As regards the balance sheet at 31 December 2008 this category also includes balances arising from transactions with the Crédit Agricole group.

A building has been purchased in Turin which was formerly owned by the Giovanni Agnelli Foundation and which is partially used by Fiat Group companies. The purchase price was determined on the basis of an independent appraisal.

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:

(€ millions)	2008	2007
Directors (a)	**17,923**	53,147
Statutory auditors	**164**	192
Total Emoluments	**18,087**	**53,339**

(a) This amount includes for both 2008 and 2007 the notional compensation cost arising from stock options granted to the Chief Executive Officer.

The aggregate expense incurred in 2008 and accrued at year end for the compensation of Executives with strategic responsibilities of the Group amounts to approximately €16 million. This amount is inclusive of the following:

- the notional compensation income arising from stock options granted to certain Executives of approximately €1 million;
- the amount contributed by the Group to State and employer defined contribution pension funds of approximately €6 million;
- the amount contributed by the Group to a special defined benefit plan for certain senior Executives amounting to €1 million.

These costs consist of compensation for Executives with strategic responsibilities who were already working for the Group in 2007 and continue with the Group in 2008, as well as for management personnel who took on key responsibilities in 2008.

35. Acquisitions and Disposals of subsidiaries

Acquisitions

In 2008, the Group acquired the following subsidiaries:

- On 20 March 2008 FPT Powertrain Technologies fully acquired Tritec Motors Limitada from Chrysler L.L.C. and subsequently changed its name to FPT Powertrain do Brasil – Industria e Comércio de Motores Ltda, leading to the recognition of a goodwill for €1 million. This goodwill continues to be recognised in the balance sheet at 31 December 2008 since the acquired company is capable of achieving a high level of profitability and additional benefits will arise from the purchase. The IFRS book value of the acquiree's assets and liabilities at the acquisition date and immediately after the acquisition were as follows:

(€ millions)	IFRS book value at the acquisition date	IFRS book value immediately after the acquisition
Non current assets	38	69
Current assets	27	27
Total assets	**65**	**96**
Liabilities	1	24
Contingent liabilities	–	–

■ On 6 December 2007, the Group acquired the entire ownership of the Ergom group which carries out its business in the automotive sector. Consolidation of the Ergom Group on a line-by-line basis began during the second quarter of 2008, in this case with effect from 1 January 2008, leading to the recognition of a goodwill for €5 million. This goodwill continues to be recognised in the balance sheet at 31 December 2008 since the acquired group is capable of achieving a high level of profitability, synergies from the acquisition are expected to provide value and additional benefits will arise from the purchase. The IFRS book value of the Ergom group's assets and liabilities at the acquisition date and immediately after the acquisition were as follows:

(€ millions)	IFRS book value at the acquisition date	IFRS book value immediately after the acquisition
Non current assets	388	388
Current assets	245	245
Total assets	**633**	**633**
Liabilities	633	633
Contingent liabilities	–	–

If the acquisition date for these transactions had been 1 January 2008, consolidated revenues and net income for the period would have remained substantially unchanged.

In addition, the Group acquired in 2008 minority interests in companies in which it already held control, leading to the recognition of the following cash outflows:

(€ millions)	Purchased minority interest	Cash outflows on acquisition	Goodwill recognised at the acquisition date
Acquisition of the remaining capital of EEA shares	33.33%	13	–
Total	**33.33%**	**13**	**–**

In 2007, the Group acquired the following subsidiaries:

■ At the end of April 2007 Magneti Marelli reacquired control of Automotive Spare Parts Distribution Operations (After Market Parts and Services business line) following its acquisition of 60,54% of Concordia Finance S.A., leading to the recognition of a goodwill for €37 million. This goodwill continues to be recognised in the balance sheet at 31 December 2007 since the acquired company is capable of achieving a high level of profitability and additional benefits will arise from the purchase. The IFRS book value of the acquiree's assets and liabilities at the acquisition date and immediately after the acquisition were as follows:

(€ millions)	IFRS book value at the acquisition date	IFRS book value immediately after the acquisition
Non current assets	48	71
Current assets	88	88
Total assets	**136**	**159**
Liabilities	126	133
Contingent liabilities	–	–

■ In May 2007 the Group acquired the entire ownership of the I.T.C.A. group which carries out its business in the automotive sector, leading to the recognition of a goodwill for €10 million. This goodwill continues to be recognised in the balance sheet at 31 December 2007 since the acquired group is capable of achieving a high level of profitability, synergies from the acquisition are expected to provide value and additional benefits will arise from the purchase. The IFRS book value of the acquiree's assets and liabilities at the acquisition date and immediately after the acquisition were as follows:

(€ millions)	IFRS book value at the acquisition date	IFRS book value immediately after the acquisition
Non current assets	182	133
Current assets	160	160
Total assets	**342**	**293**
Liabilities	335	335
Contingent liabilities	1	1

■ In August 2007 the Group acquired the entire ownership of Teksid Aluminum S.r.l., leading to the recognition of a goodwill for €7 million. This goodwill continues to be recognised in the balance sheet at 31 December 2007 since the acquired company is capable of achieving a high level of profitability, synergies from the acquisition are expected to provide value and additional benefits will arise from the purchase. The IFRS book value of the acquiree's assets and liabilities at the acquisition date and immediately after the acquisition were as follows:

(€ millions)	IFRS book value at the acquisition date	IFRS book value immediately after the acquisition
Non current assets	67	74
Current assets	43	43
Total assets	**110**	**117**
Liabilities	117	117
Contingent liabilities	–	–

Disposals

In 2008 the Group disposed of the following businesses:

■ The investments in ITS-GSA Fiat Group France S.A.S., ITS-GSA Deutschland GmbH and ITS-GSA U.K. Limited were sold during the second quarter of 2008; these had already been classified as assets held for sale in the Consolidated financial statements for the year ended 31 December 2007.

■ The investment in Teksid Aluminum Getti Speciali S.r.l. (already included under Assets held for sale in the Consolidated Financial Statements at 31 December 2007) was sold during the third quarter of 2008.

The book value at the disposal date of the net assets sold is summarised in the following table:

(€ millions)	Total sales of consolidated subsidiaries
Non-current assets	–
Cash and cash equivalents	1
Other current assets	12
Total assets	**13**
Debt	–
Other liabilities	8
Total liabilities	**8**

The consideration received for these sales of consolidated subsidiaries and the related net cash inflows are as follows:

(€ millions)	Total sales of consolidated subsidiaries
Consideration received:	
- Consideration due	1
- Less: Deferred sales proceeds, net	–
Total Consideration received	**1**
Net cash inflows on disposals:	
- Consideration received	1
- Less: Cash and cash equivalents disposed of	(1)
Total Net cash inflows on disposals	**–**
Total Net cash inflows generated	**–**

For the sake of completeness details of the consideration received for the sales of other investments and the related net cash inflows are provided as follows:

(€ millions)	Total sales of Other investments
Consideration received:	
- Consideration due	73
- Less: Deferred sales proceeds, net	(15)
Total Consideration received	**58**
Total Net cash inflows on disposals	**58**

The Group disposed of the following businesses in 2007:

- On 28 February 2007, the sale of subsidiary Ingest Facility S.p.A. was concluded.
- On 2 March 2007, the sale of Meridian Technologies Inc. was finalised.

■ On 28 December 2007, the Group completed the steps being taken to establish a 50/50 joint venture with Tata Motors. On that date, therefore, the assets and liabilities of the Indian business of the Fiat Group Automobiles Sector, previously classified as assets and liabilities held for sale, were transferred to the joint venture and were no longer consolidated in that manner.

The book value at the disposal date of the net assets sold is summarised in the following table:

(€ millions)	Total sales of consolidated subsidiaries	Ingest	Meridian	of which Fiat India
Non-current assets	343	3	124	215
Cash and cash equivalents	16	2	8	6
Other current assets	233	133	70	27
Total assets	**592**	**138**	**202**	**248**
Debt	111	–	32	79
Other liabilities	261	133	61	65
Total liabilities	**372**	**133**	**93**	**144**

The consideration received for these sales of consolidated subsidiaries and the related net cash inflows in 2007 are as follows:

(€ millions)	Total sales of consolidated subsidiaries	Ingest	Meridian	of which Fiat India
Consideration received:				
- Consideration due	158	50	63	37
- Less: Deferred sales proceeds, net	(3)	–	–	(3)
Total Consideration received	**155**	**50**	**63**	**34**
Net cash inflows on disposals:				
- Consideration received	155	50	63	34
- Less: Cash and cash equivalents disposed of	(15)	(1)	(8)	(6)
Total Net cash inflows on disposals	**140**	**49**	**55**	**28**
- Reimbursement of loans extended by the Group's centralised cash management	9	–	9	–
Total Net cash inflows generated	**149**	**49**	**64**	**28**

For the sake of completeness details of the consideration received for the sales of other investments and the related net cash inflows in 2007 are provided as follows:

(€ millions)	Total sales of other investments	of which Mediobanca
Total Consideration received	251	225
Total Net cash inflows generated	251	225

36. Non-recurring transactions

No significant non-recurring operations as defined by Consob Communication of 28 July 2006, were carried out by the Group in 2008.

For disclosure purposes it is recalled that the Group has entered certain important targeted industrial and/or sales agreements during the year (in many cases these are still at the stage of the "Letter of intent") under which manufacturing and/or commercial joint ventures will be set up in foreign countries, development and growth will be agreed with other operators in the automotive business and vehicles will be constructed on behalf of other manufacturers and/or the manufacturing know how will be sold. These agreements, which have by now become part of the Group's ordinary operations, had had no significant effect on the amounts stated in the Consolidated financial statements through 31 December 2008.

37. Transactions resulting from unusual and/or abnormal operations

Pursuant to the Consob Communication of 28 July 2006, the Group has not taken part in 2008 in any unusual and/or abnormal operations as defined in that Communication (reference should be made to the section Format of the financial statements for a definition of these).

38. Translation of financial statements denominated in a currency other than Euro

The principal exchange rates used in 2008 and 2007 to translate into euros the financial statements prepared in currencies other than the euros were as follows:

	Average 2008	At 31 December 2008	Average 2007	At 31 December 2007
U.S. dollar	**1.471**	**1.392**	1.370	1.472
Pound sterling	**0.796**	**0.953**	0.684	0.733
Swiss franc	**1.587**	**1.485**	1.643	1.655
Polish zloty	**3.512**	**4.154**	3.784	3.594
Brazilian real	**2.674**	**3.244**	2.670	2.607
Argentine peso	**4.679**	**4.800**	4.309	4.667

39. Subsequent events

The principal events that have occurred after the balance sheet date are as follows:

- On 20 January 2009, Fiat S.p.A., Chrysler LLC (Chrysler) and Cerberus Capital Management L.P., the private investment majority owner of Chrysler LLC, announced the signing of a non-binding term sheet for the establishment of a global strategic alliance. According to the term sheet, the alliance, to be a key element of Chrysler's viability plan, would provide Chrysler with access to competitive, fuel-efficient vehicle platforms, powertrains, and components to be produced at Chrysler manufacturing sites. Fiat would also provide distribution capabilities in key growth markets, as well as substantial cost-saving opportunities. In addition, Fiat would provide management services, as required, in support of Chrysler's submission of a viability plan to the U.S. Treasury. The alliance would also allow Fiat Group and Chrysler to take advantage of each other's distribution networks and to fully optimize their respective manufacturing footprints and global supplier bases. As consideration for the Group's contribution of strategic assets – consisting of product and platform sharing (including city and compact segment vehicles), technology sharing (including fuel efficient and environmentally friendly powertrain technologies), and access to additional markets (including distribution for Chrysler vehicles in markets outside of North America). Fiat would receive an initial 35 percent equity interest in Chrysler. The alliance does not contemplate that Fiat would make a cash investment in Chrysler or commit to funding Chrysler in the future. The proposed alliance would be consistent with the terms and conditions of the U.S. Treasury financing to Chrysler and completion is subject to due diligence and regulatory approvals, including the approval of the U.S. Treasury.

- On 27 January 2009, Magneti Marelli and SAIC Motor Corporation Ltd., through its subsidiary Shanghai Automobile Gear Works (SAGW), signed a joint venture agreement in China for production of hydraulic components for the Freechoice™ Automated Manual Transmission (AMT) made by Magneti Marelli. Under the agreement, Magneti Marelli and SAGW will take equal interests. The joint venture will be located near Shanghai and is due to be operational in the second half of 2009. At full capacity, the new entity will be capable of producing components for about 350,000 gearboxes a year.

- During January 2009, the three leading credit rating agencies announced that they had placed Fiat's long and short-term ratings under review: Moody's Investors Services placed the ratings under review with a possible downgrade; Standard & Poor's Rating Services placed them on CreditWatch with negative implications (together with the long-term rating for CNH Global N.V.) and Fitch Ratings placed them on Rating Watch Negative.

13 February 2009

On behalf of the Board of Directors

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

Appendix I
The Companies of the Fiat Group

Pursuant to Consob Resolution No. 11971 of 14 May 1999, as subsequently amended (Article 126 of the Regulations), a complete list of Group companies and significant investments is provided on the following pages.
Companies in the list are grouped according to type of control and consolidation method, and are further classified in accordance with IFRS 8 – *Operating Segments*.

For each company, the following information is provided: name, location of registered office, country and share capital (in the original currency). Additionally, the percentage consolidated and the percentage interest held directly by Fiat S.p.A. or its subsidiary is also shown. The column on the far right shows the percentage of voting rights exercisable at an ordinary general meeting, where such percentage differs from the percentage of shares held.

Name	Registered office	Country	Share capital	Currency	% of Group consoli- dation	Interest held by	% interest held	% of voting rights
Controlling company								
Parent company								
Fiat S.p.A.	Turin	Italy	6,377,262,975	EUR	--	--	--	--
Subsidiaries consolidated on a line-by-line basis								
Fiat Group Automobiles								
Fiat Group Automobiles S.p.A.	Turin	Italy	745,031,979	EUR	100.00	Fiat S.p.A.	100.000	
Abarth & C. S.p.A.	Turin	Italy	1,500,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Alfa Romeo Automobiles S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Alfa Romeo U.S.A. S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Banco Fidis de Investimento SA	Betim	Brazil	439,658,836	BRL	100.00	Fidis S.p.A.	75.000	
						Fiat Automoveis S.A. - FIASA	25.000	
Clickar Assistance S.R.L.	Turin	Italy	335,632	EUR	100.00	Fidis S.p.A.	100.000	
Customer Services Centre S.r.l.	Turin	Italy	2,500,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Easy Drive S.r.l.	Turin	Italy	10,400	EUR	100.00	Fiat Group Automobiles S.p.A.	99.000	
						Fiat Center Italia S.p.A.	1.000	
Fiat Auto Argentina S.A. *(business Fiat Group Automobiles)*	Buenos Aires	Argentina	476,464,366	ARS	100.00	Fiat Automoveis S.A. - FIASA	100.000	
Fiat Auto Dealer Financing SA	Brussels	Belgium	62,000	EUR	99.84	Fiat Group Automobiles Belgium S.A.	99.839	
Fiat Auto Poland S.A.	Bielsko-Biala	Poland	660,334,600	PLN	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Auto S.A. de Ahorro para Fines Determinados	Buenos Aires	Argentina	24,535,149	ARS	100.00	Fiat Auto Argentina S.A.	100.000	
Fiat Auto Var S.r.l.	Turin	Italy	7,370,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Automobil Vertriebs GmbH	Frankfurt	Germany	8,700,000	EUR	100.00	Fiat Group Automobiles Germany AG	100.000	
Fiat Automobiles S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Automotive Finance Co. Ltd.	Shanghai	People's Rep.of China	500,000,000	CNY	100.00	Fidis S.p.A.	100.000	
Fiat Automoveis S.A. - FIASA *(business Fiat Group Automobiles)*	Betim	Brazil	1,069,492,850	BRL	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Center (Suisse) S.A.	Meyrin	Switzerland	13,000,000	CHF	100.00	Fiat Group Automobiles Switzerland S.A.	100.000	
Fiat Center Italia S.p.A.	Turin	Italy	2,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat CR Spol. S.R.O.	Prague	Czech Republic	1,000,000	CZK	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Credito Compania Financiera S.A.	Buenos Aires	Argentina	182,843,803	ARS	100.00	Fidis S.p.A.	100.000	
Fiat Finance Netherlands B.V.	Amsterdam	Netherlands	690,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat France	Trappes	France	235,480,520	EUR	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Group Automobiles Austria GmbH	Vienna	Austria	37,000	EUR	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Group Automobiles Belgium S.A.	Brussels	Belgium	13,600,000	EUR	100.00	Fiat Finance Netherlands B.V.	99.998	
						Fiat Group Automobiles Switzerland S.A.	0.002	
Fiat Group Automobiles Denmark A/S	Glostrup	Denmark	55,000,000	DKK	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Group Automobiles Germany AG	Frankfurt	Germany	82,650,000	EUR	100.00	Fiat Finance Netherlands B.V.	99.000	
						Fiat Group Automobiles Switzerland S.A.	1.000	
Fiat Group Automobiles Hellas S.A.	Argyroupoli	Greece	62,033,499	EUR	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Group Automobiles Ireland Ltd.	Dublin	Ireland	5,078,952	EUR	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Group Automobiles Japan K.K.	Minatu-Ku. Tokyo	Japan	420,000,000	JPY	100.00	Fiat Group Automobiles S.p.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Fiat Group Automobiles Maroc S.A.	Casablanca	Morocco	1,000,000	MAD	99.95	Fiat Group Automobiles S.p.A.	99.950	
Fiat Group Automobiles Netherlands B.V.	Lijnden	Netherlands	5,672,250	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Fiat Group Automobiles Portugal, S.A.	Alges	Portugal	1,000,000	EUR	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Group Automobiles South Africa (Proprietary) Ltd	Johannesburg	South Africa	640	ZAR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Spain S.A.	Alcalá De Henares	Spain	8,079,280	EUR	100.00	Fiat Finance Netherlands B.V.	99.998	
						Fiat Group Automobiles Switzerland S.A.	0.002	
Fiat Group Automobiles Switzerland S.A.	Schlieren	Switzerland	21,400,000	CHF	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles UK Ltd	Slough Berkshire	United Kingdom	44,600,000	GBP	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Light Commercial Vehicles S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Magyarorszag Kereskedelmi KFT.	Budapest	Hungary	150,000,000	HUF	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Real Estate Germany GmbH	Frankfurt	Germany	25,000	EUR	100.00	Fiat Automobil Vertriebs GmbH	100.000	
Fiat SR Spol. SR.O.	Bratislava	Slovack Republic	1,000,000	SKK	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Teamsys GmbH	Heilbronn	Germany	500,000	EUR	100.00	Fiat Group Automobiles Germany AG	100.000	
Fiat Versicherungsdienst GmbH	Heilbronn	Germany	26,000	EUR	100.00	Fiat Group Automobiles Germany AG	51.000	
						Rimaco S.A.	49.000	
Fidis S.p.A.	Turin	Italy	250,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
I.T.C.A. Produzione S.p.A.	Grugliasco	Italy	10,000,000	EUR	100.00	I.T.C.A. S.p.A.	100.000	
I.T.C.A. S.p.A.	Grugliasco	Italy	2,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
i-FAST Automotive Logistics S.r.l.	Turin	Italy	1,250,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
i-FAST Container Logistics S.p.A.	Turin	Italy	2,500,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
International Metropolitan Automotive Promotion (France) S.A.	Trappes	France	2,977,680	EUR	100.00	Fiat France	99.997	
Italian Automotive Center S.A.	Brussels	Belgium	9,500,000	EUR	100.00	Fiat Group Automobiles Belgium S.A.	99.988	
						Fiat Group Automobiles S.p.A.	0.012	
Italian Motor Village Ltd.	Slough Berkshire	United Kingdom	1,500,000	GBP	100.00	Fiat Group Automobiles UK Ltd	100.000	
Italian Motor Village S.A.	Alges	Portugal	50,000	EUR	100.00	Fiat Group Automobiles Portugal, S.A.	100.000	
Italian Motor Village, S.L.	Alcalá De Henares	Spain	1,454,420	EUR	100.00	Fiat Group Automobiles Spain S.A.	100.000	
Iveco Latin America Ltda	Vila da Serra	Brazil	334,720,744	BRL	100.00	Iveco España S.L.	51.000	
(business Fiat Group Automobiles)						Fiat Group Automobiles S.p.A.	49.000	
Lancia Automobiles S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Sata-Società Automobilistica Tecnologie Avanzate S.p.A.	Melfi	Italy	276,640,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
SCDR (Ireland) Limited	Dublin	Ireland	70,000	EUR	100.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A. in liquidation	100.000	
SCDR (Switzerland) S.A. in liquidation	Schlieren	Switzerland	100,000	CHF	100.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A. in liquidation	100.000	
SCDR Automotive Limited	Slough Berkshire	United Kingdom	50,000	GBP	100.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A. in liquidation	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Società di Commercializzazione e Distribuzione Ricambi S.p.A. in liquidation	Turin	Italy	100,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Targa Rent S.r.l.	Turin	Italy	310,000	EUR	100.00	Fidis S.p.A.	100.000	
■ Maserati								
Maserati S.p.A.	Modena	Italy	40,000,000	EUR	100.00	Fiat S.p.A.	100.000	
Maserati (Suisse) S.A.	Nyon	Switzerland	250,000	CHF	100.00	Maserati S.p.A.	100.000	
Maserati Deutschland GmbH	Wiesbaden	Germany	500,000	EUR	100.00	Maserati S.p.A.	100.000	
Maserati GB Limited	Slough Berkshire	United Kingdom	20,000	GBP	100.00	Maserati S.p.A.	100.000	
Maserati North America Inc.	Englewood Cliffs	U.S.A.	1,000	USD	100.00	Maserati S.p.A.	100.000	
Maserati West Europe societé par actions simplifiée	Paris	France	37,000	EUR	100.00	Maserati S.p.A.	100.000	
■ Ferrari								
Ferrari S.p.A.	Modena	Italy	20,260,000	EUR	85.00	Fiat S.p.A.	85.000	
410 Park Display Inc.	New York	U.S.A.	100	USD	85.00	Ferrari N.America Inc.	100.000	
Charles Pozzi S.a.r.l.	Levallois-Perret	France	959,519	EUR	85.00	Ferrari West Europe S.A.	100.000	
Ferrari (Suisse) SA	Nyon	Switzerland	1,000,000	CHF	85.00	Ferrari International S.A.	100.000	
Ferrari Deutschland GmbH	Wiesbaden	Germany	1,000,000	EUR	85.00	Ferrari International S.A.	100.000	
Ferrari Financial Services AG	Munich	Germany	1,777,600	EUR	76.50	Ferrari Financial Services S.p.A.	100.000	
Ferrari Financial Services S.p.A.	Modena	Italy	5,100,000	EUR	76.50	Ferrari S.p.A.	90.000	
Ferrari Financial Services, Inc.	Wilmington	U.S.A.	1,000	USD	76.50	Ferrari Financial Services S.p.A.	100.000	
Ferrari GB Limited	Slough Berkshire	United Kingdom	50,000	GBP	85.00	Ferrari International S.A.	100.000	
Ferrari GE.D. S.p.A.	Modena	Italy	11,570,000	EUR	85.00	Ferrari S.p.A.	100.000	
Ferrari International S.A.	Luxembourg	Luxembourg	13,112,000	EUR	85.00	Ferrari S.p.A.	99.999	
						Ferrari N.America Inc.	0.001	
Ferrari Japan KK	Tokyo	Japan	160,050,000	JPY	85.00	Ferrari S.p.A.	100.000	
Ferrari Management Consulting (Shanghai) CO., LTD	Shanghai	People's Rep.of China	2,100,000	USD	85.00	Ferrari S.p.A.	100.000	
Ferrari Maserati Cars International Trading (Shanghai) Co. Ltd.	Shanghai	People's Rep.of China	3,000,000	USD	57.80	Ferrari S.p.A.	68.000	
Ferrari Maserati Cars Sales and Services (Shanghai) CO.,LTD	Shanghai	People's Rep.of China	2,500,000	USD	85.00	Ferrari S.p.A.	100.000	
Ferrari N.America Inc.	Englewood Cliffs	U.S.A.	200,000	USD	85.00	Ferrari S.p.A.	100.000	
Ferrari San Francisco Inc.	Mill Valley	U.S.A.	100,000	USD	85.00	Ferrari N.America Inc.	100.000	
Ferrari West Europe S.A.	Levallois-Perret	France	280,920	EUR	85.00	Société Française de Participations Ferrari - S.F.P.F. S.A.R.L.	100.000	
GSA-Gestions Sportives Automobiles S.A.	Meyrin	Switzerland	1,000,000	CHF	85.00	Ferrari International S.A.	100.000	
Mugello Circuit S.p.A.	Scarperia	Italy	10,000,000	EUR	85.00	Ferrari S.p.A.	90.000	
						Ferrari GE.D. S.p.A.	10.000	
Société Française de Participations Ferrari - S.F.P.F. S.A.R.L.	Levallois-Perret	France	6,000,000	EUR	85.00	Ferrari International S.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ Agricultural and Construction Equipment								
CNH Global N.V.	Amsterdam	Netherlands	534,430,906	EUR	89.26	Fiat Netherlands Holding N.V.	89.197	89.256
						CNH Global N.V.	0.065	0.000
Banco CNH Capital S.A.	Curitiba	Brazil	360,351,014	BRL	89.26	CNH Global N.V.	98.761	
						CNH Latin America Ltda.	1.239	
Bli Group Inc.	Wilmington	U.S.A.	1,000	USD	89.26	CNH America LLC	100.000	
Blue Leaf I.P. Inc.	Wilmington	U.S.A.	1,000	USD	89.26	Bli Group Inc.	100.000	
Case Brazil Holdings Inc.	Wilmington	U.S.A.	1,000	USD	89.26	CNH America LLC	100.000	
Case Canada Receivables, Inc.	Calgary	Canada	1	CAD	89.26	CNH Capital America LLC	100.000	
Case Construction Machinery (Shanghai) Co., Ltd	Shanghai	People's Rep.of China	5,000,000	USD	89.26	CNH Global N.V.	100.000	
Case Credit Holdings Limited	Wilmington	U.S.A.	5	USD	89.26	CNH Capital America LLC	100.000	
Case Dealer Holding Company LLC	Wilmington	U.S.A.	1	USD	89.26	CNH America LLC	100.000	
Case Equipment Holdings Limited	Wilmington	U.S.A.	5	USD	89.26	CNH America LLC	100.000	
Case Equipment International Corporation	Wilmington	U.S.A.	1,000	USD	89.26	CNH America LLC	100.000	
Case Europe S.a.r.l.	Le Plessis-Belleville	France	7,622	EUR	89.26	CNH America LLC	100.000	
Case Harvesting Systems GmbH	Berlin	Germany	281,211	EUR	89.26	CNH America LLC	100.000	
CASE IH Machinery Trading (Shanghai) Co. Ltd.	Shanghai	People's Rep.of China	2,250,000	USD	89.26	CNH America LLC	100.000	
Case India Limited	Wilmington	U.S.A.	5	USD	89.26	CNH America LLC	100.000	
Case International Marketing Inc.	Wilmington	U.S.A.	5	USD	89.26	CNH America LLC	100.000	
Case LBX Holdings Inc.	Wilmington	U.S.A.	5	USD	89.26	CNH America LLC	100.000	
Case New Holland Inc.	Wilmington	U.S.A.	5	USD	89.26	CNH Global N.V.	100.000	
Case United Kingdom Limited	Basildon	United Kingdom	3,763,618	GBP	89.26	CNH America LLC	100.000	
CNH America LLC	Wilmington	U.S.A.	0	USD	89.26	Case New Holland Inc.	100.000	
CNH Argentina S.A.	Buenos Aires	Argentina	29,611,105	ARS	89.26	New Holland Holding (Argentina) S.A.	80.654	
						CNH Latin America Ltda.	19.346	
CNH Asian Holding Limited N.V.	Zedelgem	Belgium	34,594,401	EUR	89.26	CNH Global N.V.	100.000	
CNH Australia Pty Limited	St. Marys	Australia	306,785,439	AUD	89.26	CNH Global N.V.	100.000	
CNH Baumaschinen GmbH	Berlin	Germany	61,355,030	EUR	89.26	CNH Europe Holding S.A.	100.000	
CNH Belgium N.V.	Zedelgem	Belgium	27,268,300	EUR	89.26	CNH Europe Holding S.A.	100.000	
CNH Canada, Ltd.	Toronto	Canada	28,000,100	CAD	89.26	CNH Global N.V.	100.000	
CNH Capital (Europe) plc	Osbertown	Ireland	38,100	EUR	89.26	CNH Capital plc	99.984	
						CNH Europe Holding S.A.	0.003	
						CNH Financial Services A/S	0.003	
						CNH Global N.V.	0.003	
						CNH Trade N.V.	0.003	
						CNH Capital U.K. Ltd	0.002	
						CNH Financial Services S.A.S.	0.002	
CNH Capital America LLC	Wilmington	U.S.A.	0	USD	89.26	CNH Capital LLC	100.000	
CNH Capital Australia Pty Limited	St. Marys	Australia	83,248,874	AUD	89.26	CNH Australia Pty Limited	100.000	
CNH Capital Automotive Receivables LLC	Wilmington	U.S.A.	0	USD	89.26	CNH Capital America LLC	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
CNH Capital Benelux	Zedelgem	Belgium	61,500	EUR	89.26	CNH Global N.V.	98.999	
						CNH Capital U.K. Ltd	1.001	
CNH Capital Canada Insurance Agency Ltd.	Calgary	Canada	1	CAD	89.26	CNH Capital Canada Ltd.	100.000	
CNH Capital Canada Ltd.	Calgary	Canada	1	CAD	89.26	Case Credit Holdings Limited	99.500	
						CNH Canada, Ltd.	0.500	
CNH Capital Insurance Agency Inc.	Wilmington	U.S.A.	5	USD	89.26	CNH Capital America LLC	100.000	
CNH Capital LLC	Wilmington	U.S.A.	0	USD	89.26	CNH America LLC	100.000	
CNH Capital plc	Osbertown	Ireland	6,386,791	EUR	89.26	CNH Global N.V.	100.000	
CNH Capital RACES LLC	Wilmington	U.S.A.	1,000	USD	89.26	CNH Capital America LLC	100.000	
CNH Capital Receivables LLC	Wilmington	U.S.A.	0	USD	89.26	CNH Capital America LLC	100.000	
CNH Capital U.K. Ltd	Basildon	United Kingdom	10,000,001	GBP	89.26	CNH Global N.V.	100.000	
CNH Componentes, S.A. de C.V.	Queretaro	Mexico	135,634,842	MXN	89.26	CNH America LLC	100.000	
CNH Danmark A/S	Hvidovre	Denmark	12,000,000	DKK	89.26	CNH Europe Holding S.A.	100.000	
CNH Deutschland GmbH	Heilbronn	Germany	18,457,650	EUR	89.26	CNH Baumaschinen GmbH	90.000	
						CNH Europe Holding S.A.	10.000	
CNH Engine Corporation	Wilmington	U.S.A.	1,000	USD	89.26	CNH America LLC	100.000	
CNH Europe Holding S.A.	Luxembourg	Luxembourg	53,000,000	USD	89.26	CNH Global N.V.	100.000	
CNH Financial Services A/S	Hvidovre	Denmark	500,000	DKK	89.26	CNH Global N.V.	100.000	
CNH Financial Services GmbH	Heilbronn	Germany	1,151,000	EUR	89.26	CNH Europe Holding S.A.	100.000	
CNH Financial Services S.A.S.	Puteaux	France	50,860,641	EUR	89.26	CNH Global N.V.	98.888	
						CNH Capital Benelux	1.112	
CNH France S.A.	Morigny-Champigny	France	138,813,150	EUR	89.26	CNH Europe Holding S.A.	100.000	
CNH International S.A.	Paradiso	Switzerland	100,000	CHF	89.26	CNH Global N.V.	100.000	
CNH Italia s.p.a.	Modena	Italy	15,600,000	EUR	89.26	CNH Osterreich GmbH	75.000	
						CNH Global N.V.	25.000	
CNH Latin America Ltda.	Contagem	Brazil	654,096,162	BRL	89.26	CNH Global N.V.	85.658	
						Case Brazil Holdings Inc.	12.557	
						Case Equipment International Corporation	1.785	
CNH Maquinaria Spain S.A.	Coslada	Spain	21,000,000	EUR	89.25	CNH Europe Holding S.A.	99.999	
CNH Osterreich GmbH	St. Valentin	Austria	2,000,000	EUR	89.26	CNH Global N.V.	100.000	
CNH Polska Sp. z o.o.	Plock	Poland	162,591,660	PLN	89.26	CNH Belgium N.V.	100.000	
CNH Portugal-Comercio de Tractores e Maquinas Agricolas Ltda	Carnaxide	Portugal	498,798	EUR	89.26	CNH Europe Holding S.A.	99.980	
						CNH Italia s.p.a.	0.020	
CNH Receivables LLC	Wilmington	U.S.A.	0	USD	89.26	CNH Capital America LLC	100.000	
CNH Services (Thailand) Limited	Bangkok	Thailand	10,000,000	THB	89.25	CNH Services S.r.l.	99.997	
CNH Services S.r.l.	Modena	Italy	10,400	EUR	89.26	CNH Italia s.p.a.	100.000	
CNH Trade N.V.	Amsterdam	Netherlands	50,000	EUR	89.26	CNH Global N.V.	100.000	
CNH U.K. Limited	Basildon	United Kingdom	91,262,275	GBP	89.26	New Holland Holding Limited	100.000	
CNH Wholesale Receivables LLC	Wilmington	U.S.A.	0	USD	89.26	CNH Capital America LLC	100.000	
Fiatallis North America LLC	Wilmington	U.S.A.	32	USD	89.26	CNH America LLC	100.000	
Flagship Dealer Holding Company, LLC	Wilmington	U.S.A.	1	USD	89.26	CNH America LLC	100.000	
Flexi-Coil (U.K.) Limited	Basildon	United Kingdom	3,291,776	GBP	89.26	CNH Canada, Ltd.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Harbin New Holland Tractors Co., Ltd.	Harbin	People's Rep.of China	2,859,091	USD	89.26	CNH Asian Holding Limited N.V.	99.000	
						CNH Europe Holding S.A.	1.000	
HFI Holdings Inc.	Wilmington	U.S.A.	1,000	USD	89.26	CNH America LLC	100.000	
JV Uzcaseagroleasing LLC	Tashkent	Uzbekistan	0	USD	45.52	Case Credit Holdings Limited	51.000	
JV UzCaseMash LLC	Tashkent	Uzbekistan	0	USD	53.55	Case Equipment Holdings Limited	60.000	
JV UzCaseService LLC	Tashkent	Uzbekistan	0	USD	45.52	Case Equipment Holdings Limited	51.000	
JV UzCaseTractor LLC	Tashkent	Uzbekistan	0	USD	45.52	Case Equipment Holdings Limited	51.000	
Kobelco Construction Machinery America LLC	Wilmington	U.S.A.	0	USD	58.02	New Holland Excavator Holdings LLC	65.000	
MBA AG	Bassersdorf	Switzerland	4,000,000	CHF	89.26	CNH Global N.V.	100.000	
New Holland Australia Pty Ltd	St. Marys	Australia	1	AUD	89.26	CNH Australia Pty Limited	100.000	
New Holland Credit Australia Pty Limited	St. Marys	Australia	0	AUD	89.26	CNH Capital Australia Pty Limited	100.000	
New Holland Credit Company, LLC	Wilmington	U.S.A.	0	USD	89.26	CNH Capital LLC	100.000	
New Holland Excavator Holdings LLC	Wilmington	U.S.A.	0	USD	89.26	CNH America LLC	100.000	
New Holland Fiat (India) Private Limited	Mumbai	India	12,485,547,400	INR	89.64	CNH Asian Holding Limited N.V.	96.407	48.965
						Fiat Group Automobiles S.p.A.	3.593	51.035
New Holland Holding (Argentina) S.A.	Buenos Aires	Argentina	23,555,415	ARS	89.26	CNH Latin America Ltda.	100.000	
New Holland Holding Limited	London	United Kingdom	165,000,000	GBP	89.26	CNH Europe Holding S.A.	100.000	
New Holland Kobelco Construction Machinery S.p.A.	San Mauro Torinese	Italy	80,025,291	EUR	66.61	CNH Italia s.p.a.	74.625	
New Holland Ltd	Basildon	United Kingdom	1,000,000	GBP	89.26	CNH Global N.V.	100.000	
New Holland Tractor Ltd. N.V.	Antwerp	Belgium	9,631,500	EUR	89.26	New Holland Holding Limited	100.000	
O & K - Hilfe GmbH	Berlin	Germany	25,565	EUR	89.26	CNH Baumaschinen GmbH	100.000	
One Earth Receivables Limited	Osbertown	Ireland	100	EUR	89.26	CNH Capital plc	100.000	
Pryor Foundry Inc.	Oklahoma City	U.S.A.	1,000	USD	89.26	CNH America LLC	100.000	
Receivables Credit II Corporation	Calgary	Canada	1	CAD	89.26	CNH Capital America LLC	100.000	
Shanghai New Holland Agricultural Machinery Corporation Limited	Shanghai	People's Rep.of China	35,000,000	USD	53.55	CNH Asian Holding Limited N.V.	60.000	
Steyr Center Nord GmbH	Ruckersdorf-Harmanns	Austria	35,000	EUR	89.26	CNH Osterreich GmbH	100.000	
■ Trucks and Commercial Vehicles								
Iveco S.p.A. *(business Trucks and Commercial Vehicles)*	Turin	Italy	369,500,000	EUR	100.00	Fiat S.p.A.	100.000	
Afin Bohemia s.r.o.	Prague	Czech Republic	1,000,000	CZK	100.00	Afin Leasing AG	100.000	
Afin Broker de Asigurare - Reasigurare S.r.l.	Bucharest	Romenia	25,000	RON	100.00	Afin Leasing Ifn s.a.	100.000	
Afin Bulgaria EAD	Sofia	Bulgaria	200,000	BGN	100.00	Afin Leasing AG	100.000	
Afin Hungary Kereskedelmi KFT.	Budapest	Hungary	24,000,000	HUF	100.00	Afin Leasing AG	100.000	
Afin Leasing AG	Vienna	Austria	1,500,000	EUR	100.00	Iveco International Trade Finance S.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Afin Leasing Ifn s.a.	Bucharest	Romenia	618,960	RON	100.00	Afin Leasing AG	99.800	
						Afin Bohemia s.r.o.	0.050	
						Afin Bulgaria EAD	0.050	
						Afin Hungary Kereskedelmi KFT.	0.050	
						Afin Slovakia S.R.O.	0.050	
Afin Slovakia S.R.O.	Bratislava	Slovack Republic	1,200,000	SKK	100.00	Afin Leasing AG	100.000	
Afin Trade Bulgaria Eood	Sofia	Bulgaria	5,000	BGN	100.00	Afin Bulgaria EAD	100.000	
Amce-Automotive Manufacturing Co.Ethiopia	Addis Ababa	Ethiopia	12,000,000	ETB	70.00	Iveco S.p.A.	70.000	
AS Afin Baltica	Harjumaa	Estonia	800,000	EEK	100.00	Afin Leasing AG	100.000	
Astra Veicoli Industriali S.p.A.	Piacenza	Italy	10,400,000	EUR	100.00	Iveco S.p.A.	100.000	
Brandschutztechnik Gorlitz GmbH	Gürlitz	Germany	511,292	EUR	88.00	Iveco Magirus Brandschutztechnik GmbH	88.000	
Effe Grundbesitz GmbH	Ulm	Germany	10,225,838	EUR	100.00	Iveco Investitions GmbH	90.000	
						Iveco S.p.A.	10.000	
F. Pegaso S.A.	Madrid	Spain	993,045	EUR	100.00	Iveco España S.L.	99.996	
						Iveco Partecipazioni Finanziarie S.r.l.	0.004	
Heuliez Bus S.A.	Rorthais	France	9,000,000	EUR	100.00	Société Charolaise de Participations S.A.	100.000	
IAV-Industrie-Anlagen-Verpachtung GmbH	Ulm	Germany	25,565	EUR	100.00	Iveco Investitions GmbH	95.000	
						Iveco S.p.A.	5.000	
Ikarus Egyedi Autobusz GY	Budapest	Hungary	1,200,000,000	HUF	90.71	Iveco España S.L.	90.709	
Industrial Vehicles Center Hainaut S.A.	Charleroi	Belgium	600,000	EUR	100.00	S.A. Iveco Belgium N.V.	95.000	
						Iveco Nederland B.V.	5.000	
Irisbus (U.K.) Ltd	Watford	United Kingdom	200,000	GBP	100.00	Iveco España S.L.	100.000	
Irisbus Australia Pty. Ltd.	Dandenong	Australia	6,123,391	AUD	100.00	Iveco España S.L.	100.000	
Irisbus Benelux Ltd.	Leudelange	Luxembourg	594,000	EUR	100.00	Iveco France	99.983	
						Société Charolaise de Participations S.A.	0.017	
Irisbus Deutschland GmbH	Unterschliessheim	Germany	3,800,000	EUR	100.00	Iveco España S.L.	100.000	
Irisbus Italia S.p.A.	Turin	Italy	4,500,000	EUR	100.00	Iveco España S.L.	100.000	
IVC Brabant N.V. S.A.	Groot	Belgium	800,000	EUR	100.00	S.A. Iveco Belgium N.V.	75.000	
						Iveco Nederland B.V.	25.000	
Iveco (Schweiz) AG	Kloten	Switzerland	9,000,000	CHF	100.00	Iveco Nederland B.V.	100.000	
Iveco Arac Sanayi VE Ticaret A.S.	Samandira-Kartal/Istanbul	Turkey	4,000,000	TRY	99.96	Iveco S.p.A.	99.960	
Iveco Argentina S.A.	Cordoba	Argentina	130,237,793	ARS	100.00	Iveco España S.L.	99.000	
						Astra Veicoli Industriali S.p.A.	1.000	
Iveco Austria GmbH	Vienna	Austria	6,178,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Bayern GmbH	Nuremberg	Germany	742,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Contract Services Limited	Watford	United Kingdom	17,000,000	GBP	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Iveco Czech Republic A.S.	Vysoke Myto	Czech Republic	1,065,559,000	CZK	97.98	Iveco France	97.978	
Iveco Danmark A/S	Glostrup	Denmark	501,000	DKK	100.00	Iveco S.p.A.	100.000	
Iveco España S.L. *(business Trucks and Commercial Vehicles)*	Madrid	Spain	121,612,116	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Est Sas	Hauconcourt	France	2,005,600	EUR	100.00	Iveco France	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Iveco France	Vénissieux	France	92,856,130	EUR	100.00	Iveco España S.L.	50.326	
						Iveco S.p.A.	49.674	
Iveco Holdings Limited	Watford	United Kingdom	47,000,000	GBP	100.00	Iveco S.p.A.	100.000	
Iveco Insurance Vostok LLC	Moscow	Russia	740,000	RUB	100.00	Afin Leasing AG	100.000	
Iveco International Trade Finance S.A.	Lugano	Switzerland	30,800,000	CHF	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Iveco Investitions GmbH	Ulm	Germany	2,556,459	EUR	100.00	Iveco Magirus AG	99.020	
						Iveco S.p.A.	0.980	
Iveco L.V.I. S.a.s.	Saint Priest	France	503,250	EUR	100.00	Iveco France	100.000	
Iveco Latin America Ltda	Vila da Serra	Brazil	334,720,744	BRL	100.00	Iveco España S.L.	51.000	
(business Trucks and Commercial Vehicles)						Fiat Group Automobiles S.p.A.	49.000	
Iveco Limited	Watford	United Kingdom	117,000,000	GBP	100.00	Iveco Holdings Limited	100.000	
(business Trucks and Commercial Vehicles)								
Iveco Magirus AG	Ulm	Germany	50,000,000	EUR	100.00	Iveco S.p.A.	53.660	
(business Trucks and Commercial Vehicles)						Fiat Netherlands Holding N.V.	46.340	
Iveco Magirus Brandschutztechnik GmbH	Ulm	Germany	6,493,407	EUR	100.00	Iveco Magirus Fire Fighting GmbH	99.764	
						Iveco S.p.A.	0.236	
Iveco Magirus Brandschutztechnik GmbH	Kainbach	Austria	1,271,775	EUR	95.00	Iveco Magirus Brandschutztechnik GmbH	95.000	
Iveco Magirus Fire Fighting GmbH	Weisweil	Germany	30,776,857	EUR	100.00	Iveco Magirus AG	90.032	
						Iveco S.p.A.	9.968	
Iveco Magirus Firefighting CAMIVA S.a.s. (societè par actions simplifièe)	Saint-Alban-Leysse	France	1,870,169	EUR	100.00	Iveco Magirus Fire Fighting GmbH	100.000	
Iveco Nederland B.V.	Breda	Netherlands	4,537,802	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Nord Nutzfahrzeuge GmbH	Hamburg	Germany	1,611,500	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Nord-Ost Nutzfahrzeuge GmbH	Berlin	Germany	2,120,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Norge A.S.	Voyenenga	Norway	18,600,000	NOK	100.00	Iveco S.p.A.	100.000	
Iveco Otomotiv Ticaret A.S.	Samandira-Kartal/Istanbul	Turkey	15,060,046	TRY	100.00	Iveco S.p.A.	99.995	
Iveco Partecipazioni Finanziarie S.r.l.	Turin	Italy	50,000,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Participations S.A.	Trappes	France	1,000,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Pension Trustee Ltd	Watford	United Kingdom	2	GBP	100.00	Iveco Holdings Limited	50.000	
						Iveco Limited	50.000	
Iveco Poland Ltd.	Warsaw	Poland	46,974,500	PLN	100.00	Iveco S.p.A.	100.000	
Iveco Portugal-Comercio de						Iveco S.p.A.	99.997	
Veiculos Industriais S.A.	Vila Franca de Xira	Portugal	15,962,000	EUR	100.00	Astra Veicoli Industriali S.p.A.	0.001	
Iveco Romania S.r.l.	Bucharest	Romenia	17,500	RON	100.00	Afin Leasing AG	100.000	
Iveco Slovakia, s.r.o.	Bratislava	Slovack Republic	200,000	SKK	97.98	Iveco Czech Republic A.S.	100.000	
Iveco South Africa (Pty) Ltd.	Wadewille	South Africa	15,000,750	ZAR	100.00	Iveco S.p.A.	100.000	
Iveco Sud-West Nutzfahrzeuge GmbH	Mannheim-Neckarau	Germany	1,533,900	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Sweden A.B.	Arlov	Sweden	600,000	SEK	100.00	Iveco S.p.A.	100.000	
(business Trucks and Commercial Vehicles)								
Iveco Trucks Australia Limited	Dandenong	Australia	47,492,260	AUD	100.00	Iveco S.p.A.	100.000	
Iveco Ukraine LLC	Kiev	Ukraine	55,944,000	UAH	100.00	Iveco S.p.A.	100.000	
Iveco Venezuela C.A.	La Victoria	Venezuela	2,498,644	VEF	100.00	Iveco S.p.A.	100.000	
Iveco West Nutzfahrzeuge GmbH	Cologne	Germany	3,017,000	EUR	100.00	Iveco Magirus AG	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Mediterranea de Camiones S.L.	Valencia	Spain	48,080	EUR	100.00	Iveco España S.L.	100.000	
Officine Brennero S.p.A.	Trento	Italy	7,120,000	EUR	100.00	Iveco S.p.A.	100.000	
OOO Afin Leasing Vostok LLC	Moscow	Russia	50,000,000	RUB	100.00	Afin Leasing AG	100.000	
OOO Iveco Russia	Moscow	Russia	345,000	RUB	100.00	Afin Leasing AG	100.000	
S.A. Iveco Belgium N.V.	Groot	Belgium	6,000,000	EUR	100.00	Iveco S.p.A.	99.983	
						Iveco Nederland B.V.	0.017	
S.C.I. La Méditerranéenne	Vitrolles	France	248,000	EUR	100.00	Iveco France	50.000	
						Société de Diffusion de Vehicules Industriels-SDVI S.A.S.	50.000	
Seddon Atkinson Vehicles Ltd	Watford	United Kingdom	41,700,000	GBP	100.00	Iveco Holdings Limited	100.000	
Société Charolaise de Participations S.A.	Vénissieux	France	2,370,000	EUR	100.00	Iveco España S.L.	100.000	
Société de Diffusion de Vehicules Industriels-SDVI S.A.S.	Trappes	France	7,022,400	EUR	100.00	Iveco France	100.000	
Transolver Service S.A.	Madrid	Spain	610,000	EUR	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Transolver Service S.p.A.	Turin	Italy	214,763	EUR	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Transolver Services GmbH in liquidation	Heilbronn	Germany	750,000	EUR	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
UAB Afin Baltica (Lithuania)	Vilnius	Lithuania	138,500	LTL	100.00	Afin Leasing AG	100.000	
Utilitaries & Véhicules Industriels Franciliens-UVIF SAS	La Garenne	France	1,067,500	EUR	100.00	Iveco France	100.000	
Zona Franca Alari Sepauto S.A.	Barcelona	Spain	520,560	EUR	51.87	Iveco España S.L.	51.867	
■ FPT Powertrain Technologies								
Fiat Powertrain Technologies SpA	Turin	Italy	525,000,000	EUR	100.00	Fiat S.p.A.	100.000	
2 H Energy S.A.S.	Fécamp	France	2,000,000	EUR	100.00	Iveco Participations S.A.	100.000	
C.R.F. Società Consortile per Azioni *(business FPT Powertrain Technologies)*	Orbassano	Italy	45,000,000	EUR	99.28	Fiat Partecipazioni S.p.A.	52.061	
						Fiat Group Automobiles S.p.A.	17.478	
						Iveco S.p.A.	9.987	
						Magneti Marelli S.p.A.	7.490	
						Fiat Powertrain Technologies SpA	4.994	
						CNH Italia s.p.a.	2.497	
						Comau S.p.A.	2.497	
						Teksid S.p.A.	2.497	
						Ferrari S.p.A.	0.499	
Componentes Mecanicos S.A.	Barcelona	Spain	37,405,038	EUR	59.39	Iveco España S.L.	59.387	
European Engine Alliance S.c.r.l.	Turin	Italy	32,044,797	EUR	96.42	Iveco S.p.A.	66.667	
						CNH Global N.V.	33.333	
Fiat Auto Argentina S.A. *(business FPT Powertrain Technologies)*	Buenos Aires	Argentina	476,464,366	ARS	100.00	Fiat Automoveis S.A. - FIASA	100.000	
Fiat Automoveis S.A. - FIASA *(business FPT Powertrain Technologies)*	Betim	Brazil	1,069,492,850	BRL	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Powertrain Technologies (Shanghai) R&D Co. Ltd.	Shanghai	People's Rep.of China	10,000,000	EUR	100.00	Fiat Powertrain Technologies SpA	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Fiat Powertrain Technologies of North America, Inc.	Wilmington	U.S.A.	1	USD	100.00	Iveco S.p.A.	100.000	
Fiat Powertrain Technologies Poland Sp. z o.o.	Bielsko-Biala	Poland	3,400,000	PLN	100.00	Fiat Powertrain Technologies SpA	100.000	
FMA - Fabbrica Motori Automobilistici S.r.l.	Pratola Serra	Italy	150,000,000	EUR	100.00	Fiat Powertrain Technologies SpA	100.000	
FPT - Powertrain Technologies France S.A.	Garchizy	France	73,444,960	EUR	100.00	Iveco France	97.200	
						Iveco Participations S.A.	2.800	
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	
FPT RACING S.r.l.	Cusago	Italy	100,000	EUR	100.00	Fiat Powertrain Technologies SpA	100.000	
Iveco España S.L. *(business FPT Powertrain Technologies)*	Madrid	Spain	121,612,116	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Latin America Ltda *(business FPT Powertrain Technologies)*	Vila da Serra	Brazil	334,720,744	BRL	100.00	Iveco España S.L.	51.000	
						Fiat Group Automobiles S.p.A.	49.000	
Iveco Limited *(business FPT Powertrain Technologies)*	Watford	United Kingdom	117,000,000	GBP	100.00	Iveco Holdings Limited	100.000	
Iveco Magirus AG *(business FPT Powertrain Technologies)*	Ulm	Germany	50,000,000	EUR	100.00	Iveco S.p.A.	53.660	
						Fiat Netherlands Holding N.V.	46.340	
Iveco Motorenforschung AG	Arbon	Switzerland	4,600,000	CHF	100.00	Iveco S.p.A.	60.000	
						Iveco France	40.000	
Iveco Motors of China Limited	Shanghai	People's Rep.of China	300,000	USD	100.00	Iveco S.p.A.	100.000	
Iveco S.p.A. *(business FPT Powertrain Technologies)*	Turin	Italy	369,500,000	EUR	100.00	Fiat S.p.A.	100.000	
Iveco Sweden A.B. *(business FPT Powertrain Technologies)*	Arlov	Sweden	600,000	SEK	100.00	Iveco S.p.A.	100.000	
SAIC Fiat Powertrain Hongyan Co. Ltd.	Chongqing	People's Rep.of China	580,000,000	CNY	60.00	Fiat Powertrain Technologies SpA	30.000	
						SAIC IVECO Commercial Vehicle Investment Company Limited	60.000	
■ Components								
Magneti Marelli S.p.A.	Corbetta	Italy	254,325,965	EUR	99.99	Fiat S.p.A.	99.990	100.000
Automotive Lighting Brotterode GmbH	Meiningen	Germany	7,270,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Italia S.p.A.	Venaria Reale	Italy	2,000,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting LLC	Farmington Hills	U.S.A.	25,001,000	USD	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Automotive Lighting o.o.o.	Rjiasan	Russia	36,875,663	RUB	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Polska Sp. z o.o.	Sosnowiec	Poland	83,500,000	PLN	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Rear Lamps France S.a.s.	Saint Julien du Saul	France	17,789,152	EUR	99.99	Automotive Lighting Rear Lamps Italia S.p.A.	100.000	
Automotive Lighting Rear Lamps Italia S.p.A.	Tolmezzo	Italy	10,000,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	El Marques Queretaro	Mexico	50,000	MXN	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Automotive Lighting Reutlingen GmbH	Reutlingen	Germany	1,330,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Automotive Lighting S.R.O.	Jihlava	Czech Republic	927,637,000	CZK	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting UK Limited	Cannock	United Kingdom	15,387,348	GBP	99.99	Magneti Marelli S.p.A.	100.000	
Ergom Automotive S.p.A.	Borgaro Torinese	Italy	10,000,000	EUR	99.99	Ergom Holding S.p.A.	100.000	
Ergom do Brasil Ltda	Itauna	Brazil	5,000,000	BRL	99.99	Ergom Automotive S.p.A.	100.000	
Ergom France S.A.S.	Limas	France	3,474,540	EUR	99.99	Ergom Holding S.p.A.	100.000	
Ergom Holding S.p.A.	Borgaro Torinese	Italy	10,000,000	EUR	99.99	Nuove Iniziative Finanziarie 2 S.r.l.	100.000	
Ergom Poland Sp. z o.o.	Sosnowiec	Poland	20,711,000	PLN	99.99	Ersi Poland S.A.	100.000	
Ergom Soffiaggio S.r.l.	Leno	Italy	45,900	EUR	84.99	Ergom Automotive S.p.A.	85.000	
Ergomoulds Sp. z o.o.	Sosnowiec	Poland	63,554,000	PLN	99.99	Ersi Poland S.A.	100.000	
Ersi Poland S.A.	Sosnowiec	Poland	21,000,000	PLN	99.99	Ergom Automotive S.p.A.	100.000	
Fiat CIEI S.p.A. in liquidation	Corbetta	Italy	220,211	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Industrial Yorka de Mexico S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	98.000	
						Industrial Yorka de Tepotzotlan S.A. de C.V.	2.000	
Industrial Yorka de Tepotzotlan S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	99.000	
						Industrial Yorka de Mexico S.A. de C.V.	1.000	
Industrias Magneti Marelli Mexico S.A. de C.V.	Tepotzotlan	Mexico	50,000	MXN	99.99	Magneti Marelli Sistemas Electronicos Mexico S.A.	99.998	
						Servicios Administrativos Corp. IPASA S.A.	0.002	
Industrie Plastica S.p.A.	Borgaro Torinese	Italy	1,000,000	EUR	99.99	Ergom Automotive S.p.A.	100.000	
Innomatec S.r.l.	Melfi	Italy	516,000	EUR	99.99	Ergom Automotive S.p.A.	95.000	
						Ergom Holding S.p.A.	5.000	
Kadron S/A	Maua	Brazil	2,622,229	BRL	99.99	Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	100.000	
Magneti Marelli After Market Parts and Services S.p.A.	Corbetta	Italy	7,000,000	EUR	99.99	Magneti Marelli Parts and Services S.p.A.	100.000	
Magneti Marelli After Market Sp. z o.o.	Katowice	Poland	2,000,000	PLN	99.99	Magneti Marelli Parts and Services S.p.A.	100.000	
Magneti Marelli Aftermarket GmbH	Heilbronn	Germany	100,000	EUR	99.99	Magneti Marelli Parts and Services S.p.A.	100.000	
Magneti Marelli Aftermarket S.a.s.	Trappes	France	782,208	EUR	99.99	Magneti Marelli Parts and Services S.p.A.	100.000	
Magneti Marelli Aftermarket SL	Llinares del Valles	Spain	2,194,726	EUR	99.99	Magneti Marelli Iberica S.A.	100.000	
Magneti Marelli Argentina S.A.	Buenos Aires	Argentina	700,000	ARS	99.99	Magneti Marelli S.p.A.	95.000	
						Magneti Marelli France S.a.s.	5.000	
Magneti Marelli Automotive Components (WUHU) Co. Ltd.	Anhui	People's Rep.of China	24,500,000	USD	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	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Magneti Marelli Cofap Companhia Fabricadora de Pecas	Santo Andre	Brazil	170,950,534	BRL	99.62	Magneti Marelli S.p.A.	99.628	99.964
Magneti Marelli Components B.V. in liquidation	Amsterdam	Netherlands	53,600,000	EUR	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.	95.000	
						Magneti Marelli Argentina S.A.	5.000	
Magneti Marelli do Brasil Industria e Comercio SA	Hortolandia	Brazil	40,568,427	BRL	99.86	Magneti Marelli S.p.A.	99.872	99.990
Magneti Marelli Elektronische Systeme GmbH	Heilbronn	Germany	100,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Espana S.A.	Llinares del Valles	Spain	638,476	EUR	99.99	Magneti Marelli Iberica S.A.	100.000	
Magneti Marelli Exhaust Systems Polska Sp. z o.o.	Sosnowiec	Poland	15,000,000	PLN	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli France S.a.s.	Nanterre	France	42,672,960	EUR	99.99	Magneti Marelli S.p.A.	99.999	
						Ufima S.A.S.	0.001	
Magneti Marelli Guangzhou Motor Vehicle Instruments Co. Limited	Guangzhou	People's Rep.of China	8,100,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Hellas A.E.	Athens	Greece	587,000	EUR	99.99	Magneti Marelli Parts and Services S.p.A.	100.000	
Magneti Marelli Holding U.S.A. Inc.	Wixom	U.S.A.	10	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Iberica S.A.	Santpedor	Spain	24,499,771	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Motopropulsion France SAS	Argentan	France	884,058	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli North America Inc.	Wilmington	U.S.A.	40,223,205	USD	99.62	Magneti Marelli Cofap Companhia Fabricadora de Pecas	100.000	
Magneti Marelli Parts and Services S.p.A.	Corbetta	Italy	13,137,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Powertrain (Shanghai) Co. Ltd.	Shanghai	People's Rep.of China	17,500,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Powertrain GmbH	Russelsheim	Germany	100,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Powertrain India Private Limited	New Delhi	India	450,000,000	INR	51.00	Magneti Marelli S.p.A.	51.000	
Magneti Marelli Powertrain Slovakia s.r.o.	Bratislava	Slovack Republic	3,200,000	SKK	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Powertrain U.S.A. LLC	Sanford	U.S.A.	25,000,000	USD	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Magneti Marelli Racing Ltd	Basildon	United Kingdom	10,000	GBP	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Repuestos S.A.	Buenos Aires	Argentina	2,012,000	ARS	99.99	Magneti Marelli After Market Parts and Services S.p.A.	51.000	
						Magneti Marelli Cofap Autopecas Ltda	48.000	
						Magneti Marelli Parts and Services S.p.A.	1.000	
Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	Contagem	Brazil	196,634,874	BRL	99.99	Magneti Marelli S.p.A.	66.111	
						Automotive Lighting Reutlingen GmbH	33.889	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Magneti Marelli Sistemas Electronicos Mexico S.A.	Tepotzotlan	Mexico	23,611,680	MXN	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Slovakia s.r.o.	Bratislava	Slovack Republic	200,000	SKK	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	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Suspension Systems Poland Sp. z o.o.	Sosnowiec	Poland	43,100,000	PLN	99.99	Magneti Marelli S.p.A.	100.000	
Mako Elektrik Sanayi Ve Ticaret A.S.	Osmangazi Bursa	Turkey	16,500,000	TRY	96.66	Magneti Marelli S.p.A.	96.665	
Malaysian Automotive Lighting SDN. BHD	Bayan Lepas	Malaysia	6,000,000	MYR	79.99	Automotive Lighting Reutlingen GmbH	80.000	
Nuove Iniziative Finanziarie 2 S.r.l.	Turin	Italy	100,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Plastiform A.S.	Bursa	Turkey	715,000	TRY	99.99	Ergom Automotive S.p.A.	97.000	
						Nuove Iniziative Finanziarie 2 S.r.l.	3.000	
Powertrain Mekanik Sanayi ve Ticaret Limited Sirketi	Demirtas-Bursa	Turkey	75,329,600	TRY	99.99	Magneti Marelli S.p.A.	100.000	
Servicios Administrativos Corp. IPASA S.A.	Col. Chapultepec	Mexico	1,000	MXN	99.99	Magneti Marelli Sistemas Electronicos Mexico S.A.	99.990	
						Industrias Magneti Marelli Mexico S.A. de C.V.	0.010	
Sistemi Sospensioni S.p.A.	Corbetta	Italy	37,622,179	EUR	99.99	Magneti Marelli S.p.A.	100.000	
SNIARICERCHE S.P.A.	Pisticci	Italy	880,000	EUR	99.99	Ergom Holding S.p.A.	95.000	
						Ergom Automotive S.p.A.	5.000	
Tecnologia de Iluminacion Automotriz S.A. de C.V.	Chihuahua	Mexico	50,000	MXN	99.99	Automotive Lighting LLC	100.000	
Ufima S.A.S.	Nanterre	France	44,940	EUR	99.99	Magneti Marelli S.p.A.	65.020	
						Fiat Partecipazioni S.p.A.	34.980	
■ Metallurgical Products								
Teksid S.p.A.	Turin	Italy	71,403,261	EUR	84.79	Fiat S.p.A.	84.791	
Compania Industrial Frontera S.A. de C.V.	Frontera	Mexico	50,000	MXN	84.79	Teksid Hierro de Mexico S.A. de C.V.	100.000	
Fonderie du Poitou Fonte S.A.S.	Ingrandes-sur-Vienne	France	26,958,464	EUR	84.79	Teksid S.p.A.	100.000	
Funfrap-Fundicao Portuguesa S.A.	Cacia	Portugal	13,697,550	EUR	70.89	Fonderie du Poitou Fonte S.A.S.	83.607	
Teksid Aluminum S.r.l.	Carmagnola	Italy	5,000,000	EUR	100.00	Fiat S.p.A.	100.000	
Teksid do Brasil Ltda	Betim	Brazil	148,874,686	BRL	84.79	Teksid S.p.A.	100.000	
Teksid Hierro De Mexico Arrendadora S.A. de C.V.	Frontera	Mexico	497,690,000	MXN	84.79	Teksid S.p.A.	100.000	
Teksid Hierro de Mexico S.A. de C.V.	Frontera	Mexico	418,874,300	MXN	84.79	Teksid S.p.A.	100.000	
Teksid Inc.	Wilmington	U.S.A.	100,000	USD	84.79	Teksid S.p.A.	100.000	
Teksid Iron Poland Sp. z o.o.	Skoczow	Poland	115,678,500	PLN	84.79	Teksid S.p.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ **Production Systems**								
Comau S.p.A.	Grugliasco	Italy	48,013,959	EUR	100.00	Fiat S.p.A.	100.000	
Autodie International, Inc.	Grand Rapids	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Comau (Shanghai) Automotive Equipment Co. Ltd.	Shanghai	People's Rep.of China	5,000,000	USD	100.00	Comau S.p.A.	100.000	
Comau (Shanghai) International Trading Co. Ltd.	Shanghai	People's Rep.of China	200,000	USD	100.00	Comau S.p.A.	100.000	
Comau Argentina S.A.	Buenos Aires	Argentina	500,000	ARS	100.00	Comau S.p.A.	55.280	
						Comau do Brasil Industria e Comercio Ltda.	44.690	
						Fiat Argentina S.A.	0.030	
Comau Canada Inc.	Windsor	Canada	100	CAD	100.00	Comau Inc.	100.000	
Comau Deutschland GmbH	Boblingen	Germany	1,330,000	EUR	100.00	Comau S.p.A.	100.000	
Comau do Brasil Industria e Comercio Ltda.	Betim	Brazil	29,312,653	BRL	100.00	Comau S.p.A.	99.999	
						Fiat do Brasil S.A.	0.001	
Comau Estil Unl.	Luton	United Kingdom	103,165,056	USD	100.00	Comau S.p.A.	100.000	
Comau France S.A.S.	Trappes	France	6,000,000	EUR	100.00	Comau S.p.A.	100.000	
Comau Inc.	Southfield	U.S.A.	21,457	USD	100.00	Comau Pico Holdings Corporation	100.000	
Comau India Private Limited	Pune	India	239,935,020	INR	100.00	Comau S.p.A.	99.990	
						Comau Deutschland GmbH	0.010	
Comau Pico Holdings Corporation	New York	U.S.A.	100	USD	100.00	Comau S.p.A.	100.000	
Comau Pico Iaisa S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau Pico Mexico S.de R.L. de C.V.	99.967	
						Comau S.p.A.	0.033	
Comau Pico Mexico S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau S.p.A.	99.967	
						Comau Deutschland GmbH	0.033	
Comau Pico Pitex S.de R.L. C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau Pico Mexico S.de R.L. de C.V.	99.967	
						Comau S.p.A.	0.033	
Comau Pico Trebol S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau Pico Mexico S.de R.L. de C.V.	99.967	
						Comau S.p.A.	0.033	
Comau Poland Sp. z o.o.	Bielsko-Biala	Poland	3,800,000	PLN	100.00	Comau S.p.A.	100.000	
Comau Resources, Inc.	Southfield	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Comau Romania S.R.L.	Bihor	Romenia	10,315,170	RON	100.00	Comau S.p.A.	100.000	
Comau Russia OOO	Moscow	Russia	4,770,225	RUB	100.00	Comau S.p.A.	99.000	
						Comau Deutschland GmbH	1.000	
Comau SA Body Systems (Pty) Ltd.	Uitenhage	South Africa	301	ZAR	100.00	Comau South Africa (Pty) Ltd.	100.000	
Comau Service Systems S.L.	Madrid	Spain	250,000	EUR	100.00	Comau S.p.A.	100.000	
Comau South Africa (Pty) Ltd.	Uitenhage	South Africa	1,001,003	ZAR	100.00	Comau S.p.A.	100.000	
German Intec GmbH	Heilbronn	Germany	25,000	EUR	100.00	Comau Deutschland GmbH	100.000	
Mecaner S.A.	Urdùliz	Spain	3,000,000	EUR	100.00	Comau S.p.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ Publishing and Communications								
Itedi-Italiana Edizioni S.p.A.	Turin	Italy	5,980,000	EUR	100.00	Fiat S.p.A.	100.000	
BMI S.p.A.	Genoa	Italy	124,820	EUR	58.00	Itedi-Italiana Edizioni S.p.A.	58.004	
Editrice La Stampa S.p.A.	Turin	Italy	4,160,000	EUR	100.00	Itedi-Italiana Edizioni S.p.A.	100.000	
La Stampa Europe SAS	Trappes	France	18,600,000	EUR	100.00	Itedi-Italiana Edizioni S.p.A.	100.000	
Publikompass S.p.A.	Milan	Italy	3,068,000	EUR	100.00	Itedi-Italiana Edizioni S.p.A.	100.000	
Think Lux S.r.l.	Turin	Italy	50,000	EUR	100.00	Itedi-Italiana Edizioni S.p.A.	100.000	
■ Holding companies and Other companies								
Business Solutions S.p.A.	Turin	Italy	4,791,396	EUR	100.00	Fiat S.p.A.	100.000	
C.R.F. Società Consortile per Azioni	Orbassano	Italy	45,000,000	EUR	99.28	Fiat Partecipazioni S.p.A.	52.061	
(business Other Activities)						Fiat Group Automobiles S.p.A.	17.478	
						Iveco S.p.A.	9.987	
						Magneti Marelli S.p.A.	7.490	
						Fiat Powertrain Technologies SpA	4.994	
						CNH Italia s.p.a.	2.497	
						Comau S.p.A.	2.497	
						Teksid S.p.A.	2.497	
						Ferrari S.p.A.	0.499	
Centro Ricerche Plast-Optica S.p.A.	Amaro	Italy	1,033,000	EUR	75.13	C.R.F. Società Consortile per Azioni	51.000	
						Automotive Lighting Rear Lamps Italia S.p.A.	24.500	
Deposito Avogadro S.r.l.	Turin	Italy	100,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Elasis-Società Consortile per Azioni	Pomigliano d'Arco	Italy	20,000,000	EUR	98.90	Fiat Group Automobiles S.p.A.	51.000	
						C.R.F. Società Consortile per Azioni	27.933	
						CNH Italia s.p.a.	6.800	
						Fiat Powertrain Technologies SpA	5.000	
						Iveco S.p.A.	3.300	
						Comau S.p.A.	1.500	
						Magneti Marelli S.p.A.	1.500	
						Fiat Partecipazioni S.p.A.	1.450	
						Ferrari S.p.A.	1.100	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.250	
						Fiat S.p.A.	0.167	
eSPIN S.p.A.	Turin	Italy	120,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Fast-Buyer S.p.A.	Turin	Italy	500,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
FGI - Fiat Group International SA	Paradiso	Switzerland	100,000,000	CHF	100.00	Fiat S.p.A.	100.000	
Fiat Argentina S.A.	Buenos Aires	Argentina	5,292,117	ARS	100.00	Fiat Services S.p.A.	90.961	
						Fiat do Brasil S.A.	9.029	
						SGR-Sociedad para la Gestion de Riesgos S.A.	0.009	
						Fiat Auto Argentina S.A.	0.001	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Fiat Attività Immobiliari S.p.A.	Turin	Italy	85,700,000	EUR	100.00	Fiat Partecipazioni S.p.A.	76.663	
						Fiat Group Automobiles S.p.A.	23.337	
Fiat do Brasil S.A.	Nova Lima	Brazil	28,513,780	BRL	100.00	Fiat Partecipazioni S.p.A.	99.998	
						Fiat Services S.p.A.	0.002	
Fiat Financas Brasil Ltda	Nova Lima	Brazil	2,469,701	BRL	100.00	Fiat Finance S.p.A.	99.994	
						Fiat do Brasil S.A.	0.006	
Fiat Finance and Trade Ltd S.A.	Luxembourg	Luxembourg	251,494,000	EUR	100.00	Fiat Finance S.p.A.	99.993	
						Fiat Finance Canada Ltd.	0.007	
Fiat Finance Canada Ltd.	Calgary	Canada	10,099,885	CAD	100.00	Fiat Finance S.p.A.	100.000	
Fiat Finance et Services S.A.	Trappes	France	3,700,000	EUR	100.00	Fiat Services S.p.A.	99.997	
Fiat Finance North America Inc.	Wilmington	U.S.A.	40,090,010	USD	100.00	Fiat Finance S.p.A.	60.526	
						Fiat S.p.A.	39.474	
Fiat Finance S.p.A.	Turin	Italy	224,440,000	EUR	100.00	Fiat S.p.A.	100.000	
Fiat GmbH	Ulm	Germany	200,000	EUR	100.00	Fiat Services S.p.A.	100.000	
Fiat Group Marketing & Corporate Communication S.p.A.	Turin	Italy	100,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Group Purchasing France S.a.r.l.	Trappes	France	7,700	EUR	100.00	Fiat Group Purchasing S.r.l.	100.000	
Fiat Group Purchasing Poland Sp. z o.o.	Bielsko-Biala	Poland	300,000	PLN	100.00	Fiat Group Purchasing S.r.l.	100.000	
Fiat Group Purchasing S.r.l.	Turin	Italy	600,000	EUR	100.00	Fiat 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 Netherlands Holding N.V.	Amsterdam	Netherlands	2,610,397,295	EUR	100.00	Fiat S.p.A.	100.000	
Fiat Partecipazioni S.p.A.	Turin	Italy	356,158,302	EUR	100.00	Fiat S.p.A.	100.000	
Fiat Polska Sp. z o.o.	Warsaw	Poland	25,500,000	PLN	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Services Belgium N.V.	Zedelgem	Belgium	62,000	EUR	100.00	Fiat U.K. Limited	99.960	
						Fiat Services S.p.A.	0.040	
Fiat Services Polska Sp. z o.o.	Bielsko-Biala	Poland	3,600,000	PLN	100.00	Fiat Services S.p.A.	100.000	
Fiat Services S.p.A.	Turin	Italy	3,600,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Fiat Servizi per l'Industria S.c.p.a.	Turin	Italy	1,652,669	EUR	99.36	Fiat Partecipazioni S.p.A.	51.000	
						Fiat Group Automobiles S.p.A.	25.500	
						Iveco S.p.A.	6.000	
						Fiat S.p.A.	5.000	
						CNH Italia s.p.a.	3.000	
						Teksid S.p.A.	2.000	
						C.R.F. Società Consortile per Azioni	1.500	
						Comau S.p.A.	1.500	
						Editrice La Stampa S.p.A.	1.500	
						Fiat Services S.p.A.	1.500	
						Magneti Marelli S.p.A.	1.500	
Fiat U.K. Limited	Basildon	United Kingdom	750,000	GBP	100.00	Fiat Services S.p.A.	100.000	
Fiat U.S.A. Inc.	New York	U.S.A.	16,830,000	USD	100.00	Fiat S.p.A.	100.000	
Fiat-Revisione Interna S.c.r.l.	Turin	Italy	300,000	EUR	98.32	Fiat S.p.A.	51.000	
						Fiat Group Automobiles S.p.A.	13.000	
						CNH Global N.V.	10.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
						Iveco S.p.A.	6.000	
						Comau S.p.A.	2.000	
						Ferrari S.p.A.	2.000	
						Fiat Group Purchasing S.r.l.	2.000	
						Fiat Powertrain Technologies SpA	2.000	
						Fiat Services S.p.A.	2.000	
						Itedi-Italiana Edizioni S.p.A.	2.000	
						Magneti Marelli S.p.A.	2.000	
						Maserati S.p.A.	2.000	
						Teksid S.p.A.	2.000	
						Fiat Finance S.p.A.	1.000	
						Fiat Partecipazioni S.p.A.	1.000	
Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	Turin	Italy	300,000	EUR	99.22	Fiat Partecipazioni S.p.A.	51.000	
						Fiat Group Automobiles S.p.A.	16.000	
						Iveco S.p.A.	12.000	
						CNH Italia s.p.a.	3.000	
						Comau S.p.A.	3.000	
						Fiat Powertrain Technologies SpA	3.000	
						Fiat S.p.A.	3.000	
						Fiat Services S.p.A.	3.000	
						Magneti Marelli S.p.A.	3.000	
						Teksid S.p.A.	3.000	
KeyG Consulting S.p.A.	Turin	Italy	167,352	EUR	100.00	Fiat Services S.p.A.	100.000	
Neptunia Assicurazioni Marittime S.A.	Lausanne	Switzerland	10,000,000	CHF	100.00	Rimaco S.A.	100.000	
Rimaco S.A.	Lausanne	Switzerland	350,000	CHF	100.00	FGI - Fiat Group International SA	100.000	
Risk Management S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Sadi Polska-Agencja Celna Sp. z o.o.	Bielsko-Biala	Poland	500,000	PLN	100.00	Servizi e Attività Doganali per l'Industria S.p.A.	100.000	
Servizi e Attività Doganali per l'Industria S.p.A.	Turin	Italy	520,000	EUR	100.00	Fiat Services S.p.A.	100.000	
SIRIO - Sicurezza Industriale Società consortile per azioni	Turin	Italy	120,000	EUR	93.51	Fiat Partecipazioni S.p.A.	57.746	
						Fiat Group Automobiles S.p.A.	17.288	
						Iveco S.p.A.	4.644	
						Fiat Powertrain Technologies SpA	2.356	
						Magneti Marelli S.p.A.	1.862	
						Fiat S.p.A.	0.751	
						Comau S.p.A.	0.729	
						Ferrari S.p.A.	0.729	
						Teksid S.p.A.	0.664	
						Irisbus Italia S.p.A.	0.622	
						Fiat Services S.p.A.	0.593	
						Sistemi Sospensioni S.p.A.	0.551	
						Teksid Aluminum S.r.l.	0.540	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
						C.R.F. Società Consortile per Azioni	0.535	
						New Holland Kobelco Construction Machinery S.p.A.	0.535	
						Fiat Servizi per l'Industria S.c.p.a.	0.503	
						Fiat Finance S.p.A.	0.449	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.449	
						Fidis S.p.A.	0.325	
						CNH Italia s.p.a.	0.237	
						Automotive Lighting Italia S.p.A.	0.233	
						Editrice La Stampa S.p.A.	0.233	
						Elasis-Società Consortile per Azioni	0.233	
						I.T.C.A. Produzione S.p.A.	0.167	
						Astra Veicoli Industriali S.p.A.	0.103	
						Fiat Group Marketing & Corporate Communication S.p.A.	0.103	
						Fiat Group Purchasing S.r.l.	0.103	
						Servizi e Attività Doganali per l'Industria S.p.A.	0.103	
						Fiat-Revisione Interna S.c.r.l.	0.061	
						Fiat Center Italia S.p.A.	0.045	
						Abarth & C. S.p.A.	0.039	
						Itedi-Italiana Edizioni S.p.A.	0.039	
						Maserati S.p.A.	0.039	
						Orione-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni	0.039	
						Risk Management S.p.A.	0.039	
						Sisport Fiat S.p.A. - Società sportiva dilettantistica	0.039	
						Magneti Marelli After Market Parts and Services S.p.A.	0.037	
						Automotive Lighting Rear Lamps Italia S.p.A.	0.022	
						Easy Drive S.r.l.	0.022	
						Ergom Automotive S.p.A.	0.022	
						Fiat Attività Immobiliari S.p.A.	0.022	
						Fiat Auto Var S.r.l.	0.022	
						Innomatec S.r.l.	0.022	
						i-FAST Automotive Logistics S.r.l.	0.020	
						i-FAST Container Logistics S.p.A.	0.020	
Sisport Fiat S.p.A. - Società sportiva dilettantistica	Turin	Italy	889,049	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Jointly-controlled entities accounted for using the proportional consolidation								
■ FPT Powertrain Technologies								
Fiat-GM Powertrain Polska Sp. z o.o.	Bielsko-Biala	Poland	220,100,000	PLN	50.00	Fiat Powertrain Technologies SpA	50.000	
Jointly-controlled entities accounted for using the equity method								
■ Fiat Group Automobiles								
Fiat Group Automobiles Financial Services S.p.A.	Turin	Italy	700,000,000	EUR	50.00	Fiat Group Automobiles S.p.A.	50.000	
FAL Fleet Services S.A.S.	Trappes	France	3,000,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
FC France S.A.	Trappes	France	11,360,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	99.999	
FGA Bank G.m.b.H.	Vienna	Austria	5,000,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	50.000	
						Fidis S.p.A.	25.000	
FGA Bank Germany GmbH	Heilbronn	Germany	39,600,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
FGA Capital Danmark A/S	Glostrup	Denmark	14,154,000	DKK	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
FGA CAPITAL RE Limited	Dublin	Ireland	1,000,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
FGA Capital Services Spain S.A.	Alcalá De Henares	Spain	25,145,299	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
FGA Capital Spain E.F.C. S.A.	Alcalá De Henares	Spain	16,671,569	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
FGA Leasing GmbH	Vienna	Austria	40,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Auto Contracts Ltd	Slough Berkshire	United Kingdom	16,000,000	GBP	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Auto Financial Services (Wholesale) Ltd.	Slough Berkshire	United Kingdom	3,500,000	GBP	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Auto Financial Services Limited	Slough Berkshire	United Kingdom	10,250,000	GBP	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Bank Polska S.A.	Warsaw	Poland	125,000,000	PLN	50.00	FGA Bank Germany GmbH	100.000	
Fiat Credit Belgio S.A.	Evere	Belgium	3,718,500	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	99.999	
Fiat Credit Hellas Commercial S.A. of Vehicles	Argyroupoli	Greece	600,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Distribuidora Portugal S.A.	Alges	Portugal	500,300	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fiat Finance S.A.	Luxembourg	Luxembourg	12,200,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	99.997	

Jointly-controlled entities accounted for using the equity method (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Fidis Finance (Suisse) S.A.	Schlieren	Switzerland	24,100,000	CHF	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fidis Finance Polska Sp. z o.o.	Warsaw	Poland	10,000,000	PLN	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fidis Insurance Consultants SA	Argyroupoli	Greece	60,000	EUR	49.99	Fiat Credit Hellas Commercial S.A. of Vehicles	99.975	
Fidis Leasing Polska Sp. z o.o.	Warsaw	Poland	12,500,000	PLN	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fidis Nederland B.V.	Utrecht	Netherlands	3,085,800	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
Fidis Retail Financial Services (Ireland) PLC	Dublin	Ireland	100,007	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	99.994	
Fidis Retail IFIC SA	Alges	Portugal	10,000,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
FL Auto Snc	Trappes	France	8,954,581	EUR	50.00	FC France S.A.	99.998	
FL Location SNC	Paris	France	76,225	EUR	49.99	FC France S.A.	99.980	
Leasys S.p.A.	Fiumicino	Italy	77,979,400	EUR	49.69	Fiat Group Automobiles Financial Services S.p.A.	99.384	
Savarent Società per Azioni	Turin	Italy	21,000,000	EUR	50.00	Fiat Group Automobiles Financial Services S.p.A.	100.000	
FER MAS Oto Ticaret A.S.	Istanbul	Turkey	5,500,000	TRY	37.64	Tofas-Turk Otomobil Fabrikasi Tofas A.S.	99.418	
Fiat India Automobiles Limited *(business Fiat Group Automobiles)*	Ranjangaon	India	8,749,279,000	INR	50.00	Fiat Group Automobiles S.p.A.	50.000	
G.E.I.E. Gisevel	Paris	France	15,200	EUR	50.00	Fiat France	50.000	
G.E.I.E.-Sevelind	Paris	France	15,200	EUR	50.00	Fiat France	50.000	
Koc Fiat Kredi Tuketici Finansmani A.S.	Istanbul	Turkey	30,000,000	TRY	37.86	Tofas-Turk Otomobil Fabrikasi Tofas A.S.	100.000	
MEKATRO Arastirma-Gelistirme ve Ticaret A.S.	Kocaeli	Turkey	150,000	TRY	36.72	Tofas-Turk Otomobil Fabrikasi Tofas A.S.	97.000	
PLATFORM Arastirma Gelistirme Tasarim ve Ticaret A.S.	Bursa	Turkey	1,000,000	TRY	37.48	Tofas-Turk Otomobil Fabrikasi Tofas A.S.	99.000	
Powertrain India Pvt. Ltd. in liquidation	Mumbai	India	101,000	INR	50.00	Fiat India Automobiles Limited	100.000	
Società Europea Veicoli Leggeri-Sevel S.p.A.	Atessa	Italy	68,640,000	EUR	50.00	Fiat Group Automobiles S.p.A.	50.000	
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	Paris	France	80,325,000	EUR	50.00	Fiat France	50.000	
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	Levent	Turkey	500,000,000	TRY	37.86	Fiat Group Automobiles S.p.A.	37.856	
■ Agricultural and Construction Equipment								
Case Mexico S.A. de C.V.	São Pedro	Mexico	810,000	MXN	44.63	CNH de Mexico SA de CV	100.000	
Case Special Excavators N.V.	Zedelgem	Belgium	1,100,000	EUR	44.63	CNH Global N.V.	50.000	
CNH Comercial, SA de C.V.	São Pedro	Mexico	160,050,000	MXN	44.63	CNH de Mexico SA de CV	100.000	
CNH de Mexico SA de CV	São Pedro	Mexico	165,276,000	MXN	44.63	CNH Global N.V.	50.000	

Jointly-controlled entities accounted for using the equity method (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
CNH Industrial S.A. de C.V.	São Pedro	Mexico	200,050,000	MXN	44.63	CNH de Mexico SA de CV	100.000	
CNH Servicios Comerciales, S.A. de C.V.	São Pedro	Mexico	50,000,000	MXN	43.74	CNH Global N.V.	49.000	
CNH Servicios Corporativos S.A. de C.V.	São Pedro	Mexico	375,000	MXN	44.63	CNH de Mexico SA de CV	99.999	
L&T-Case Equipment Private Limited	Mumbai	India	240,100,000	INR	44.63	CNH America LLC	50.000	
LBX Company LLC	Wilmington	U.S.A.	0	USD	44.63	Case LBX Holdings Inc.	50.000	
Megavolt L.P. L.L.L.P.	Wilmington	U.S.A.	500,000	USD	35.70	CNH America LLC	40.000	
New Holland HFT Japan Inc.	Sapporo	Japan	240,000,000	JPY	44.63	CNH Global N.V.	50.000	
Turk Traktor Ve Ziraat Makineleri A.S.	Ankara	Turkey	53,369,000	TRY	33.47	CNH Global N.V.	37.500	
■ Trucks and Commercial Vehicles								
Iveco Fiat - Oto Melara Società consortile r.l.	Rome	Italy	40,000	EUR	50.00	Iveco S.p.A.	50.000	
Naveco Ltd.	Nanjing	People's Rep.of China	2,527,000,000	CNY	50.00	Iveco S.p.A.	50.000	
SAIC IVECO Commercial Vehicle Investment Company Limited	Shanghai	People's Rep.of China	160,000,000	USD	50.00	Iveco S.p.A.	50.000	
SAIC Iveco Hongyan Commercial Vehicles Co, Ltd.	Chongqing	People's Rep.of China	500,000,000	CNY	33.50	SAIC IVECO Commercial Vehicle Investment Company Limited	67.000	
Transolver Finance Establecimiento Financiero de Credito S.A.	Madrid	Spain	9,315,500	EUR	50.00	Iveco S.p.A.	50.000	
■ FPT Powertrain Technologies								
Fiat India Automobiles Limited *(business FPT Powertrain Technologies)*	Ranjangaon	India	8,749,279,000	INR	50.00	Fiat Group Automobiles S.p.A.	50.000	
FIAT POWERTRAIN TECHNOLOGIES SOLLERS Investment Company B.V.	Amsterdam	Netherlands	1,000,000	EUR	50.00	Fiat Powertrain Technologies SpA	50.000	
FIAT POWERTRAIN TECHNOLOGIES SOLLERS Limited Liability Company	Zavolzhje	Russia	10,000	RUB	50.00	FIAT POWERTRAIN TECHNOLOGIES SOLLERS Investment Company B.V.	100.000	
■ Components								
Gestamp Marelli Autochasis S.L.	Barcelona	Spain	2,000,000	EUR	50.00	Sistemi Sospensioni S.p.A.	50.000	
Magneti Marelli Motherson Auto System Limited	New Delhi	India	250,000,000	INR	50.00	Magneti Marelli Motherson India Holding B.V.	100.000	
Magneti Marelli Motherson India Holding B.V.	Amsterdam	Netherlands	2,000,000	EUR	50.00	Magneti Marelli S.p.A.	50.000	
Magneti Marelli SKH Exhaust Systems Private Limited	New Delhi	India	65,000,000	INR	50.00	Magneti Marelli S.p.A.	50.000	
SKH Magneti Marelli Exhaust Systems Private Limited	New Delhi	India	89,000,000	INR	50.00	Magneti Marelli S.p.A.	50.000	
tema.mobility	Turin	Italy	850,000	EUR	50.00	Magneti Marelli S.p.A.	50.000	
■ Metallurgical Products								
Hua Dong Teksid Automotive Foundry Co. Ltd.	Zhenjiang-Jangsu	People's Rep.of China	385,363,550	CNY	42.40	Teksid S.p.A.	50.000	

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Subsidiaries accounted for using the equity method								
■ Fiat Group Automobiles								
Alfa Romeo Inc.	Winter Garden	U.S.A.	3,000,000	USD	100.00	Fiat Group Automobiles S.p.A.	100.000	
F.A. Austria Commerz GmbH	Vienna	Austria	37,000	EUR	100.00	Fiat Group Automobiles Switzerland S.A.	100.000	
Fiat Auto Egypt Industrial Company SAE	Giza	Egypt	50,000,000	EGP	80.40	Fiat Group Automobiles S.p.A.	80.400	
Fiat Auto Egypt S.A.E.	Giza	Egypt	5,000,000	EGP	79.60	Fiat Auto Egypt Industrial Company SAE	99.000	
Italcar SA	Casablanca	Morocco	28,000,000	MAD	99.94	Fiat Group Automobiles Maroc S.A.	99.986	
Sirio Polska Sp. z o.o.	Bielsko-Biala	Poland	1,350,000	PLN	100.00	Fiat Auto Poland S.A.	100.000	
■ Agricultural and Construction Equipment								
Farmers New Holland Inc.	Wilmington	U.S.A.	800,000	USD	89.26	CNH America LLC	100.000	
Jackson New Holland, Inc.	Wilmington	U.S.A.	371,000	USD	84.20	CNH America LLC	94.340	
Mid State New Holland, Inc.	Wilmington	U.S.A.	400,000	USD	78.10	CNH America LLC	87.500	
Northside New Holland Inc.	Wilmington	U.S.A.	250,000	USD	62.19	CNH America LLC	69.680	
Ridgeview New Holland Inc.	Wilmington	U.S.A.	534,000	USD	60.51	CNH America LLC	67.790	
Southside New Holland Tractor & Equipment, Inc.	Wilmington	U.S.A.	325,000	USD	89.26	CNH America LLC	100.000	
Sunrise Tractor & Equipment Inc.	Wilmington	U.S.A.	691,000	USD	89.26	CNH America LLC	100.000	
■ Trucks and Commercial Vehicles								
Financière Pegaso France S.A.	Trappes	France	260,832	EUR	100.00	Iveco España S.L.	100.000	
Iveco Colombia Ltda.	Santa Fe' de Bogota	Colombia	7,596,249,000	COP	100.00	Iveco Venezuela C.A.	99.990	
						Iveco Latin America Ltda	0.010	
Iveco S.P.R.L.	Kinshasa	Congo (Dem. Rep. Congo)	340,235,000	CDF	100.00	Iveco S.p.A.	99.992	
						Astra Veicoli Industriali S.p.A.	0.008	
■ FPT Powertrain Technologies								
European Engine Alliance EEIG in liquidation	Basildon	United Kingdom	450,000	GBP	96.42	Iveco S.p.A.	66.667	
						CNH U.K. Limited	33.333	
■ Components								
Cofap Fabricadora de Pecas Ltda	Santo Andre	Brazil	62,838,291	BRL	68.26	Magneti Marelli do Brasil Industria e Comercio SA	68.350	
■ Production Systems								
Comau AGS s.r.l.	Grugliasco	Italy	103,100	EUR	100.00	Comau S.p.A.	100.000	
Comau Sverige AB	Trollhattan	Sweden	5,000,000	SEK	100.00	Comau S.p.A.	100.000	

Subsidiaries accounted for using the equity method (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ Holding companies and Other companies								
Centro Studi sui Sistemi di Trasporto-CSST S.p.A.	Orbassano	Italy	120,000	EUR	99.85	Fiat Group Automobiles S.p.A.	49.000	
						Iveco S.p.A.	30.000	
						C.R.F. Società Consortile per Azioni	21.000	
Fiat (China) Business Co., Ltd.	Beijing	People's Rep.of China	3,000,000	USD	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 7 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 8 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
SGR-Sociedad para la Gestion de Riesgos S.A.	Buenos Aires	Argentina	10,000	ARS	99.96	Rimaco S.A.	99.960	
Sistemi Ambientali S.p.A. in liquidation	Rivoli	Italy	9,544,080	EUR	99.79	Fiat Partecipazioni S.p.A.	99.785	

Subsidiaries valued at cost

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ Fiat Group Automobiles								
CODEFIS Società consortile per azioni	Turin	Italy	120,000	EUR	68.50	Fiat Group Automobiles S.p.A.	51.000	
						CNH Capital plc	14.000	
						Iveco Partecipazioni Finanziarie S.r.l.	5.000	
Fiat Auto Espana Marketing Instituto Agrupacion de Interes Economico	Alcalá De Henares	Spain	30,051	EUR	95.00	Fiat Group Automobiles Spain S.A.	95.000	
Fiat Auto Marketing Institute (Portugal) ACE	Alges	Portugal	15,000	EUR	80.00	Fiat Group Automobiles Portugal, S.A.	80.000	
FIAT AUTOMOBILES SERBIA DOO KRAGUJEVAC	Kragujevac	Serbia	300,000,000	EUR	67.00	Fiat Group Automobiles S.p.A.	67.000	
Fiat Automobiles Service Co. Ltd.	Nanjing	People's Rep.of China	10,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Motor Sales Ltd	Slough Berkshire	United Kingdom	1,500,000	GBP	100.00	Fiat Group Automobiles UK Ltd	100.000	
G. Vico Handling S.r.l.	Pomigliano d'Arco	Italy	20,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
New Business 19 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
■ Ferrari								
Scuderia Ferrari Club S.c. a r.l.	Maranello	Italy	105,000	EUR	81.28	Ferrari S.p.A.	95.619	
■ Agricultural and Construction Equipment								
Case Construction Equipment, Inc.	Wilmington	U.S.A.	1,000	USD	89.26	CNH America LLC	100.000	
Case Credit Wholesale Pty. Limited	St. Marys	Australia	0	AUD	89.26	CNH Australia Pty Limited	100.000	
Case IH Agricultural Equipment, Inc.	Wilmington	U.S.A.	1,000	USD	89.26	CNH America LLC	100.000	
Fermec North America Inc.	Wilmington	U.S.A.	5	USD	89.26	CNH America LLC	100.000	
International Harvester Company	Wilmington	U.S.A.	1,000	USD	89.26	CNH America LLC	100.000	
J.I. Case Company Limited	Basildon	United Kingdom	2	GBP	89.26	Case United Kingdom Limited	100.000	
Limited Liability Company "CNH Parts and Service Operations"	Moscow	Russia	54,000,000	RUB	89.26	CNH Global N.V.	100.000	
New Holland Agricultural Equipment S.p.A.	Turin	Italy	120,000	EUR	89.26	CNH Italia s.p.a.	100.000	
New Holland Construction Equipment S.p.A.	Turin	Italy	120,000	EUR	89.26	CNH Italia s.p.a.	100.000	
RosCaseMash	Saratov	Russia	0	RUB	34.14	Case Equipment Holdings Limited	38.250	51.000

Subsidiaries valued at cost (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ Trucks and Commercial Vehicles								
Altra S.p.A.	Genoa	Italy	516,400	EUR	100.00	Iveco S.p.A.	100.000	
Consorzio per la Formazione Commerciale						Iveco S.p.A.	50.000	
Iveco-Coforma in liquidation	Turin	Italy	51,646	EUR	59.92	Isvor Fiat Società consortile di sviluppo		
						e addestramento industriale per Azioni	10.000	
Irisbus North America Limited								
Liability Company	Las Vegas	U.S.A.	20,000	USD	100.00	Iveco France	100.000	
M.R. Fire Fighting International S.A.	Brasov	Romenia	35,000,000	RON	75.88	Iveco Magirus Brandschutztechnik GmbH	74.000	
						Brandschutztechnik Gorlitz GmbH	1.000	
						Iveco Magirus Fire Fighting GmbH	1.000	
OOO "CABEKO"	Nizhniy Novgorod	Russia	370,500,000	RUB	43.83	Saveco Partecipazioni S.r.l.	50.518	
						Iveco S.p.A.	0.482	
Saveco Partecipazioni S.r.l.	Turin	Italy	6,900,000	EUR	85.80	Iveco S.p.A.	85.797	
■ FPT Powertrain Technologies								
Fiat Powertrain Technologies								
Management (Shanghai) Co. Ltd.	Shanghai	People's Rep.of China	2,000,000	USD	100.00	Fiat Powertrain Technologies SpA	100.000	
■ Components								
Automotive Lighting Electroform						Magneti Marelli		
Canada Inc.	Vancouver	Canada	1	CAD	99.99	Holding U.S.A. Inc.	100.000	
Automotive Lighting Japan K.K.	KohoKu-Ku-Yokohama	Japan	10,000,000	JPY	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Ergomec S.r.l. in liquidation	Borgaro Torinese	Italy	12,000	EUR	99.99	Ergom Holding S.p.A.	100.000	
Fast Buyer Middle East A.S.	Bursa	Turkey	350,230	TRY	95.59	Mako Elektrik Sanayi Ve Ticaret A.S.	98.900	
Magneti Marelli Automotive Components						Magneti Marelli Components		
(India) Limited in liquidation	Pune	India	125,000,000	INR	99.99	B.V. in liquidation	100.000	
Magneti Marelli Comandos Mecanicos						Magneti Marelli Sistemas Automotivos		
Industria e Comercio Ltda	Sete Lagoas	Brazil	1,000	BRL	99.99	Industria e Comercio Ltda	99.900	
						Fiat do Brasil S.A.	0.100	
Magneti Marelli Electronic Systems						Magneti Marelli S.p.A.	99.990	
(Asia) Limited	Hong Kong	People's Rep.of China	10,000	HKD	99.99	Magneti Marelli France S.a.s.	0.010	
Magneti Marelli Japan K.K.	KohoKu-Ku-Yokohama	Japan	60,000,000	JPY	99.99	Magneti Marelli S.p.A.	100.000	
Parco Scientifico e Tecnologico della								
Basilicata - S.p.A. in liquidation	Pisticci	Italy	120,000	EUR	99.99	Ergom Holding S.p.A.	100.000	
Sistemi Comandi Meccanici Otomotiv								
Sanayi Ve Ticaret A.S.	Bursa	Turkey	90,000	TRY	99.95	Magneti Marelli S.p.A.	99.956	
Sistemi Comandi Meccanici S.C.M. S.p.A.	Corbetta	Italy	1,800,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
■ Production Systems								
Comau U.K. Limited	Telford	United Kingdom	2,500	GBP	100.00	Comau S.p.A.	100.000	
Consorzio Fermag in liquidation	Milan	Italy	144,608	EUR	68.00	Comau S.p.A.	68.000	

Subsidiaries valued at cost (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ Holding companies and Other companies								
Fiat Common Investment Fund Limited	London	United Kingdom	2	GBP	100.00	Fiat U.K. Limited	100.000	
Fiat Gra.De EEIG	Watford	United Kingdom	0	GBP	97.37	Fiat Group Automobiles S.p.A.	46.000	
						CNH Global N.V.	23.000	
						Fiat Netherlands Holding N.V.	23.000	
						Business Solutions S.p.A.	2.000	
						Fiat S.p.A.	2.000	
						C.R.F. Società Consortile per Azioni	1.000	
						Comau S.p.A.	1.000	
						Magneti Marelli S.p.A.	1.000	
						Teksid S.p.A.	1.000	
Fiat Oriente S.A.E. in liquidation	Cairo	Egypt	50,000	EGP	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fides Corretagens de Securos Ltda	Nova Lima	Brazil	365,525	BRL	100.00	Rimaco S.A.	99.998	
Isvor Fiat India Private Ltd. in liquidation	New Delhi	India	1,750,000	INR	99.22	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	100.000	
MC2 - Media Communications S.p.A.	Turin	Italy	219,756	EUR	51.00	Fiat Partecipazioni S.p.A.	51.000	
New Business 25 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 26 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Nuova Immobiliare nove S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Nuove Iniziative Finanziarie 5 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Orione-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni	Turin	Italy	120,000	EUR	98.85	Fiat Partecipazioni S.p.A.	77.822	
						Fiat S.p.A.	18.003	
						Editrice La Stampa S.p.A.	0.439	
						Fiat Group Automobiles S.p.A.	0.439	
						CNH Italia s.p.a.	0.220	
						Comau S.p.A.	0.220	
						Ferrari S.p.A.	0.220	
						Fiat Finance S.p.A.	0.220	
						Fiat Powertrain Technologies SpA	0.220	
						Fiat Services S.p.A.	0.220	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.220	
						Iveco S.p.A.	0.220	
						Magneti Marelli S.p.A.	0.220	
						Sisport Fiat S.p.A. - Società sportiva dilettantistica	0.220	

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
Associated companies accounted for using the equity method								
■ Fiat Group Automobiles								
Utymat S.A.	Santa Margarita I Els Monjos	Spain	4,644,453	EUR	37.50	I.T.C.A. S.p.A.	37.500	
■ Ferrari								
Senator Software Gmbh	Munich	Germany	25,565	EUR	37.49	Ferrari Financial Services AG	49.000	
■ Agricultural and Construction Equipment								
Al-Ghazi Tractors Ltd	Karachi	Pakistan	214,682,226	PKR	38.53	CNH Global N.V.	43.169	
CNH Capital Europe S.a.S.	Puteaux	France	88,482,297	EUR	44.54	CNH Global N.V.	49.900	
Employers Health Initiatives LLC	Wilmington	U.S.A.	790,000	USD	44.63	CNH America LLC	50.000	
Kobelco Construction Machinery Co. Ltd.	Tokyo	Japan	16,000,000,000	JPY	17.85	CNH Global N.V.	20.000	
Medicine Hat New Holland Ltd.	Ottawa	Canada	882,147	CAD	38.79	CNH Canada, Ltd.	43.460	
New Holland Finance Ltd	Basingstoke	United Kingdom	2,900,001	GBP	43.74	CNH Global N.V.	49.000	
■ Trucks and Commercial Vehicles								
GEIE V.IV.RE	Boulogne	France	0	EUR	50.00	Iveco S.p.A.	50.000	
Iveco Finance Holdings Limited	Basingstoke	United Kingdom	1,000	EUR	49.00	Iveco Partecipazioni Finanziarie S.r.l.	49.000	
Iveco Uralaz Ltd.	Miass	Russia	65,255,056	RUB	33.33	Iveco S.p.A.	33.330	
Otoyol Sanayi A.S. in liquidation	Samandira-Kartal/Istanbul	Turkey	52,674,386	TRY	27.00	Iveco S.p.A.	27.000	
V.IVE.RE Gruppo Europeo di Interesse Economico	Turin	Italy	0	EUR	50.00	Iveco S.p.A.	50.000	
■ FPT Powertrain Technologies								
Hangzhou IVECO Automobile Transmission Technology Co., Ltd.	Hangzhou	People's Rep.of China	240,000,000	CNY	33.33	Iveco S.p.A.	33.333	
Haveco Automotive Transmission Co. Ltd.	Zhajiang	People's Rep.of China	200,010,000	CNY	33.33	Iveco S.p.A.	33.330	
Iveco-Motor Sich, Inc.	Zaporozhye	Ukraine	26,568,000	UAH	38.62	Iveco S.p.A.	38.618	
Powertrain Industrial Services S.C.R.L. in liquidation	Turin	Italy	100,000	EUR	50.00	Fiat Powertrain Technologies SpA	25.000	
						FMA - Fabbrica Motori Automobilistici S.r.l.	25.000	
■ Components								
Endurance Magneti Marelli Shock Absorbers (India) Private Limited	Pune	India	120,000,000	INR	50.00	Magneti Marelli S.p.A.	50.000	
■ Publishing and Communications								
Società Editrice Mercantile - S.E.M. S.R.L.	Genoa	Italy	3,000,000	EUR	40.00	Editrice La Stampa S.p.A.	40.000	
To-dis S.r.l.	Turin	Italy	510,000	EUR	45.00	Editrice La Stampa S.p.A.	45.000	
■ Holding companies and Other companies								
Rizzoli Corriere della Sera MediaGroup S.p.A.	Milan	Italy	762,019,050	EUR	10.09	Fiat S.p.A.	10.093	10.497

Associated companies valued at cost

Name	Registered office	Country	Share capital	Currency	% of Group consoli- dation	Interest held by	% interest held	% of voting rights
■ Fiat Group Automobiles								
Consorzio per la Reindustrializzazione Area di Arese S.r.l. in liquidation	Arese	Italy	1,020,000	EUR	30.00	Fiat Group Automobiles S.p.A.	30.000	
Fidis Rent GmbH	Frankfurt	Germany	50,000	EUR	49.00	Fiat Teamsys GmbH	49.000	
Turin Auto Private Ltd. in liquidation	Mumbai	India	43,300,200	INR	50.00	I.T.C.A. S.p.A.	50.000	
■ Ferrari								
Iniziativa Fiorano S.r.l.	Modena	Italy	90,000	EUR	28.33	Ferrari S.p.A.	33.333	
■ Agricultural and Construction Equipment								
Nido Industria Vallesina	Ancona	Italy	53,903	EUR	34.60	CNH Italia s.p.a.	38.728	
■ Trucks and Commercial Vehicles								
Sotra S.A.	Abidjan	Ivory Coast	3,000,000,000	XOF	39.80	Iveco France	39.800	
Trucks & Bus Company	Tajoura	Libya	96,000,000	LYD	25.00	Iveco España S.L.	25.000	
Zastava-Kamioni D.O.O.	Kragujevac	Serbia	1,673,505,893	RSD	33.68	Iveco S.p.A.	33.677	
■ Components								
Auto Componentistica Mezzogiorno - A.C.M. Melfi Società Consortile a responsabilità limitata	Turin	Italy	40,000	EUR	24.25	Ergom Automotive S.p.A. Sistemi Sospensioni S.p.A	16.500 7.750	
Bari Servizi Industriali S.c.r.l.	Modugno	Italy	18,000	EUR	33.33	Magneti Marelli S.p.A.	33.333	
Flexider S.p.A.	Turin	Italy	4,131,655	EUR	25.00	Magneti Marelli S.p.A.	25.000	
Lavorazione Industriale Fili S.r.l. - "LIFI S.r.l."	San Nicola La Strada	Italy	1,530,000	EUR	20.00	Ergom Holding S.p.A.	20.000	
Mars Seal Private Limited	Mumbai	India	400,000	INR	24.00	Magneti Marelli France S.a.s.	24.000	
Matay Otomotiv Yan Sanay Ve Ticaret A.S.	Istanbul	Turkey	2,400,000	TRY	28.00	Magneti Marelli S.p.A.	28.000	
■ Publishing and Communications								
Le Monde Europe S.A.S.	Paris	France	5,024,274	EUR	48.44	La Stampa Europe SAS	48.443	
Le Monde Presse S.A.S.	Paris	France	7,327,930	EUR	27.28	La Stampa Europe SAS	27.277	

Associated companies valued at cost (continued)

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ **Holding companies and Other companies**								
Ascai Servizi S.r.l. in liquidation	Rome	Italy	73,337	EUR	25.77	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	25.970	
Ciosa S.p.A. in liquidation	Milan	Italy	516	EUR	25.00	Fiat Partecipazioni S.p.A.	25.000	
Consorzio Parco Industriale di Chivasso	Chivasso	Italy	51,650	EUR	36.90	Fiat Partecipazioni S.p.A.	25.899	
						Ergom Automotive S.p.A.	11.001	
Consorzio per lo Sviluppo delle Aziende Fornitrici in liquidation	Turin	Italy	241,961	EUR	30.87	CNH Italia s.p.a.	10.672	
						Fiat Group Automobiles S.p.A.	10.672	
						Iveco S.p.A.	10.672	
Consorzio Prode	Naples	Italy	51,644	EUR	19.78	Elasis-Società Consortile per Azioni	20.000	
Consorzio Scire	Pomigliano d'Arco	Italy	51,644	EUR	49.45	Elasis-Società Consortile per Azioni	50.000	
Consorzio Scuola Superiore per l'Alta Formazione Universitaria Federico II in liquidation	Naples	Italy	127,500	EUR	19.78	Elasis-Società Consortile per Azioni	20.000	
FMA-Consultoria e Negocios Ltda	São Paulo	Brazil	1	BRL	50.00	Fiat do Brasil S.A.	50.000	
Innovazione Automotive e Metalmeccanica Scrl	Lanciano	Italy	115,000	EUR	24.30	Fiat Group Automobiles S.p.A.	17.391	
						C.R.F. Società Consortile per Azioni	6.957	
MB Venture Capital Fund I Participating Company F N.V.	Amsterdam	Netherlands	50,000	EUR	45.00	Fiat Partecipazioni S.p.A.	45.000	
Nuova Didactica S.c. a r.l.	Modena	Italy	112,200	EUR	24.86	Ferrari S.p.A.	16.364	
						CNH Italia s.p.a.	12.273	
Tecnologie per il Calcolo Numerico-Centro Superiore di Formazione S.c. a r.l.	Trento	Italy	100,000	EUR	24.82	C.R.F. Società Consortile per Azioni	25.000	
Zetesis S.p.A. in liquidation	Milan	Italy	283,150	EUR	40.00	Fiat Partecipazioni S.p.A.	40.000	

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights

Other companies valued at cost

Name	Registered office	Country	Share capital	Currency	% of Group consoli-dation	Interest held by	% interest held	% of voting rights
■ Agricultural and Construction Equipment								
Polagris S.A.	Pikieliszki	Lithuania	1,133,400	LTL	9.87	CNH Polska Sp. z o.o.	11.054	
■ Trucks and Commercial Vehicles								
Consorzio Spike	Genoa	Italy	90,380	EUR	15.00	Iveco S.p.A.	15.000	
■ Components								
Editori Riuniti S.p.A. in liquidation	Rome	Italy	441,652	EUR	13.11	Ergom Holding S.p.A.	13.110	
■ Holding companies and Other companies								
Centro di Eccellenza su Metodi e Sistemi per le Aziende Competitive	Fisciano	Italy	225,000	EUR	15.82	Elasis-Società Consortile per Azioni	16.000	
Consorzio Calef (Consorzio per la ricerca e lo sviluppo delle applicazioni industriali laser e del fascio elettronico)	Rotondella	Italy	83,445	EUR	10.44	Elasis-Società Consortile per Azioni	5.319	
						C.R.F. Società Consortile per Azioni	5.213	
Consorzio Lingotto	Turin	Italy	9,612	EUR	16.90	Fiat Attività Immobiliari S.p.A.	11.500	
						Fiat S.p.A.	5.400	
Consorzio Technapoli	Naples	Italy	1,626,855	EUR	10.99	Elasis-Società Consortile per Azioni	11.110	
Ercole Marelli & C. S.p.A. in liquidation	Milan	Italy	9,633,000	EUR	13.00	Fiat Partecipazioni S.p.A.	13.000	
Expo 2000 - S.p.A.	Turin	Italy	2,205,930	EUR	18.95	Fiat Partecipazioni S.p.A.	18.949	
Fin.Priv. S.r.l.	Milan	Italy	20,000	EUR	14.29	Fiat S.p.A.	14.285	
Team Consorzio Italiano per la Trazione Elettrica Alternata Monofase in liquidation	Milan	Italy	45,900	EUR	11.11	Fiat Partecipazioni S.p.A.	11.111	
Torino Zerocinque Trading S.p.A.	Milan	Italy	2,425,000	EUR	15.04	Fiat Partecipazioni S.p.A.	15.040	

Appendix II

Information 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 2008 for audit and audit-related services provided by the independent auditors and entities in their network.

(€ thousands)	Service Provider	Fiat Group Entity		2008 Fees
Audit	Deloitte & Touche S.p.A.	Parent company – Fiat S.p.A.		179
	Deloitte & Touche S.p.A	Subsidiaries		5,447
	Deloitte network	Subsidiaries		12,876
Attestation	Deloitte & Touche S.p.A	Parent company – Fiat S.p.A	(1)	24
	Deloitte & Touche S.p.A	Subsidiaries	(3)	271
	Deloitte network	Subsidiaries	(4)	1,646
Other services	Deloitte & Touche S.p.A	Parent company – Fiat S.p.A.	(2)	143
	Deloitte & Touche S.p.A	Subsidiaries	(5)	580
	Deloitte network	Subsidiaries	(6)	1,753
Total				**22,919**

(1) Attestation of tax forms ('Modello Unico' and Form 770), verification of pro-forma data for disclosure document (Consob Resolution 11971/1999) for Partial Spin-Off of Fiat Partecipazioni S.p.A. in favour of Fiat S.p.A.
(2) Agreed upon procedures for certain aspects of the system of internal control over financial reporting.
(3) Attestation of tax forms ('Modello Unico' and Form 770), and of accounting reports required for tax credits and other contributions for industrial research.
(4) Sarbanes Oxley Act §404 certification for the subsidiary CNH of €1,624 thousand.
(5) Due diligence, review and analysis for significant transactions.
(6) Tax and other services.

Attestation in respect 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 Alessandro Baldi and Maurizio Francescatti, as the executive officers 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 2008.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2008 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:

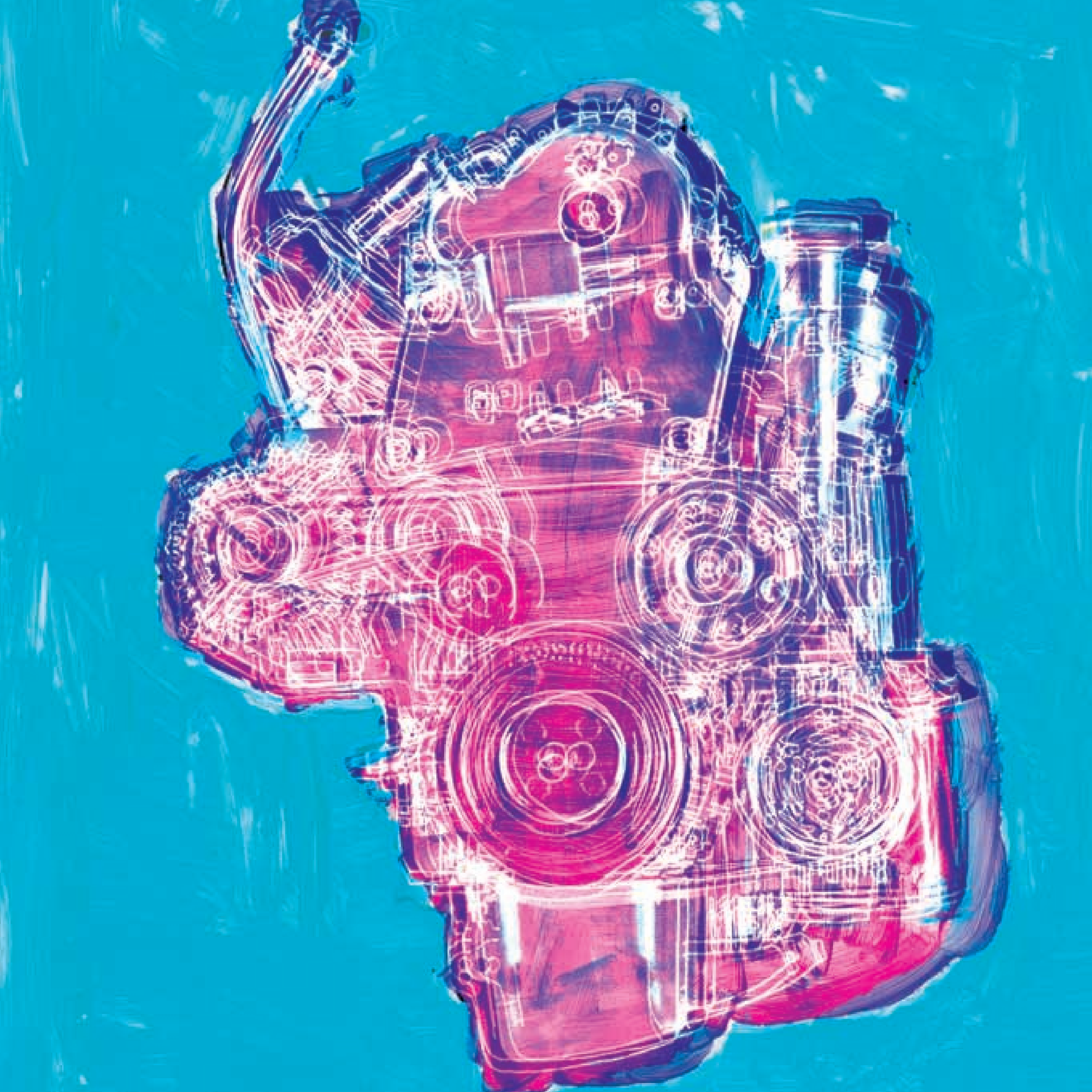
3.1 the consolidated financial statements at 31 December 2008:
- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002 as implemented in Italy by Article 9 of Legislative Decree no. 38 of 2005;
- correspond to the amounts shown in the Company's accounts, books and records; and
- 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 2008 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.

13 February 2009

/s/ SERGIO MARCHIONNE
Sergio Marchionne
Chief Executive Officer

/s/ ALESSANDRO BALDI
/s/ MAURIZIO FRANCESCATTI
Alessandro Baldi
Maurizio Francescatti
Executive officers responsible for the preparation of the Company's financial statements



There are but two powers in the world: the sword and the mind. In the long run, the sword is always beaten by the mind. Napoleon

Statutory Financial Statements at 31 December 2008

Income Statement (*)

(€)	Note	2008	2007
Dividends and other income from investments	(1)	**874,279,556**	823,248,147
Impairment (losses)/reversals on investments	(2)	**(7,000,000)**	1,247,068,762
Gains/(losses) on disposals	(3)	**181,180**	118,470,663
Other operating income	(4)	**70,049,180**	120,321,883
Personnel costs	(5)	**(37,697,392)**	(55,982,600)
Other operating costs	(6)	**(114,432,580)**	(163,102,898)
Gains from non-recurring transactions	(7)	**879,482,850**	–
Financial income/(expense)	(8)	**(421,675,462)**	(149,004,117)
Profit/(loss) before taxes		**1,243,187,332**	**1,941,019,840**
Income taxes	(9)	**(44,041,611)**	127,839,062
Profit/(loss) from continuing operations		**1,199,145,721**	**2,068,858,902**
Profit/(loss) from discontinued operations		**–**	–
Net profit/(loss)		**1,199,145,721**	**2,068,858,902**

(*) Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties 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 notes to individual line items and in Note 29.

Statement of Recognised Income and Expense

(€ thousands)	2008	2007
Gains/(losses) recognised directly in reserve for fair value measurement (investments in other companies)	**(15,553)**	(32,180)
Gains/(losses) recognised directly in equity	**(15,553)**	**(32,180)**
Transfers from the fair value reserve (investments in other companies)	**–**	(115,662)
Net profit for the period	**1,199,146**	2,068,859
Recognised income/(expense)	**1,183,593**	**1,921,017**

Balance Sheet (*)

(€)	Note	At 31 December 2008	At 31 December 2007
ASSETS			
Non-current assets			
Intangible assets	(10)	**375,027**	811,118
Property, plant and equipment	(11)	**33,023,620**	34,664,232
Investments	(12)	**14,444,736,795**	13,311,484,271
Other financial assets	(13)	**20,637,109**	19,493,464
Other non-current assets	(14)	**244,404**	115,652
Deferred tax assets	(9)	**–**	–
Total Non-current assets		**14,499,016,955**	13.366.568.737
Current assets			
Inventories	(26)	**–**	–
Trade receivables	(15)	**185,291,742**	180,980,765
Current financial receivables	(16)	**–**	1,223,431,224
Other current receivables	(17)	**905,058,254**	892,160,645
Cash and cash equivalents	(18)	**494,707**	523,747
Total Current assets		**1,090,844,703**	2,297,096,381
Assets held for sale		**–**	–
TOTAL ASSETS		**15,589,861,658**	15,663,665,118
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(19)		
Share capital		**6,377,262,975**	6,377,262,975
Additional paid-in capital		**1,540,884,892**	1,540,884,892
Legal reserve		**639,502,863**	536,059,918
Other reserves and retained profit		**3,069,500,046**	1,587,248,228
Treasury shares		**(656,553,154)**	(419,309,657)
Net profit		**1,199,145,721**	2,068,858,902
Total Shareholders' equity		**12,169,743,343**	11,691,005,258
Non-current liabilities			
Provisions for employee benefits and other non-current provisions	(20)	**26,418,516**	21,301,993
Non-current financial payables	(21)	**1,810,531,500**	2,809,388,000
Other non-current liabilities	(22)	**15,114,836**	15,852,305
Deferred tax liabilities	(9)	**5,858,282**	4,256,709
Total Non-current liabilities		**1,857,923,134**	2,850,799,007
Current liabilities			
Provisions for employee benefits and other current provisions	(23)	**6,345,608**	127,628
Trade payables	(24)	**218,235,215**	246,495,446
Current financial payables	(25)	**553,132,702**	294,695,310
Other payables	(26)	**784,481,656**	580,542,469
Total Current liabilities		**1,562,195,181**	1,121,860,853
Liabilities held for sale		**–**	–
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**15,589,861,658**	15,663,665,118

(*) Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties on the Balance Sheet of Fiat S.p.A. are presented in a specific balance sheet provided on the following pages and in the comments on the single items and in Note 29.

Cash Flow Statement (*)

(€ thousands)		2008	2007
A) Cash and cash equivalents at beginning of the year		**524**	608
B) Cash from/(used in) operating activities during the year:			
Net profit for the period		**1,199,146**	2,068,859
Amortisation and depreciation		**1,862**	2,506
Non-cash cost of stock option plans		**9,123**	43,988
Impairment losses/(reversals) on investments		**7,000**	(1,247,069)
Capital losses/(gains) on disposals		**(879,884)**	(118,391)
Change in provisions for employee benefits and other provisions		**11,334**	(23,466)
Change in deferred taxes		**1,601**	819
Change in working capital		**184,605**	(13,581)
Total		**534,787**	713,665
C) Cash from/(used in) investing activities:			
Investments in:			
- Recapitalisations of subsidiaries		**(350,000)**	(120,000)
Reduction of investments relating to:			
- Capital reductions and distribution of reserves by subsidiaries		**–**	2,322,545
- Proceeds from disposals	(a)	**611**	225,142
Other (investments) divestitures, net	(b)	**878,773**	605
Total		**529,384**	2,428,292
D) Cash from/(used in) financing activities:			
Change in current financial assets		**1,223,431**	(1,139,258)
Change in non-current financial liabilities		**(998,857)**	(641)
Change in current financial liabilities		**(541,562)**	(1,332,735)
Proceeds from the increase in share capital			35
Purchase of treasury shares		**(238,531)**	(426,023)
Sale of treasury stock		**738**	30,523
Dividends paid		**(509,419)**	(273,942)
Total		**(1,064,200)**	(3,142,041)
E) Total change in cash and cash equivalents		**(29)**	(84)
F) Cash and cash equivalents at end of the year		**495**	524

(*) Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of transactions with related parties on the Cash Flow Statement of Fiat S.p.A. are presented in a specific cash flow statement provided on the following pages.
The line items in the Cash Flow Statement are shown net of amounts relating to the Partial Spin-off of Fiat Partecipazioni S.p.A. in favour of Fiat S.p.A. as the transaction was cash neutral.

(a) In 2007, this item consisted of €224,847 thousand related to the sale of the investment in Mediobanca S.p.A.
(b) €880,000 thousand relating to the sale of the "FIAT" brand to the indirect subsidiary Fiat Group Marketing & Corporate Communication S.p.A.

Statement of Changes in Shareholders' Equity

(€ thousands)	Share capital	Additional paid-in capital	Legal reserve	Reserve available for the purchase of treasury shares	Reserve for treasury shares in portfolio	Retained profit/(loss)	Profit/(loss) recognised directly in equity	Stock option reserve	Reserve for Spin-off difference	Other reserves (2)	Treasury shares (1)	Net profit	Total Shareholders' equity
Balances at 31 December 2006	6,377,257	1,540,856	446,562	–	24,139	(553,412)	162,764	27,400	–	28,726	(24,139)	2,343,375	10,373,528
Capital increases	6	29											35
Allocation of prior year profits:													
- to fully offset accumulated losses						553,412						(553,412)	–
- to the Legal reserve			89,498									(89,498)	–
- distribution of dividends to shareholders												(273,942)	(273,942)
- balance to retained profit						1,426,523						(1,426,523)	–
Establishment of a reserve for the purchase of treasury shares				1,378,602		(1,378,602)							–
Purchases of treasury shares				(426,023)	426,023						(426,023)		(426,023)
Sale of treasury shares					(30,852)	8,614				21,909	30,852		30,523
Net changes in Profit/(loss) recognised directly in equity							(147,842)						(147,842)
Valuation of stock option plans								65,867					65,867
Net profit												2,068,859	2,068,859
Balances at 31 December 2007	**6,377,263**	**1,540,885**	**536,060**	**952,579**	**419,310**	**56,535**	**14,922**	**93,267**	**–**	**50,635**	**(419,310)**	**2,068,859**	**11,691,005**
Allocation of prior year profits:													
- to the Legal reserve			103,443									(103,443)	–
- distribution of dividends to shareholders												(509,419)	(509,419)
- balance to retained profit						1,455,997						(1,455,997)	–
Renewal and addition to Reserve for the purchase of treasury shares				428,692		(428,692)							–
Purchases of treasury shares				(238,531)	238,531						(238,531)		(238,531)
Sale of treasury shares					(1,288)	738					1,288		738
Net changes in Profit/(loss) recognised directly in equity							(15,553)						(15,553)
Valuation of stock option plans								3,164					3,164
Allocation of Spin-off difference									39,194				39,194
Net profit												1,199,146	1,199,146
Balances at 31 December 2008	**6,377,263**	**1,540,885**	**639,503**	**1,142,740**	**656,553**	**1,084,578**	**(631)**	**96,431**	**39,194**	**50,635**	**(656,553)**	**1,199,146**	**12,169,744**

(1) Treasury shares at 31 December 2008 consisted of 38,568,458 ordinary shares having a total nominal value of €192,842 thousand (at 31 December 2007: 21,851,458 ordinary shares having a total nominal value of €109,257 thousand).
(2) Other reserves includes the Reserve under Law 413/1991 and the Extraordinary reserve, which were shown separately in 2007.

Income Statement
pursuant to Consob Resolution No. 15519 of 27 July 2006

(€ thousands)	Note	2008	of which Related parties (Note 29)	2007	of which Related parties (Note 29)
Dividends and other income from investments	(1)	**874,280**	**872,849**	823,248	821,857
Impairment (losses)/reversals on investments	(2)	**(7,000)**		1,247,069	
Gains/(losses) on disposals	(3)	**181**	**181**	118,471	
Other operating income	(4)	**70,049**	**48,119**	120,322	71,471
Personnel costs	(5)	**(37,697)**	**(13,281)**	(55,983)	(23,730)
Other operating costs	(6)	**(114,433)**	**(57,655)**	(163,103)	(90,832)
Gains from non-recurring transactions	(7)	**879,483**	**879,483**	–	
Financial income/(expense)	(8)	**(421,675)**	**(410,531)**	(149,004)	(139,917)
Profit/(loss) before taxes		**1,243,188**		**1,941,020**	
Income taxes	(9)	**(44,042)**		127,839	
Profit/(loss) from continuing operations		**1,199,146**		**2,068,859**	
Profit/(loss) from discontinued operations		**–**		–	
Net profit/(loss)		**1,199,146**		**2,068,859**	

Balance Sheet
pursuant to Consob Resolution No. 15519 of 27 July 2006

(€ thousands)	Note	At 31 December 2008	of which Related parties (Note 29)	At 31 December 2007	of which Related parties (Note 29)
ASSETS					
Non-current assets					
Intangible assets	(10)	**375**		811	
Property, plant and equipment	(11)	**33,024**		34,664	
Investments	(12)	**14,444,736**	**14,426,446**	13,311,484	13,277,641
Other financial assets	(13)	**20,637**	**10,531**	19,493	9,388
Other non-current assets	(14)	**244**		116	
Deferred tax assets	(9)	**–**		–	
Total Non-current assets		**14,499,016**		**13,366,568**	
Current assets					
Inventories	(26)	**–**		–	
Trade receivables	(15)	**185,292**	**53,983**	180,981	10,167
Current financial receivables	(16)	**–**		1,223,431	1,223,431
Other current receivables	(17)	**905,058**	**327,087**	892,161	436,482
Cash and cash equivalents	(18)	**495**		524	
Total Current assets		**1,090,845**		**2,297,097**	
Assets held for sale		**–**		–	
TOTAL ASSETS		**15,589,861**		**15,663,665**	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	(19)				
Share capital		**6,377,263**		6,377,263	
Additional paid-in capital		**1,540,885**		1,540,885	
Legal reserve		**639,503**		536,060	
Other reserves and retained profits		**3,069,500**		1,587,248	
Treasury shares		**(656,553)**		(419,310)	
Net profit		**1,199,146**		2,068,859	
Total Shareholders' equity		**12,169,744**		**11,691,005**	
Non-current liabilities					
Provisions for employee benefits and other non-current provisions	(20)	**26,418**	**16,848**	21,302	11,516
Non-current financial liabilities	(21)	**1,810,531**	**1.,810,531**	2,809,388	2,809,388
Other non-current liabilities	(22)	**15,115**		15,852	
Deferred tax liabilities	(9)	**5,858**		4,257	
Total Non-current liabilities		**1,857,922**		**2,850,799**	
Current liabilities					
Provisions for employee benefits and other current provisions	(23)	**6,346**		128	
Trade payables	(24)	**218,235**	**2,316**	246,495	6,305
Current financial liabilities	(25)	**553,133**	**238,976**	294,695	73,687
Other payables	(26)	**784,481**	**548,611**	580,543	551,948
Total Current liabilities		**1,562,195**		**1,121,861**	
Liabilities held for sale		**–**		–	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**15,589,861**		**15,663,665**	

Cash Flow Statement

pursuant to Consob Resolution No. 15519 of 27 July 2006

(€ thousands)	2008	of which Related Parties	2007	of which Related Parties
A) Cash and cash equivalents at beginning of the year	**524**		608	
B) Cash from/(used in) operating activities during the year:				
Net profit for the period	**1,199,146**		2,068,859	
Amortisation and depreciation	**1,862**		2,506	
Non-cash cost of stock option plans	**9,123**	**6,517**	43,988	39,664
Impairment losses/(reversals) on investments	**7,000**		(1,247,069)	
Capital losses/(gains) on disposals	**(879,884)**	**(879,483)**	(118,391)	
Change in provisions for employee benefits and other provisions	**11,334**	**5,332**	(23,466)	2,823
Change in deferred taxes	**1,601**		819	
Change in working capital	**184,605**	**58,253**	(13,581)	(80,412)
Total	**534,787**		713,665	
C) Cash from/(used in) investing activities:				
Investments:				
- Recapitalisations of subsidiaries	**(350,000)**	**(350,000)**	(120,000)	(120,000)
Reduction of investments relating to:				
- Capital reductions and distribution of reserves by subsidiaries	**–**		2,322,545	2,322,545
- Proceeds from disposals	**611**		225,142	
Other (investments) divestitures, net	**878,773**		605	
Total	**529,384**		2,428,292	
D) Cash from/(used in) financing activities:				
Change in current financial assets	**1,223,431**	**1,223,431**	(1,139,258)	(1,139,258)
Change in non-current financial liabilities	**(998,857)**	**(998,857)**	(641)	(641)
Change in current financial liabilities	**(541,562)**	**(634,711)**	(1,332,735)	(1,331,867)
Proceeds from the increase in share capital	**–**		35	
Purchase of treasury shares	**(238,531)**		(426,023)	
Sale of treasury shares	**738**		30,523	3,480
Dividends paid	**(509,419)**	**(145,679)**	(273,942)	(61,255)
Total	**(1,064,200)**		(3,142,041)	
E) Total change in cash and cash equivalents	**(29)**		(84)	
F) Cash and cash equivalents at end of the year	**495**		524	

Notes to the Statutory Financial Statements

Principal activities

Fiat S.p.A. (the "Company") is a corporation organised under the laws of the Republic of Italy and is the Parent Company of the Fiat Group, holding interests, either directly or indirectly through sub-holdings, in the parent companies of business Sectors through which the Fiat Group operates.

The head office of the company is in Turin, Italy.

The financial statements of Fiat S.p.A. are prepared in euros which is the company's functional currency.

The Balance Sheet and Income Statement are presented in euros, while the Cash Flow Statement, the Statement of Changes in Equity, the Statement of Total Recognised Income and Expense and amounts provided in the Notes are in thousands of euros, unless otherwise stated.

As the Parent Company, Fiat S.p.A. has also prepared consolidated financial statements for the Fiat Group for the year ended 31 December 2008.

Significant accounting policies

Basis of preparation

These 2008 financial statements are the separate financial statements of the Parent Company, Fiat S.p.A., and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and with 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 have been prepared under the historic cost convention, modified as required for the valuation of certain financial instruments.

The financial statements are prepared under the historical cost convention, modified as required for the valuation of certain financial instruments, as well as on the going concern assumption. In this respect, despite operating in a difficult economic and financial environment, Fiat's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about its ability to continue as a going concern, in view also of the measures already identified to adapt to the changed levels of demand and Fiat Group's industrial and financial flexibility.

Format of the financial statements

Presentation of Fiat S.p.A.'s Income Statement is based on the nature of its revenues and expenses, given the specific activities carried out. Fiat Group's consolidated Income Statement is classified according to function, which is considered more representative of the format used for management of the business sectors and internal reporting purposes and is in line with international practice in the automotive sector. For the Balance Sheet, Fiat S.p.A. has elected the 'current and non-current' classification for the presentation of assets and liabilities. A mixed presentation has been selected for the presentation of the Consolidated Balance Sheet, as permitted under IAS 1, with assets only being classified between current and non-current. This election has been made in view of the fact that the consolidated balance sheet includes both industrial companies and financial services companies. The investment portfolios of financial services are included in current assets in the consolidated balance sheet, as the investments will be realised in their normal operating cycle. Financial services companies, though, obtain funds only partially from the market: the remaining are obtained from the Group's treasury companies (included in industrial companies), which lend funds both to industrial Group companies and to

financial services companies as the need arises.
Given the distribution of the financial services within the Group any distinction between current and non-current financial liabilities in the consolidated Balance Sheet would not be meaningful. There is no impact, however, on the presentation of liabilities for Fiat S.p.A.

The Cash Flow Statement is presented using the indirect method.

In connection with the requirements of Consob Resolution 15519 of 27 July 2006 as to the format of the financial statements, specific supplementary Income Statement, Balance Sheet and Consolidated Statement of Cash Flows formats have been added for related party transactions so as not to compromise an overall reading of the statements.

Intangible assets

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

Intangible assets with finite useful lives are measured at purchase or manufacturing cost, net of amortisation charged on a straight-line basis over their estimated useful lives and of any impairment losses.

Property, plant and equipment

Cost

Property, plant and equipment are stated at acquisition or production cost, net of accumulated depreciation and any impairment losses, and are not revalued.

Subsequent expenditures are capitalised only if they increase the future economic benefits embodied in that asset. All other expenditures are expensed as incurred.

The assets are depreciated by the method and at the rates indicated below.

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

Depreciation

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

	Annual depreciation rate
Buildings	**3%**
Plant	**10%**
Furniture	**12%**
Fixtures	**20%**
Vehicles	**25%**

Land is not depreciated.

Impairment of assets

The Company reviews, at least annually, the recoverability of the carrying amount of intangible assets, tangible assets and investments in subsidiaries and associate companies, in order to determine whether there is any indication that those assets have suffered an impairment loss. If indications of impairment are present, the carrying amount of the asset is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of fair value less disposal costs and its value in use.

In particular, in assessing whether investments in subsidiaries and associate companies are impaired, as their market value (fair value less costs to sell) cannot be reliably measured, the recoverable amount is considered to be their value in use, which is determined by estimating the present value of the estimated future cash flows based on expected profit or loss and a theoretical ultimate disposal, in line with the requirements of paragraph 33 of IAS 28.

Where an impairment loss for assets subsequently no longer exists or has decreased the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recorded had no impairment loss been recognised. A reversal of an impairment loss is recognised in the income statement immediately.

Financial instruments

Presentation

Financial instruments held by the Company are presented in the financial statements as described in the following paragraphs:

- Non-current assets: Investments, Other financial assets, Other non-current assets.

- Current assets: Trade receivables, Current financial receivables, Other current receivables, Cash and cash equivalents.

- Non-current liabilities: Non-current financial payables, Other non-current liabilities.

- Current liabilities: Trade payables, Current financial payables (including asset-backed financing), Other payables.

The item 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.

Non-current financial payables includes liabilities related to financial guarantees. These 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 specified borrower to make payment in accordance with the terms of a given debt instrument. The present value of any related fees receivable is recognised under Non-current financial assets.

Measurement

Investments in subsidiaries and associate companies are stated at cost adjusted for any impairment losses.
Any positive difference, arising on acquisition, between the purchase cost and the fair value of net assets acquired by the Company in the investee company is, accordingly, included in the carrying amount of the investment.

Investments in subsidiaries and associate companies are tested annually, or more often if necessary, for evidence of impairment. Where evidence of impairment exists, an impairment loss is recognised directly in the income statement. If the company's share of losses of the investee exceeds the carrying amount of the investment and if the company has an obligation or intends to respond for these losses, the company's interest is reduced to zero and a liability is recognised for its share of the additional losses. If the impairment loss subsequently no longer exists it is reversed and the reversal is recognised in the income statement up to the limit of the cost of the investment.

Investments in other companies, comprising non-current financial assets that are not held for trading (available-for-sale financial assets), are initially measured at fair value. Any subsequent profits and losses resulting from changes in fair value, correlated to their market price, are recognised directly in equity until the investment is sold or is impaired; when the asset is disposed of, the cumulative gains or losses, including those previously recognised in equity, are reclassified in the income statement for the period; when the asset is impaired, accumulated losses are recognised in the income statement.

Investments in other smaller companies for which a market price is not available are measured at cost, adjusted for any impairment losses.

Other financial assets which the company has the intention to hold to maturity are recognised on the basis of the settlement date and, on initial recognition, are measured at acquisition cost (being representative of fair value) on initial recognition in the balance sheet, inclusive of transaction costs other than in respect of assets held for trading. These assets are subsequently measured at amortised cost using the effective interest method.

Other non-current assets, Trade receivables, Current financial receivables and Other current receivables, excluding assets deriving from derivative financial instruments and all financial assets for which 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 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 for the purpose of verifying if there is objective evidence that a financial asset, separately or within a group of assets, may have been impaired. If any such evidence exists, an impairment loss is included in the income statement for the period.

Non-current financial payables, Other non-current liabilities, Trade payables, Current financial payables and Other payables are measured on initial recognition at fair value (normally represented by the cost of the transaction), including any additional transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for derivative financial instruments and liabilities for financial guarantee contracts. Financial liabilities hedged by derivative instruments are measured in accordance with hedge accounting principles applicable to fair value hedges. Gains and losses arising from measurement at fair value, caused by fluctuations in interest rates, are recognised in the income statement and are offset by the effective portion of the gain or loss arising from remeasurement at fair value of the hedging instrument.

Liabilities for financial guarantee contracts are measured at the higher of the estimate of the contingent liability (determined in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*) and the amount initially recognised less any amount released to income over time.

Derivative financial instruments

Derivative financial instruments are used for hedging purposes, in order to reduce currency, interest rate and market price risks.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which the hedge is designated.

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

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

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

- **Cash flow hedge** – Where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognised asset or liability or a highly probable forecast transaction and could affect the income statement, the effective portion of the gain or loss on the derivative financial instrument is recognised directly in equity. The cumulative gain or loss is removed from equity and recognised in the income statement in the same period in which the hedged transaction is recognised. 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 shareholders' equity and is recognised in the income statement at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss held in shareholders' equity is recognised in the income statement immediately.

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

Inventory

Inventory consists of work in progress on specific contracts and in particular relates to long-term construction contracts signed by Fiat S.p.A. with Treno Alta Velocità – T.A.V. S.p.A. under which Fiat S.p.A. as general contractor coordinates, organises and manages the work.

Work in progress refers to activities carried out directly and is recognised through measurement of the total contract income on a percentage completion basis, with the incremental portion of the work performed to date being recognised 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 recognised in the income statement and as a reduction in contract work in progress when they become known.

Any advances received from customers for services performed are presented as a reduction in inventory. If the amount of advances exceeds inventory, the excess is recognised as Advances in the item Other payables.

Sales of receivables

Receivables sold in factoring transactions are derecognised if and only if the risks and rewards relating to ownership have been substantially transferred to the buyer. Receivables sold with recourse and without recourse that do not satisfy this condition remain on the balance sheet, even if they have been legally sold; in such cases, a liability for the same amount is recognised for advances received.

Assets held for sale

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

Employee benefits

Post-employment plans

The company provides pension plans and other post-employment plans to its employees. The pension plans for which the company has an obligation under Italian law are defined contribution plans, while the other post-employment plans, for which the company generally has an obligation under national collective bargaining agreements, are defined benefit plans. Payments made by the Company for defined contribution plans are recognised as a cost in the income statement when incurred. Defined benefit plans are based on the employee's working life and on the salary or wage received by the employee over a pre-determined period of service.

The scheme underlying the employee severance indemnity of the Italian Group companies ("TFR") was classified as a defined benefit plan until 31 December 2006. Legislation relating to this scheme and leading to this classification 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 in the consolidated financial statements for those benefits accruing up to 31 December 2006 (and not yet settled by the balance sheet date), while after that date the scheme is classified as a defined contribution plan.

The company's obligation to fund defined benefit plans and the annual cost recognised in the income statement is determined on an actuarial basis using the projected unit credit method. The portion of net cumulative actuarial gains and losses which exceeds the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of the plan assets at the end of the previous year is amortised 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 recognise all cumulative actuarial gains and losses existing at 1 January 2004 (date of first-time adoption of IFRS by the Fiat Group), despite having elected the corridor approach for recognition of subsequent actuarial gains and losses.

The expense related to the reversal of discounting pension obligations for defined benefit plans are recognised under financial expense.

The post-employment benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses, arising from the application of the corridor method and unrecognised past service cost.

Other long-term benefits
The accounting treatment of other long-term benefits is the same as that for post-employment benefit plans except for the fact that actuarial gains and losses and past service costs are fully recognised in the income statement in the year in which they arise and the corridor method is not applied.

Equity compensation plans
The company provides additional benefits to certain members of senior management and employees through equity compensation plans. Under IFRS 2 - *Share-based Payment*, these plans are a component of recipient remuneration whose cost is measured by the fair value of the stock options at the grant date and recognised in the income statement on a straight-line basis from the grant date to the vesting date, with the offsetting credit recognised directly in equity. Any subsequent changes to fair value do not have any effect on the initial measurement.

In accordance with the transitional provisions of IFRS 2, the Company applied the Standard to all stock options granted after 7 November 2002 and not yet vested at 1 January 2005, the effective date of the Standard. Detailed information is provided in respect of all stock options granted on or prior to 7 November 2002.

The compensation component from stock option plans based on Fiat S.p.A. shares relating to employees of other Group companies is recognised 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 the offsetting credit being recognized directly in equity.

Provisions
The company recognises provisions when it has a legal or constructive obligation to third parties, when it is probable that an outflow of 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.

Dividends received and receivable
Dividends received and receivable from investments are recognised in the income statement when the right to receive the dividend is established and only if they relate to profits distributed subsequent to acquisition.

If dividends are declared from pre-acquisition net income, those dividends are deducted from the cost of the investment.

Revenue recognition
Revenue is recognised if it is probable that economic benefits associated with the transaction will flow to the company and the revenue can be measured reliably. Revenue is presented net of any adjusting items.

Revenues from services and revenue from construction contracts are recognised using the percentage completion method described under Inventories. Revenues from royalties are recognised on an accrual basis in accordance with the terms of the relevant agreement.

Financial income and expense
Financial income and expense are recognised and measured in the income statement on an accrual basis.

Taxes
The tax charge for the period is determined on the basis of prevailing laws and regulations. Taxes on income are recognised in the income statement except to the extent that they relate to items directly charged or credited to equity, in which case the related income tax effect is recognised in equity.

Deferred tax assets and liabilities are determined on the basis of all the temporary differences between the carrying amount of an asset or liability in the balance sheet and its corresponding tax basis. Deferred tax assets resulting from unused tax losses and temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised. Current and deferred income taxes and liabilities are offset when there is a legally enforceable right to offset. Deferred tax assets and liabilities are measured at the substantively enacted tax rates that are expected to apply to taxable income in the periods in which temporary differences will be reversed.

Fiat S.p.A. and almost all its Italian subsidiaries have elected to take part in the domestic tax consolidation programme pursuant to Articles 117/129 of the Consolidated Income Tax Act (T.U.I.R.); the election was made for a three year period beginning in 2004. The election was renewed in 2007 for at least another three year period.

Fiat S.p.A. acts as the consolidating company in this programme and calculates a single taxable base for the group of companies taking part, thereby enabling benefits to be realised from the offsetting of taxable income and tax losses in a single tax return. Each company participating in the consolidation transfers its taxable income or tax loss to the consolidating company. Fiat S.p.A. recognises receivables from companies contributing taxable incomes, corresponding to the amount of IRES (corporate income tax) paid on its behalf. In the case of a company bringing a tax loss into the consolidation, Fiat S.p.A. recognises a payable to that company for the amount of the loss actually set off at a group level.

Dividends payable

Dividends payable are recognised as changes in shareholders' equity in the period in which they are approved by shareholders.

Earnings per share

Earnings per share are calculated exclusively with reference to the Group's net profit.

Use of estimates

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

In this respect, the situation caused by the present economic and financial crisis has led to the need to make assumptions regarding future performance which are characterised by significant uncertainty; as a consequence, therefore, it cannot be excluded that results may arise during the next year which differ from estimates, and which therefore might require adjustments, even significant, to be made to the carrying amount of the items in question, which at the present moment can clearly neither be estimated nor predicted. The line item most affected by these situations of uncertainty relates to investments in subsidiaries and associates classified under non-current assets, where estimates are used for the determination of impairment losses and reversals of impairment losses.

No particular or significant issues have arisen, however, in relation to estimates used for the recognition of percentage completion of contract work in progress, employee benefits, taxes or provisions also taking into consideration their level of materiality.

In relation to investments in subsidiaries and associates, and in consideration of its relative weighting, the use of estimates has the greatest influence on the carrying value recognised for the investment in Fiat Group Automobiles S.p.A., which was transferred from Fiat Partecipazioni S.p.A., through a partial spin-off, consistently with the book value of the investment in Fiat Partecipazioni itself. In 2006 and 2007, reversals totalling €2.7 billion were recognised while €5.4 billion of impairment losses had been recognised in prior periods. The valuation

process used to determine the 'value in use' of this investment was based, for the purposes of the 2006 and 2007 financial statements, on the expected results included in the 2007-2010 business plan, appropriately adjusted for risks and uncertainties inherent in the assumptions upon which the plan was based, in addition to an estimate of terminal value ("ultimate disposal"). Given the changed economic scenario, estimates made in preparing the financial statements for the year ended 31 December 2008 have taken into consideration the expected performance for 2009, with assumptions and results consistent with the statements made in the section "Significant Events Subsequent to Year End and Outlook" in the Report on Operations. Consistently, new earnings estimates for subsequent periods (up to 2012) were made, reflecting due prudence in light of the significant impact of the current crisis on economic and market conditions. For valuation purposes, these estimated annual results were reduced, using adjustment factors which increased over the projected time horizon (as estimates become more difficult), as a measure of prudence given the uncertainty as to the duration of the current crisis and the recovery of normal trading conditions.
A theoretical terminal value ("ultimate disposal") was then estimated averaging the forecast results for 2011 and 2012, adjusted as described above and without any future growth rate assumption being made.
A discount rate of 15% was used, which is considered particularly prudent both for the sector and the regions in which the subsidiary operates. The estimates and underlying assumptions provided reasonable support for maintaining the existing carrying value of the investment at €4.7 billion. For indicative purposes only, the sensitivity of the book value of the investment to a 10% change in the projections upon which the terminal value is based would be in the order of around 6%. On the other hand, use of a discount rate which was 1 percentage point lower (i.e., 14%) would result in an increase in the order of 9% in book value (all other assumptions remaining unchanged).

Interpretations and amendments effective from 1 January 2008 but not applicable to the Company

The following interpretations, applicable for 2008, relate to matters that are not applicable to the Company.

- IFRIC 12 – *Service Concession Arrangements* (applicable retrospectively from 1 January 2008);

- IFRIC 14 - IAS 19 – *Defined Benefit Assets and Minimum Funding Requirements* (applicable retrospectively from 1 January 2008);

- Amendments to IAS 39 - *Financial Instruments: Recognition and Measurement* and IFRS 7 - *Financial Instruments: Disclosures* that would permit the reclassification of some non-derivative financial assets which are classified under the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer a financial asset from the available-for-sale category to the loans and receivables category where it has the intention and ability to hold such asset for the foreseeable future. Although this amendment applies from 1 July 2008, it has had no effect on the financial statements presented herein as none of the reclassifications permitted by the amendment were carried out by the Company.

Accounting principles, amendments and interpretations for which the Company has not elected early adoption

On 29 March 2007 the IASB issued a revised version of IAS 23 – Borrowing costs. The standard is applicable from 1 January 2009. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The standard shall apply to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009.

On 6 September 2007, the IASB issued a revised version of IAS 1 - *Presentation of Financial Statements* which applies from 1 January 2009. The revised standard requires an entity to present changes in its equity resulting from transactions with owners in a statement of changes in equity. All non-owner changes (meaning changes in comprehensive income) are required to be presented either in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Transactions with non-owners may not be presented in the statement of changes in equity. Adoption of this standard will have no effect on the measurement of items in the balance sheet.

On 17 January 2008, the IASB issued an amendment to IFRS 2 - *Vesting Conditions and Cancellations* which clarifies that for the purpose of measuring share based payments, vesting conditions are service conditions and performance conditions only. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Company will apply this amendment retrospectively from 1 January 2009; no effects are expected from its adoption.

On 22 May 2008, IASB issued an amendment to IFRS 1 – *First Time Adoption of International Financial Reporting Standards* and IAS 27 – *Consolidated and Separate Financial Statements* which allows companies adopting IFRS for the first time from 1 January 2009 and electing to recognise investments in subsidiaries, associates and joint ventures in the separate financial statements at cost, to use one of the following methods:

- cost determined in accordance with IAS 27;

- revalued cost measured on a fair value basis at the date of transition to IFRS or the carrying value of the investment at the date of transition measured in accordance with local GAAP.

Finally, the amendment requires that all dividends received from subsidiaries, joint ventures and associates must be recognised in the parent company's income statement when the right to receive those dividends is established. Revisions to IAS 36 – *Impairment of Assets* require that, when evaluating whether impairment exists, if an investee company has distributed a dividend, the following must be considered:

- whether the carrying amount of the investment in the separate financial statements exceeds the book value of that company's equity (including any associated goodwill) as recognised in the consolidated financial statements;

- whether the dividend exceeds the comprehensive income of the investee for the period to which the dividend relates.

The amendments are applicable prospectively from 1 January 2009.

On 22 May 2008, the IASB issued a series of amendments to IFRS ("Improvements"). The following paragraphs provide details of those identified by the IASB as resulting in accounting changes for presentation, recognition and measurement purposes, excluding those related to terminology or editorial changes which are likely to have minimal effects on accounting.

- IAS 1 – *Presentation of Financial Statements (revised in 2007)*: this amendment, to be applied from 1 January 2009, requires an entity to classify assets and liabilities arising from derivative financial instruments that are not classified as held for trading between current and non-current assets and liabilities. Adoption of this standard will have no effect on the measurement of items in the financial statements.

- IAS 23 – *Borrowing Costs*: this amendment, applicable from 1 January 2009, revises the definition of borrowing costs.

- IAS 36 – *Impairment of Assets*: this amendment, effective from 1 January 2009, requires additional disclosures to be made where an entity determines the recoverable amount of an asset using discounted cash flows.

Accounting principles, amendments and interpretations not applicable by the Company

The following standards, amendments and interpretations have also been issued but were not applicable to the Company at the balance sheet date:

- Improvement to IAS 16 – *Property, Plant and Equipment*: this amendment, effective from 1 January 2009, requires an entity that in the course of its ordinary activities routinely sells items of property, plant and equipment that it has held for rental to others, to transfer such assets to inventories when they cease to be rented and become held for sale. Consequently, proceeds from any sale of such assets are to be recognised as revenue. Cash payments to manufacture or acquire assets held for rental to others or subsequently held for sale are cash flows from operating activities (and not from investing activities).

- Improvement to IAS 19 – *Employee Benefits*: this amendment, effective prospectively from 1 January 2009 to changes in benefits that occur after that date, clarifies the definition of positive/negative past service costs and states that, in the case of a curtailment, only the effect of the reduction for future service shall be recognised immediately in the income statement, while the effect arising from past service periods shall be considered a negative past service cost. The Board also revised the definition of short-term employee benefits and other long-term employee benefits and the definition of a return on plan assets, stating that this amount should be net of any costs for administering the plan (other than those included in the measurement of the defined benefit obligation).

- Improvement to IAS 20 – *Government Grants and Disclosure of Government Assistance*: this amendment, applicable prospectively from 1 January 2009, states that the benefit of a government loan at a below-market rate of interest shall be treated as a government grant and then accounted for in accordance with IAS 20.

- Improvement to IAS 28 – *Investments in Associates*, and IAS 31 – *Investments in Joint Ventures*: these amendments, effective from 1 January 2009, require specific new disclosures to be made for investments in associates and joint ventures measured at fair value in accordance with IAS 39. IFRS 7 *Financial Instruments: Disclosures* and IAS 32: *Financial Instruments: Presentation* has accordingly also been amended.

- Improvement to IAS 29 – *Financial Reporting in Hyperinflationary Economies*: the previous version of the standard did not reflect the fact that a number of assets and liabilities may or must be measured on the basis of a current value rather than historical value. This amendment, made in order to reflect this, is effective from 1 January 2009.

- Improvement to IAS 40 – *Investment Property*: this amendment, to be adopted prospectively from 1 January 2009, states that property under construction falls within the scope of IAS 40 and not IAS 16.

- Amendment to IAS 27 – *Consolidated and Separate Financial Statements*: this amendment, which applies prospectively from 1 January 2009, requires that investments recognised in the separate financial statements and measured in accordance with IAS 39 are subject to IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

- Amendment to IAS 32 – *Financial Instruments: Presentation* and to IAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*. These amendments require puttable financial instruments and instruments, or components of instruments that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity instruments. This amendment is effective prospectively from 1 January 2009.

- Amendment to IAS 38 – *Intangible Assets*: this amendment, effective retrospectively from 1 January 2009, requires expenditure on advertising and promotional activities to be recognised in the income statement. Further, it states that expenditures incurred to provide future economic benefits to an entity, but where no intangible asset is recognised, must, for the supply of goods, be recognised as an expense when it has the right to access the goods. In the case of the supply of services, an entity shall recognise the expenditure as an expense when it receives the services. Moreover, the standard has been revised in order to allow entities to use the unit of production method for determining the amortisation charge for an intangible asset with a finite useful life.

- Amendment to IAS 39 – *Financial Instruments: Recognition and Measurement*: this amendment, effective from 1 January 2009, clarifies how to calculate the revised effective interest rate when discontinuing fair value hedge accounting and notes additionally that the prohibition on the reclassification of financial instruments into or out of the fair value through profit or loss category after initial recognition should not prevent a derivative from being accounted for at fair value through profit or loss when it does not qualify for hedge accounting and vice versa.

- On 31 July 2008, the IASB issued an amendment to IAS 39 – *Financial Instruments: Recognition and Measurement* which is to be applied retrospectively from 1 January 2010. The amendment clarifies how the existing principles underlying hedge accounting should be applied in particular situations. As of the date of these financial statements, the amendment had not yet been endorsed by the European Union.

- IFRIC 13 – *Customer Loyalty Programmes* (effective from 1 January 2009).

- IFRIC 15 – *Agreements for the Construction of Real Estate* (effective from 1 January 2009 but not yet endorsed by the European Union).

Risk Management

The risks to which Fiat S.p.A. is exposed, either directly or indirectly through its subsidiaries, are the same as those of the companies of which it is the Parent. Reference should therefore be made to the note on Risk Management included in the Notes to the Consolidated Financial Statements of the Fiat Group as well as to Note 28.

Composition and principal changes

Income Statement

1. Dividends and other income from investments
A breakdown of Dividends and other income from investments is provided in the following table:

(€ thousands)	2008	2007
Dividends from subsidiaries:		
- Fiat Partecipazioni S.p.A.	**500,000**	250,000
- Ferrari S.p.A.	**85,003**	63,750
- Iveco S.p.A.	**77,517**	–
- Fiat Netherlands Holding N.V.	**60,563**	151,407
- Business Solution S.p.A.	**53,810**	17,000
- Fiat Finance S.p.A.	**50,000**	60,000
- FGI - Fiat Group International S.A.	**44,256**	271,200
- Itedi-Italiana Edizioni S.p.A.	**1,700**	8,500
Total dividends from subsidiaries	**872,849**	821,857
Dividends from other companies	**1,431**	1,391
Total Dividends and other income from investments	**874,280**	**823,248**

Dividends from other companies in 2008 consisted of dividends paid by Fin.Priv. S.r.l. (€1,268 thousand) and by Assicurazioni Generali S.p.A. (€163 thousand).

2. Impairment (losses)/reversals on investments
The following table provides a breakdown of Impairment losses and reversals on investments:

(€ thousands)	2008	2007
Impairment losses:		
- Comau S.p.A.	**(7,000)**	(60,931)
Total Impairment losses	**(7,000)**	(60,931)
Reversals of impairment losses:		
- Fiat Partecipazioni S.p.A.	–	1,308,000
Total Reversals of impairment losses	–	1,308,000
Total Impairment (losses)/reversals on investments	**(7,000)**	**1,247,069**

For 2008, this item consists of an impairment loss recognised on the investment in Comau S.p.A.

In relation to the investment in Fiat Partecipazioni S.p.A., until 2005 writedowns had been recognised, primarily reflecting the impairment losses of Fiat Group Automobiles S.p.A. (formerly Fiat Auto S.p.A.), a subsidiary of Fiat Partecipazioni. At 31 December 2006, the amount of the cumulative impairment losses recognised, which could potentially be reversed, was €4,015,000 thousand. At 31 December 2007, the value in use of the investment in Fiat Group Automobiles S.p.A. was measured as €4.7 billion, compared to the valuation of €3.3 billion at 31 December 2006. The difference of €1.4 billion, together with the net income generated by Fiat Partecipazioni S.p.A. operations during the year, net of dividends paid to Fiat S.p.A., resulted in recognition of reversals totalling €1,308,000 thousand.

At 31 December 2008, the estimates and assumptions made in relation to the investment in Fiat Group Automobiles S.p.A., which was transferred from Fiat Partecipazioni S.p.A., as part of the partial spin-off, consistently with the carrying value of the investment in Fiat Partecipazioni itself, provided reasonable support for maintaining the valuation at €4.7 billion. As such, at 31 December 2008 (as at 31 December 2007) residual impairment losses, subject to possible reversal in future periods, totalled €2,707,000 thousand, as described in Note 12.

For other investments having a significant book value (which is aligned to the historic cost), in particular, parent companies of the Group's industrial Sectors - Fiat Netherlands Holding N.V. (which holds a controlling interest in CNH Global N.V.), Iveco S.p.A., Fiat Powertrain Technologies S.p.A., Magneti Marelli S.p.A. and Ferrari S.p.A. - no indications of impairment were identified. This also takes into consideration the carrying amounts of equity recognised in the consolidated balance sheet, which have already been subject to adequate evaluation as to the recoverability of assets.

3. Gains/(losses) on disposals

In 2008, net gains amounted to €181 thousand, representing a decrease of €118,290 thousand compared to 2007, and relate to the sale of 51% of the subsidiary company Fiat Group Marketing & Corporate Communication S.p.A. (formerly Fiat Information & Communication Services S.c.p.A.) to Fiat Partecipazioni S.p.A.

In 2007, net gains amounted to €118,471 thousand, €118,462 thousand of which relating to the sale of the Company's 1.83% investment in Mediobanca S.p.A.

4. Other operating income

The following table provides a breakdown of Other operating income:

(€ thousands)	2008	2007
Revenues from services rendered to Group companies	**45,337**	67,855
Changes in construction contract work in progress	**19,860**	28,770
Other revenues and income from Group companies	**2,782**	3,616
Other revenues and income from third parties	**2,070**	20,081
Total Other operating income	**70,049**	**120,322**

Revenues from services rendered to Group companies relates to services rendered, including services rendered by managers to various Group companies, and royalties for the use of the "FIAT" brand by Fiat Group Automobiles S.p.A. and Fiat Automoveis S.A. – FIASA. The decrease is mainly due to lower fees for brand royalties and managerial services rendered.

Changes in construction contract work in progress relate to the portion attributable to the year of the fees due to Fiat S.p.A. for the activities performed directly by the company (management, coordination and organisation) as part of the agreements signed with Treno Alta Velocità - T.A.V. S.p.A. (see Note 26).

Other revenues and income from Group companies mostly related to rental income from real estate properties and to directors' fees paid by companies for duties performed by Fiat S.p.A. employees.

Other revenues and income from third parties related to miscellaneous income, the recovery of expenses and prior year income. In 2007 this item also included the reversal of accruals made to provisions for €18,000 thousand as the contingent liability no longer existed at the balance sheet date.

5. Personnel costs

A breakdown of Personnel costs is provided in the following table:

(€ thousands)	2008	2007
Wages and salaries	**20,476**	31,560
Defined contribution plans and social security contributions	**7,772**	13,039
Employee severance indemnity and other defined benefit plans	**546**	2,477
Other long-term employee benefits	**–**	211
Compensation component from stock option plans	**1,447**	7,235
Other personnel costs	**7,456**	1,461
Total Personnel costs	**37,697**	55,983

The average number of employees for the year rose from 143 in 2007 (64 managers, 69 white-collar workers and 10 blue-collar workers) to 151 in 2008 (66 managers, 76 white-collar workers and 9 blue-collar workers). As described in Note 4, certain of the company's managers (an average of 9 managers in 2008 and 13 in 2007) performed their duties at the premises of Group's principal subsidiaries with their costs then being recharged to those companies.

The decrease in costs for wages and salaries and for social security contributions was mainly due to the allocation of variable components of compensation to these line items in 2007 while they are currently reported under Other personnel costs, with an offsetting entry under Provision for employee bonuses as discussed in Note 23.

Defined contribution plans consisted of the amounts paid by the company to the Italian insurance bodies (INPS) and other social security and assistance organisations for post-employment benefit defined contribution plans (pension plans and medical care) on behalf of all categories of employees. Following the introduction of Law 296/06, the employee severance indemnity accruing from 1 January 2007 and paid over to complementary pension funds or the treasury fund established by the Italian State social security organisation INPS is treated as a cost for a defined contribution plan, while the adjustments to the employee severance indemnity accruing before 1 January 2007 are recognized in the income statement under "Employee severance indemnity and other defined benefit plans" (see Note 20).

Social security contributions consisted of the amount paid by the Company to social security agencies in Italy (INPS and INAIL) on behalf of employees for short-term benefits such as sickness, injury and compulsory maternity leave.

The compensation component from stock option plans relates to plans for managers employed by Fiat S.p.A. having Fiat shares underlying and represents the notional cost recognised as an offsetting entry to the relevant equity reserve (see Note 19). This amount relates to the November 2006 and July 2008 plans (see Note 19).

As required by the accounting standard for stock option plans (IFRS 2) and the related interpretation (IFRIC 11), the compensation component from stock option plans based on Fiat S.p.A. shares but relating to managers employed by other Group companies is not recognised in the income statement of Fiat S.p.A. but rather is treated as a capital contribution and recorded as an increase in the book value of the investee companies (see Note 12) which directly or indirectly employ plan beneficiaries. An offsetting entry is made to the relevant equity reserve (see Note 19).

For 2008, Other personnel costs related mainly to accruals to the Provision for employee bonuses, leaving incentives and insurance.

The aggregate charge in 2008 for compensation to executives with strategic responsibilities was €14,440 thousand (€7,591 thousand of which was charged back to Group companies where they performed their duties). This amount included the following:

- severance indemnity accrued during the year, amounting to €973 thousand;

- contributions by the Company to state and company defined contribution schemes and social security contributions for €4,186 thousand;

- costs for the year for a special defined benefit plan, amounting to €1,100 thousand (including the component recognized in financial expenses).

6. Other operating costs

A breakdown of Other operating costs is provided in the following table:

(€ thousands)	2008	2007
Costs for services rendered by Group companies	**32,017**	35,272
Costs for services rendered by third parties	**61,158**	77,745
Compensation component from stock option plans	**7,676**	36,753
Leases and rentals	**3,245**	2,812
Purchase of goods	**960**	846
Depreciation of property, plant and equipment	**1,752**	2,338
Amortisation of intangible assets	**110**	169
Misc. operating costs	**7,515**	7,168
Total Other operating costs	**114,433**	**163,103**

Costs for services rendered by Group companies consisted of assistance and consultancy of an administrative and financial nature, public relations, payroll services, security services, sponsorship, advertising and promotion services and internal auditing services.

Costs for services rendered by third parties included, among others, professional services and studies in the technical field (the high speed train T.A.V.) and the legal, administrative and financial fields for a total of €16,366 thousand, sponsorship and advertising services for €9,670 thousand and IT systems services for €7,229 thousand. The decrease with respect to 31 December 2007 was mainly due to lower costs for professional advisory fees and information systems services as well as lower technical advisory fees due to a decrease in activity related to contracts with T.A.V. S.p.A. Costs for services also include fees paid to the directors and statutory auditors of Fiat S.p.A. amounting to €5,945 thousand and €152 thousand respectively. The amount of directors' fees includes fees resolved by shareholders as well as compensation established by the Board of Directors for directors vested with specific responsibilities.

The compensation component from stock option plans is connected with the options granted to the Chief Executive Officer and is represented by the notional cost, with the offsetting credit recognised directly in equity reserve (see Note 19).

Miscellaneous operating costs consist of subscriptions to trade associations, indirect taxes and duties (local taxes on real estate properties, un-deductible VAT, etc.), prior year expenses and other more minor costs.

7. Gains from non-recurring transactions

This item totalled €879,483 thousand in 2008. No gains were reported for 2007.

This figures represents the net gain in December from the transfer of the FIAT brand to the indirect subsidiary Fiat Group Marketing & Corporate Communication S.p.A. (formerly Fiat Information & Communication Services S.c.p.A.), which is responsible for brand management. Consideration for the transfer of €880 million was based on a valuation conducted by a leading independent advisor, using internationally accepted valuation methodologies.

8. Financial income/(expense)

Following is a breakdown of Financial income/(expense):

(€ thousands)	2008	2007
Financial income	**43,696**	14,249
Financial expenses	**(202,539)**	(238,449)
Net income/(expense) from derivative financial instruments	**(262,832)**	75,196
Total Financial income/(expense)	**(421,675)**	(149,004)

Following is a breakdown of Financial income:

(€ thousands)	2008	2007
Financial income from Group companies:		
- Interest income from Fiat Finance S.p.A. current account	**25,924**	5,839
- Interest income from Fiat Finance S.p.A. loans	**7,540**	520
- Commission income from sureties and personal guarantees	**3,828**	3,295
- Other financial income	**48**	153
Total Financial income from Group companies	**37,340**	9,807
Financial income from third parties:		
- Interest income on bank and other deposits	**9**	3
- Interest income on tax credits	**6,273**	4,389
- Commission income from sureties and guarantees and other financial income	**–**	9
Total Financial income from third parties	**6,282**	4,401
Exchange losses/(income)	**74**	41
Total Financial income	**43,696**	14,249

Following is a breakdown of Financial expense:

(€ thousands)	2008	2007
Financial expense to Group companies:		
- Interest expense to Fiat Finance S.p.A. current account	**1,659**	21,087
- Interest expense to Fiat Finance S.p.A. loans	**171,593**	192,844
- Commissions and other charges payable to Fiat Netherlands Holding N.V.	**11,369**	10,675
- Fiat Finance S.p.A. and Fidis S.p.A. service commissions	**95**	74
- Interest and financial expense to other Group companies	**323**	240
Total Financial expense to Group companies	**185,039**	224,920
Financial expense to third parties:		
- Interest expense and charges for the sale of receivables	**13,191**	11,316
- Financial expense for employee benefits	**1,008**	697
- Other third party interest and financial expense	**3,301**	1,516
Total Financial expense to third parties	**17,500**	13,529
Total Financial expense	**202,539**	238,449

Net expense from derivative financial instruments of €262,832 thousand (net income of €75,196 thousand in 2007) resulted from derivative transactions with other Group companies which, in turn, are parties to agreements with major banks. Specifically, the €262,832 thousand figure for 2008 was entirely attributable to the loss (gain of €69,813 thousand in 2007) arising from the change in fair value, net of income received, of the two equity swaps expiring in 2009 (as a result of extensions to these contracts during the year) entered into in previous periods to hedge against an increase in the price of Fiat shares above the exercise price for stock options granted to the Chief Executive Officer in 2004 and 2006 (see Note 19). At 31 December 2008, the equity swaps had a notional value of €203,941 thousand determined on the basis of the contractual strike price. 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 derivatives.

9. Income Taxes

A breakdown of Taxes recognised in the income statement is provided below:

(€ thousands)	2008	2007
Current taxes:		
- IRES	–	(132,145)
- IRAP	**19,012**	108
Total Current taxes	**19,012**	(132,037)
Deferred taxes for the period:		
- IRAP	**1,602**	819
Total deferred taxes for the period	**1,602**	819
Taxes relating to prior periods	**23,428**	3,379
Total Income taxes	**44,042**	**(127,839)**

For 2008, current IRAP of €19,012 thousand was payable on income generated during the year which was primarily associated with the non-recurring gain from sale of the “FIAT” brand.

IRAP deferred tax payable of €1,602 thousand relates to profit recognised on the contract work in progress with T.A.V. S.p.A. for which taxation is deferred until completion of the work, net of associated deferred costs deductible.

Tax income relating to prior periods amounted to €23,428 thousand and principally referred to the settlement of last year’s national consolidated tax return.

In 2007, current IRES consisted of a rebate received from the tax authorities in relation to taxable losses contributed to the domestic tax consolidation.

A reconciliation between theoretical income taxes determined on the basis of the tax rates applicable in Italy and the income taxes reported in the financial statements is as follows:

(€ thousands)	2008	2007
Theoretical income taxes	**341,877**	639,976
Tax effect of permanent differences	**(214,402)**	(608,681)
Taxes relating to prior years	**23,428**	3,379
Tax loss carryforwards utilised	**(127,475)**	–
Unrecognised net deferred tax assets	**–**	(163,440)
Current and deferred income tax recognised in the financial statements, excluding IRAP	**23,428**	(128,766)
IRAP (current and deferred)	**20,614**	927
Income taxes reported in the Income Statement (current and deferred income taxes)	**44,042**	(127,839)

Theoretical income taxes are calculated by applying the IRES tax rate (27.5% in 2008 and 33% in 2007) to the result before taxes. IRAP tax is excluded to facilitate an understanding of the reconciliation between theoretical and reported income taxes; since it is calculated on a tax basis that differs from profit before taxes, it would otherwise generate distortions between one year and another.

The permanent differences referred to above include, among other things, the tax effect of non-taxable income amounting to €221,820 thousand in 2008 (€648,850 thousand in 2007) and of non-deductible costs amounting to €7,418 thousand in 2008 (€40,169 thousand in 2007). In particular, in 2008 the tax effect of non-taxable income is principally attributable to dividends and totals approximately €216,844 thousand (€179,655 thousand in 2007).

Non-deductible costs include impairment losses on investments whose tax effect totalled €1,925 thousand in 2008 (€20,107 thousand in 2007).

A breakdown of deferred tax liabilities, net of deferred tax assets, is provided in the following table.

(€ thousands)	At 31 December 2007	Recognised in Income Statement	Charged to equity	At 31 December 2008
Deferred tax assets arising from:				
- Taxed provisions and other minor differences	6,632	2,899	–	**9,531**
Total Deferred tax assets	6,632	2,899	–	**9,531**
Deferred tax liabilities arising from:				
- Measurement of construction contracts by the percentage of completion method	(37,172)	(4,933)	–	**(42,105)**
- Other	(1,062)	203	205	**(654)**
Total Deferred tax liabilities	(38,234)	(4,730)	205	**(42,759)**
Theoretical tax benefit arising from tax loss carryforward	175,224	(115,949)	–	**59,275**
Adjustments for assets whose recoverability is not probable	(147,878)	116,178	(205)	**(31,905)**
Total Deferred tax liabilities, net of Deferred tax assets	(4,256)	(1,602)	**–**	**(5,858)**

Deferred tax assets have been recognised by carrying out a critical analysis to ensure that the conditions for their future realisation exist, through the use of updated strategic business plans and the related tax plans. As a consequence, the total theoretical future tax benefits arising from deductible temporary differences (€9,531 thousand at 31 December 2008 and €6,632 thousand at 31 December 2007) and tax loss carryforwards (€59,275 thousand at 31 December 2008 and €175,224 thousand at 31 December 2007), was reduced by €31,905 thousand at 31 December 2008 (€147,878 thousand at 31 December 2007).

Total temporary differences (deductible and taxable) and total tax losses at 31 December 2008 and the amounts for which deferred tax assets have not been recognised, analysed by year of expiry, are set out in the following table:

(€ thousands)	Total at 31 December 2008	Year of expiry 2009	2010	2011	2012	Beyond 2012
Temporary differences and tax losses relating to IRES:						
- Deductible temporary differences	**33,128**	23,163	3,201	795	687	5,282
- Taxable temporary differences	**(132,654)**	(130,277)	–	–	–	(2,377)
- Tax losses	**215,543**	–	–	148,246	67,297	–
- Temporary differences and tax losses for which deferred tax assets have not been recognised	**(116,017)**	107,114	(3,201)	(149,041)	(67,984)	(2,905)
Temporary differences and tax losses relating to State taxation	**–**	–	–	–	–	–
Temporary differences relating to IRAP:						
- Deductible temporary differences	**8,736**	1,286	949	822	720	4,959
- Taxable temporary differences	**(130,277)**	(130,277)	–	–	–	–
Temporary differences and tax losses relating to local taxation	**(121,541)**	(128,991)	949	822	720	4,959

Balance Sheet

10. Intangible assets

All intangible assets were acquired from third parties. There were no intangible assets with an indefinite useful life.

In 2008 changes in Intangible assets were as follows:

(€ thousands)	At 31 December 2007	Additions	Amortisation	(Decreases) and Other changes	At 31 December 2008
Concessions, licences and similar rights					
- Gross carrying amount	1,050	33	–	(1,083)	–
- Accumulated amortisation	(991)	–	–	991	–
- Net carrying amount	59	33	–	(92)	–
Other intangible assets					
- Gross carrying amount	615	13	–	–	**628**
- Accumulated amortisation	(143)	–	(110)	–	**(253)**
- Net carrying amount	472	13	(110)	–	**375**
Intangible assets under development and advances					
- Gross carrying amount	280	67	–	(347)	–
- Accumulated amortisation	–	–	–	–	–
- Net carrying amount	280	67	–	(347)	–
Total Intangible assets					
- Gross carrying amount	1,945	113	–	(1,430)	**628**
- Accumulated amortisation	(1,134)	–	(110)	991	**(253)**
- Net carrying amount	811	113	(110)	(439)	**375**

Concessions, licences and similar includes the cost of developing and registering brands and trademarks owned by the Company, while Intangible assets under development and advances relates to costs incurred for registrations still in course at year end. The decrease in both items is attributable to the sale of the brands described in Note 7.

Other intangible assets relates to leasehold improvements, which are amortised over the term of the related lease (4 and 12 years).

Amortisation of intangible assets is recognised under Other operating costs in the income statement (Note 6).

During 2007 changes in Intangible assets were as follows:

(€ thousands)	At 31 December 2006	Additions	Amortisation	(Decreases) and Other changes	At 31 December 2007
Concessions, licences and similar rights					
- Gross carrying amount	1,057	21	–	(28)	**1,050**
- Accumulated amortisation	(970)	–	(82)	61	**(991)**
- Net carrying amount	87	21	(82)	33	**59**
Other intangible assets					
- Gross carrying amount	511	104	–	–	**615**
- Accumulated amortisation	(56)	–	(87)	–	**(143)**
- Net carrying amount	455	104	(87)	–	**472**
Intangible assets under development and advances					
- Gross carrying amount	230	89	–	(39)	**(280)**
- Accumulated amortisation	–	–	–	–	**–**
- Net carrying amount	230	89	–	(39)	**(280)**
Total Intangible assets					
- Gross carrying amount	1,798	214	–	(67)	**1,945**
- Accumulated amortisation	(1,026)	–	(169)	61	**(1,134)**
- Net carrying amount	772	214	(169)	(6)	**811**

11. Property, plant and equipment

In 2008 changes in Property, plant and equipment were as follows:

(€ thousands)	At 31 December 2007	Additions	Depreciation	(Decreases) and Other changes	At 31 December 2008
Land and buildings					
- Gross carrying amount	46,016	66	–	–	**46,082**
- Accumulated depreciation	(14,171)	–	(1,353)	–	**(15,524)**
- Net carrying amount	31,845	66	(1,353)	–	**30,558**
Plant and machinery					
- Gross carrying amount	10,116	19	–	–	**10,135**
- Accumulated depreciation	(9,740)	–	(159)	–	**(9,899)**
- Net carrying amount	376	19	(159)	–	**236**
Other tangible assets					
- Gross carrying amount	5,099	265	–	(633)	**4,731**
- Accumulated depreciation	(2,656)	–	(240)	395	**(2,501)**
- Net carrying amount	2,443	265	(240)	(238)	**2,230**
Total Property, plant and equipment					
- Gross carrying amount	61,231	350	–	(633)	**60,948**
- Accumulated depreciation	(26,567)	–	(1,752)	395	**(27,924)**
- Net carrying amount	34,664	350	(1,752)	(238)	**33,024**

Land and buildings include land for €610 thousand (unchanged with respect to the previous year) while buildings mainly comprise the company's headquarters in Turin, Via Nizza 250.

Plant and machinery was principally made up of general plant used in the buildings.

Other tangible assets comprised cars, office furniture and equipment.

At 31 December 2008, there were no tangible assets under development or contractual commitments to purchase items of property, plant and equipment of a significant amount.

There were no buildings charged as collateral or whose use is restricted.

Depreciation of property, plant and equipment is recognised under Other operating costs in the income statement (Note 6).

During 2007 changes in Property, plant and equipment were as follows:

(€ thousands)	At 31 December 2006	Additions	Depreciation	(Decreases) and Other changes	At 31 December 2007
Land and buildings					
- Gross carrying amount	45,946	70	–	–	**46,016**
- Accumulated depreciation	(12,820)	–	(1,351)	–	**(14,171)**
- Net carrying amount	33,126	70	(1,351)	–	**31,845**
Plant and machinery					
- Gross carrying amount	10,116	–	–	–	**10,116**
- Accumulated depreciation	(9,150)	–	(590)	–	**(9,740)**
- Net carrying amount	966	–	(590)	–	**376**
Other tangible assets					
- Gross carrying amount	6,052	348	–	(1,301)	**5,099**
- Accumulated depreciation	(2,891)	–	(396)	631	**(2,656)**
- Net carrying amount	3,161	348	(396)	(670)	**2,443**
Total Property, plant and equipment					
- Gross carrying amount	62,114	418	–	(1,301)	**61,231**
- Accumulated depreciation	(24,861)	–	(2,337)	631	**(26,567)**
- Net carrying amount	37,253	418	(2,337)	(670)	**34,664**

12. Investments

At 31 December 2008, investments totalled €14,444,736 thousand and underwent the following changes during the year:

(€ thousands)	At 31 December 2007	Effects of spin-off of Fiat Partecipazioni	Other changes	Impairment (losses)/ reversals and Adjustments to fair value	At 31 December 2008
Investments in subsidiaries	13,277,641	680,408	343,611	(7,000)	**14,294,660**
Investments in associates	–	131,786	–	–	**131,786**
Investments in other companies	33,843	–	–	(15,553)	**18,290**
Total Investments	13,311,484	812,194	343,611	(22,553)	**14,444,736**

Investments in subsidiaries and changes during the year are provided in the following table:

(€ thousands)	% interest	At 31 December 2007	Effects of spin-off of Fiat Partecipazioni	Other changes	Impairment (losses)/ reversals	At 31 December 2008
Fiat Group Automobiles S.p.A.	100.00		4,677,908	(1,549)		**4,676,359**
- Gross carrying amount			7,384,908	(1,549)		**7,383,359**
- Accumulated impairment losses			(2,707,000)			**(2,707,000)**
Ferrari S.p.A.	85.00	1,055,203				**1,055,203**
- Gross carrying amount		1,055,203				**1,055,203**
- Accumulated impairment losses		–				**–**
Maserati S.p.A.	100.00		104,209	(322)		**103,887**
- Gross carrying amount			104,209	(322)		**103,887**
- Accumulated impairment losses			–			**–**
Fiat Netherlands Holding N.V.	100.00	2,294,869	1,532,478			**3,827,347**
- Gross carrying amount		2,294,869	1,532,478			**3,827,347**
- Accumulated impairment losses		–	–			**–**
Iveco S.p.A.	100.00	1,326,017	509,988	(732)		**1,835,273**
- Gross carrying amount		1,326,017	509,988	(732)		**1,835,273**
- Accumulated impairment losses		–				**–**
Fiat Powertrain Technologies S.p.A.	100.00		300,571	349,096		**649,667**
- Gross carrying amount			300,571	349,096		**649,667**
- Accumulated impairment losses			–			**–**
Magneti Marelli S.p.A.	99.99		613,544	(1,206)		**612,338**
- Gross carrying amount			613,544	(1,206)		**612,338**
- Accumulated impairment losses			–			**–**
Teksid S.p.A.	84.79		76,642	(485)		**76,157**
- Gross carrying amount			129,628	(485)		**129,143**
- Accumulated impairment losses			(52,986)			**(52,986)**
Teksid Aluminum S.r.l.	100.00		43,292			**43,292**
- Gross carrying amount			43,292			**43,292**
- Accumulated impairment losses			–			**–**
Comau S.p.A.	100.00	111,000		(711)	(7,000)	**103,289**
- Gross carrying amount		543,731		(711)		**543,020**
- Accumulated impairment losses		(432,731)			(7,000)	**(439,731)**
Fiat Partecipazioni S.p.A.	100.00	8,128,294	(7,178,224)	630		**950,700**
- Gross carrying amount		10,888,280	(9,938,210)	630		**950,700**
- Accumulated impairment losses		(2,759,986)	2,759,986			**–**
Fiat Finance S.p.A.	100.00	222,263				**222,263**
- Gross carrying amount		222,263				**222,263**
- Accumulated impairment losses		–				**–**
Business Solutions S.p.A.	100.00	37,095		(680)		**36,415**
- Gross carrying amount		89,151		(680)		**88,471**
- Accumulated impairment losses		(52,056)				**(52,056)**
Other minor		102,900		(430)		**102,470**
- Gross carrying amount		111,970		(430)		**111,540**
- Accumulated impairment losses		(9,070)				**(9,070)**
Total Investments in subsidiaries		**13,277,641**	**680,408**	**343,611**	**(7,000)**	**14,294,660**
- Gross carrying amount		16,531,484	680,408	343,611	–	**17,555,503**
- Accumulated impairment losses		(3,253,843)	–	–	(7,000)	**(3,260,843)**

On 29 December 2008, there was a partial spin-off of the wholly-owned subsidiary Fiat Partecipazioni S.p.A. in favour of Fiat S.p.A., approved by Fiat S.p.A.'s Board of Directors on 20 October 2008 and in an Extraordinary General Meeting of Shareholders of Fiat Partecipazioni S.p.A. on 14 October 2008, pursuant to the requirements of Article 2506-ter of the Civil Code (which refers to Article 2505 of the Civil Code) and Article 15 of the By-laws of Fiat S.p.A.

The transaction consisted of the transfer to Fiat S.p.A. of shares held by Fiat Partecipazioni S.p.A. in the subsidiaries Fiat Group Automobiles S.p.A. (100.00%), Fiat Powertrain Technologies S.p.A. (100.00%), Magneti Marelli S.p.A. (99.99%), Maserati S.p.A. (100.00%), Teksid S.p.A. (84.79%), Teksid Aluminum S.r.l. (100.00%), Fiat Netherlands Holding N.V. (39.44%), Iveco S.p.A. (39.44%) and in the associate RCS MediaGroup S.p.A. (10.09%), in addition to €800,000 thousand in outstanding liabilities to Fiat Finance S.p.A. maturing on 31 December 2008.

The effect of the transaction was to give Fiat S.p.A. the direct controlling interest in all of the Group's industrial sectors, in addition to simplifying the Group's structure in line with most recent market best practise, improving operating efficiency, providing financial optimization and streamlining dividend flows, focusing the activities of Fiat Partecipazioni S.p.A. in real estate business in favour of the Group and as in-house service provider.

Fiat S.p.A. accounted for the transaction consistently with the carrying value of the investment in Fiat Partecipazioni S.p.A. ("*in continuità dei valori*") in the December 2007 balance sheet which was replaced with the book values of the assets and liabilities received and the residual value of the investment in Fiat Partecipazioni S.p.A. The transferred shareholdings were recognised by Fiat S.p.A. at the value implied by the carrying value of Fiat Partecipazioni S.p.A. in its balance sheet at 31 December 2007. The residual investment in Fiat Partecipazioni S.p.A. was recognised for an amount equal to the book value of equity at 31 December 2008. The difference arising from the transaction totalled €39,194 thousand and was accounted for as a balancing item to the amount recognised in the equity reserve for spin-off difference (see Note 19).

Provisions of €2,759,986 thousand recognised on the investment in Fiat Partecipazioni S.p.A. at 31 December 2007 in relation to residual impairment losses recognised in previous periods for Fiat Group Automobiles S.p.A. (€2,707,000 thousand) and Teksid S.p.A. (€52,986 thousand), were subsequently reallocated to those shareholdings.

Other significant changes in investments in subsidiaries during the year were as follows:

- At the end of 2008, Fiat S.p.A. increased the share capital and additional paid in capital of Fiat Powertrain Technologies S.p.A. by €350,000 thousand to provide it with adequate financial resources to meet its operating requirements and planned capital expenditures.

- As discussed in Note 5 above, the compensation component from stock option plans based on Fiat S.p.A. shares but relating to managers employed by other Group companies is treated as a capital contribution and recorded as an increase in the book value of investee companies which directly or indirectly employ managers who are beneficiaries of the stock option plans. Conversely, when, certain tranches of options are not vested as a result of performance objectives not being achieved, the related compensation component recognised in previous periods is reversed and the value of the capital contribution recognised in prior periods is correspondingly reduced in those companies which directly or indirectly employ managers who are beneficiaries of those stock option plans. In 2008, net decreases of €5,959 thousand were recognised in investments in subsidiary companies, essentially in relation to changes in estimates for the November 2006 plan net of capitalised costs related to the new July 2008 plan. These decreases are offset by a corresponding adjustment to the relevant equity reserve (see Note 19).

Impairment (losses)/reversals includes impairment losses arising from application of the cost method, as described in Note 2 above.

A full list of investments with the additional disclosures required by Consob Communication DEM/6064293 of 28 July 2006 is attached.

A breakdown of investments in associates and changes during the year is provided in the following table:

(€ thousands)	% interest	At 31 December 2007	Effects of spin-off of Fiat Partecipazioni	Other changes	Impairment (losses)/ reversals	At 31 December 2008
RCS MediaGroup S.p.A.	10.09	–	131,786	–	–	**131,786**
Total Investments in associates		–	131,786	–	–	**131,786**

The carrying value of the investment in the listed company RCS MediaGroup S.p.A. was €57 million higher than the corresponding stock market price at the balance sheet date (€97 million lower at year-end 2007). The stock market price of the company's shares, which at year-end 2008 was below their par value, reflected the significant derating of the media sector by the stock market, which did not correspond to the operating performance of RCS reflected by the latest financial reports (interim results for the period to 30 September 2008) or preliminary full-year figures for 2008. Given the fact that the book value of the investment recognised under the equity method in the consolidated balance sheet approximates its historic cost, and in consideration of the relative weight of the interest held, for which measurement at the current stock market price (heavily influenced by the general economic crisis) is not representative, it was deemed reasonable not to adjust the existing carrying value.

Investments in other companies and the changes during the year are provided below:

(€ thousands)	% interest	At 31 December 2007	Effects of spin-off of Fiat Partecipazioni	Other changes	Fair value adjustments	At 31 December 2008
Fin.Priv. S.r.l.	14.28	28,248			(13,475)	**14,773**
Assicurazioni Generali S.p.A.	0.01	5,595			(2,078)	**3,517**
Total Investments in other companies		33,843	–	–	(15,553)	**18,290**

Investments in other companies, insofar as they are non-current financial assets that are not held for trading, are recognised at fair value which, for listed companies, corresponds to the market prices of the shares at year end. In a similar manner, the Company's investment in Fin.Priv. S.r.l. (a holding company whose assets mainly comprise listed securities) was measured at fair value by taking account of the market price of its portfolio. This led to a decrease of €15,553 thousand in investments in other companies in 2008 (of which €13,475 thousand for Fin.Priv. S.r.l. and €2,078 thousand relate to Assicurazioni Generali S.p.A.), which was recognised directly in equity (see Note 19).

There were no entities in Investments in other companies for whose obligations Fiat S.p.A. has unlimited responsibility (Article 2361 (2) of the Civil Code).

At 31 December 2008 and 2007 there were no investments given as security for financial or contingent liabilities.

During 2007, changes in Investments were as follows:

(€ thousands)	At 31 December 2006	Acquisitions/ Capital increases	Disposals/ Capital reimbursements	Reversal of imp. losses (Impairment losses)/ Fair value adjustments	At 31 December 2007
Investments in subsidiaries	14,211,238	1,028,883	(3,209,549)	1,247,069	**13,277,641**
Investments in other companies	288,357	–	(222,334)	(32,180)	**33,843**
Total Investments	14,499,595	1,028,883	(3,431,883)	1,214,889	**13,311,484**

13. Other financial assets

A breakdown of Other financial assets is provided in the following table:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Call option on Ferrari S.p.A. shares	**10,032**	10,032	–
Fees receivables for guarantees given	**10,531**	9,388	1,143
Debt securities	**74**	73	1
Total Other financial assets	**20,637**	19,493	1,144

The item Call option on Ferrari S.p.A. shares includes the value of the premium paid in October 2006 for the call option on the 5% interest in Ferrari S.p.A. held by the Arab Mubadala Development Company PJSC fund. In July 2008, the expiry date of the option was extended and the option may now be exercised from 1 January 2010 to 31 July 2010 at a price of €302.07 per share (for a total of €122,399 thousand) less any dividend that may be distributed. It has been recognised at cost since its fair value cannot be reliably measured.

Fees receivables for guarantees given are measured at the present value of the fees to be received in future years for guarantees provided by the company (mainly for guaranteeing loans obtained by Group companies).

Debt securities consist of listed Italian State securities pledged to fund scholarship grants.

A breakdown of other financial assets by maturity date is as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007
Other financial assets		
due within one year	**3,431**	12,663
due after one year but within five years	**16,710**	6,187
due after five years	**496**	643
Total	**20,637**	19,493

14. Other non-current assets

At 31 December 2008, non-current assets totalled €244 thousand, a net increase of €128 thousand over 31 December 2007, and consisted of amounts receivable from tax authorities and employees beyond 12 months.

15. Trade receivables

At 31 December 2008, Trade receivables amounted to €185,292 thousand, an increase of €4,311 thousand over 31 December 2007, and included the following:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Third parties			
- Receivables	**131,537**	171,042	(39,505)
- Allowance for doubtful accounts	**(228)**	(228)	–
Total third parties	**131,309**	170,814	(39,505)
Intercompany trade receivables	**53,983**	10,167	43,816
Total Trade receivables	**185,292**	180,981	4,311

Trade receivables from third parties mainly relate to amounts due from T.A.V. S.p.A. for the progress of works on high speed rail sections during the latter part of 2006. These receivables match the trade payables resulting from the progress of the works to be paid to the consortia CAV.E.T. and CAV.TO.MI. (see Note 24). At 31 December 2008, factored receivables totalled €35,683 thousand and relate to work completed on the Novara-Milano rail line. These receivables remain on–balance sheet with an offsetting entry to Advances from factoring companies (see Note 25), as required under IAS 39.

Intercompany trade receivables included €52,800 thousand receivable from Fiat Group Marketing and Corporate Communication S.p.A. (formerly Fiat Information & Communication Services S.c.p.A.), deferred until 2009, in consideration for the sale of the "FIAT" brand (see Note 7).

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 overdue balances.

16. Current financial receivables

At 31 December 2008, there were no current financial receivables. At 31 December 2007, this item totalled €1,223,431 thousand and consisted of amounts receivable from other Group companies, as detailed below:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Current account with Fiat Finance S.p.A.	–	177,006	(177,006)
Loan to Fiat Finance S.p.A.	–	900,000	(900,000)
Amounts due from Fiat Netherlands Holding N.V. for derivative financial instruments	–	145,903	(145,903)
Other minor receivables due from Fiat Finance S.p.A. and Fiat Netherlands Holding N.V.	–	522	(522)
Total Current financial receivables	**–**	**1,223,431**	**(1,223,431)**

The Current account with Fiat Finance S.p.A. totalling €177,006 thousand at 31 December 2007 represented the balance on the account held with that company as part of the Group's centralised treasury management.

The loan to Fiat Finance S.p.A., totalling €900,000 thousand at 31 December 2007, was issued in late 2007 as a temporary investment of surplus funds and repaid at maturity on 27 February 2008.

The item Amounts due from Fiat Netherlands Holding N.V. for derivative financial instruments, totalling €145,903 thousand at 31 December 2007, consisted of the fair value measurement of the two equity swaps on Fiat S.p.A. shares entered into with major banks by Fiat Netherlands Holding N.V., 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 8. At 31 December 2008, the fair value of both equity swaps was negative and, therefore, they were recognised as liabilities (see Note 25).

17. Other current receivables

At 31 December 2008, other current receivables amounted to €905,058 thousand, an increase of €12,897 thousand over 31 December 2007. They are broken down as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Intercompany receivables for consolidated IRES tax	**285,048**	436,479	(151,431)
Other intercompany receivables	**42,039**	3	42,036
VAT receivables	**304,262**	179,657	124,605
IRES tax receivables	**269,286**	270,881	(1,595)
IRAP tax receivables	–	681	(681)
Other	**4,423**	4,460	(37)
Total Other current receivables	**905,058**	**892,161**	**12,897**

Intercompany receivables for consolidated IRES tax arise from the tax calculated on the taxable income contributed by the Italian subsidiaries participating in the domestic tax consolidation programme.

Other intercompany receivables includes €27,000 thousand receivable from Fiat Partecipazioni S.p.A., received at the end of January 2009, as consideration for the difference at completion between the carrying value of the shareholdings transferred as part of the Group reorganisation described previously (see Note 12), compared to their stated value in the Spin-off Plan approved by the Board of Directors.

IRES tax receivables include receivables that the Italian subsidiaries participating in the domestic tax consolidation programme transferred to Fiat S.p.A. in 2008 and previous years. At 31 December 2008 factored credits for which a refund has been claimed amounted to €230,795 thousand (€234,693 thousand at 31 December 2007) and were recognised as such in the financial statements, with a corresponding liability recorded in the balance sheet under Advances on factored receivables (see Note 25), pursuant to IAS 39.

At 31 December 2008, interest recognised on VAT receivables for which refund has been claimed (pro-rata portion for the consolidated VAT) totalled €217 thousand (€2,623 thousand at 31 December 2007) while that recognised on IRES tax receivables (almost totally factored) amounts to €26,081 thousand (€20,517 thousand at 31 December 2007).

The carrying amount of Other current receivables is deemed to approximate their fair value.

Almost all Other current receivables are due within one year.

18. Cash and cash equivalents

Cash and cash equivalents consist of the following:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Cash at banks and post offices	**494**	497	(3)
Cheques and cash in hand	**1**	27	(26)
Total Cash and cash equivalents	**495**	524	(29)

The above figures related to on demand deposits in euros in the company's bank current accounts. The carrying amount of Cash and cash equivalents is deemed to be in line with their fair value.

The credit risk relating to Cash and cash equivalents is insignificant since the counterparties are leading national and international banks.

19. Shareholders' equity

Shareholders' equity amounted to €12,169,774 thousand at 31 December 2008, an increase of €478,739 thousand as compared to 31 December 2007 resulting mostly from the profit for the year of €1,199,146 thousand net of decreases due to dividend payments for €509,419 thousand (€0.40 to each ordinary and preference share and €0.555 to each savings share) and share buy-backs for €238,531 thousand.

Share capital

Share capital amounted to €6,377,263 thousand (fully paid) at 31 December 2008 and was composed as follows:

(no. of shares)	At 31 December 2008	At 31 December 2007
Shares issued and fully paid-up		
– Ordinary shares	**1,092,247,485**	1,092,247,485
– Preference shares	**103,292,310**	103,292,310
– Savings shares	**79,912,800**	79,912,800
Total shares issued	**1,275,452,595**	1,275,452,595

All issued shares have a nominal value of €5, with each category having rights as follows.

Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of preference and savings shares as described here below.

Each ordinary share confers the right to vote without any restriction whatsoever. Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings. No voting rights are attached to savings shares.

Net profit reported in the annual financial statements of Fiat S.p.A. shall be allocated as follows:

- to the legal reserve, 5% of net profit until the amount of such reserve is equivalent to one-fifth of share capital;
- to savings shares, a dividend of up to €0.31 per share;
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or to retained profit reserve as may be resolved by Shareholders;
- to preference shares, a dividend of up to €0.31 per share;
- to ordinary shares, a dividend of up to €0.155 per share;
- to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.155 per share and;
- to each ordinary, preference and savings share, in equal amounts, any remaining profit which Shareholders may resolve to distribute.

When the dividend paid to savings shares in any year amounts to less than €0.31, the difference shall be added to the preferred dividend to which they are entitled in the following two years.

In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall have the right to a higher dividend increased by €0.175, rather than €0.155, with respect to the dividend received by the ordinary and preference shares.

In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by €0.200 per share.

In the event of a winding up, the Company's assets shall be distributed in the following order of priority: repayment of savings shares up to their par value, repayment of preference shares up to their par value, repayment of ordinary shares up to their par value; any balance remaining, in an equal pro rata amount to shares of all three classes.

The reconciliation of the number of shares outstanding at 31 December 2006 and at 31 December 2008 is as follows:

(shares in thousands)	At 31 December 2006	Capital increase	(Purchases)/ Sales of treasury stock	At 31 December 2007	Capital increase	(Purchases)/ Sales of treasury stock	At 31 December 2008
Ordinary shares issued	1,092,246	1	–	1,092,247	–	–	**1,092,247**
Less: Treasury shares	(3,773)	–	(18,078)	(21,851)	–	(16,717)	**(38,568)**
Ordinary shares outstanding	1,088,473	1	(18,078)	1,070,396	–	(16,717)	**1,053,679**
Preference shares issued	103,292	–	–	103,292	–	–	**103,292**
Less: Treasury shares	–	–	–	–	–	–	**–**
Preference shares outstanding	103,292	–	–	103,292	–	–	**103,292**
Savings shares issued	79,913	–	–	79,913	–	–	**79,913**
Less: Treasury shares	–	–	–	–	–	–	**–**
Savings shares outstanding	79,913	–	–	79,913	–	–	**79,913**
Total shares issued by Fiat S.p.A.	1,275,451	1	–	1,275,452	–	–	**1,275,452**
Less: Treasury shares	(3,773)	–	(18,078)	(21,851)	–	(16,717)	**(38,568)**
Total Fiat S.p.A. shares outstanding	1,271,678	1	(18,078)	1,253,601	–	(16,717)	**1,236,884**

Treasury share sales and buybacks in 2008 are discussed in the section "Treasury shares".

In respect of changes in 2007 regarding issued ordinary shares, on 29 January 2007, following the pre-established expiry date, the Warrants "Fiat Ordinary Share 2007" (issued in 2002), were delisted. The owners of the 65,509,168 outstanding warrants at that date were given the option to subscribe in January 2007 to Fiat S.p.A. ordinary shares in the ratio of one Fiat ordinary share at a price of €29.364 for every four warrants held. To that date 4,676 warrants had been exercised with the issuance of 1,169 shares. As a consequence, on 1 February 2007 the share capital of Fiat S.p.A. increased from €6,377,257,130 to €6,377,262,975 and additional paid-in capital increased by €28,481.52.

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 by shareholders in general meeting who may delegate powers to the Board of Directors, having validity for a maximum period of five years, to increase share capital up to a predetermined amount; 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 such losses have not fallen to less than one third. If as the consequence of a loss of more than one third of capital this then drops below the legal minimum, shareholders in general meeting are required to approve a decrease and simultaneous increase of capital to an amount not less than this minimum or must change a company's legal form.

■ As discussed previously the share in profits due to each class of shares is determined by a company's By-laws.

■ An additional paid-in capital reserve is established if a company issues shares at a price exceeding their nominal value. This reserve may not be distributed until the legal reserve has reached one fifth of share capital.

■ A company may not purchase treasury stock for an amount exceeding the distributable profits and available reserves stated in its most recently approved financial statements. Any purchase must be approved by shareholders in general meeting and in no case may the nominal value of the shares acquired exceed one tenth of share capital.

The following matters are also relevant to the share capital of Fiat S.p.A.:

■ In a meeting held on 3 November 2006, the Board of Directors of Fiat S.p.A. exercised its delegated powers pursuant to Article 2443 of the Italian Civil Code for a capital increase reserved for employees of the company and/or its subsidiaries up to a maximum of 1% of that stock, i.e. €50,000,000, by issuance of a maximum of 10,000,000 ordinary shares each of nominal value €5, corresponding to 0.78% of share capital and 0.92% of ordinary share capital, at a price of €13.37 each, to service the employee stock option plan described in the following paragraph. The execution of this increase in capital is dependant on the conditions of the plan being satisfied.

In addition, in respect of dividends, Fiat has had in force since 2006 a policy under which it intends to distribute a total dividend to its shareholders amounting to 25% of consolidated profits earned up to 2010. However, despite the fact that the Group earned Consolidated profit of €1,721 million in 2008 and that the net profit of Fiat S.p.A. is such to enable a dividend to be distributed in conformity with the policy, the Board of Directors will be proposing to shareholders at their Annual General Meeting that the distribution of dividends should be limited to savings shares alone (€0.31 per share for a total of €24.8 million, as established by the Company's bylaws), with the aim of strengthening the Group's capital structure and preserving its liquidity.

The objectives identified by Fiat for managing capital are to create value for shareholders as a whole, to safeguard business continuity and support the growth of the Group. As a result Fiat 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 in this by means of achieving an adequate rating.

Fiat 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 Fiat aims at a continuous improvement in the profitability of the business in which it operates. Further, it may sell part of its assets to reduce the level of its debt, while the Board of Directors may make proposals to Shareholders in General Meeting to reduce or increase capital stock or, where the law permits, to distribute reserves. In this context, Fiat S.p.A. also makes purchases of treasury stock, without exceeding the limits 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 includes both the value brought into a company by its shareholders (share capital, additional paid-in capital reserve less treasury shares, for a total value of €7,261,595 thousand at 31 December 2008 and €7,498,838 thousand at 31 December 2007), and the value generated by Fiat S.p.A. in terms of the results achieved (retained profit/(loss)) and other reserves, before allocation of net profit for the year, equal in total to €4,908,780 thousand at 31 December 2008 and €4,177,245 thousand at 31 December 2007, excluding gains and losses recognised directly in equity).

Additional paid-in capital

This reserve amounted to €1,540,885 thousand at 31 December 2008, unchanged from 31 December 2007.

Legal reserve

This reserve totalled €639,503 thousand at 31 December 2008, an increase of €103,443 thousand over 31 December 2007, which arises from the allocation of profits from the previous year attributable to this reserve, as resolved by shareholders in general meeting on 31 March 2008.

Reserve available for the purchase of treasury shares

This reserve was created from the “Retained profit/(loss)” reserve, following the approval of Shareholders who authorise share buy-backs. The share buy-backs are made under a programme (the "Programme") announced by the Board of Directors following the approval given by Shareholders at the General Meeting held on 5 April 2007 and subsequently renewed on 31 March 2008. This authorisation is effective for a period of 18 months beginning 31 March 2008. The buy-backs, whose purpose is the servicing of stock option plans and investment of liquidity, have been authorised up to a maximum number of shares for the three share classes not to exceed 10% of share capital or an aggregate amount of €1.8 billion, including the reserve for treasury shares, totalling €656.6 million at today’s date. Under the Programme (which is renewable), purchases are to be carried out on regulated markets in accordance with the following conditions:

- the Programme will end on 30 September 2009 or, in any event, once the maximum amount of €1.8 billion (including the €656.6 million in Fiat shares currently held by the Company) or a number of shares equivalent to 10% of share capital is reached;

- the maximum purchase price may not exceed the reference price reported by the Stock Exchange on the day before the purchase is made by more than 10%;

- for each share class, the maximum number of shares purchased daily may not exceed 20% of the total daily trading volume.

At 13 February 2009, the total number of ordinary shares purchased since the beginning of the Programme was 37.27 million, for a total invested amount of €664.6 million. Although the share buy-back programme has been placed on hold, the Board of Directors, in consideration of the fact that the current authorisation expires on 30 September 2009 and to maintain the necessary operating flexibility for an adequate period, has decided to propose to Shareholders at the Annual General Meeting that the Programme be renewed for a period of 18 months and for a maximum amount of shares for the three share classes not to exceed 10% of share capital or €1.8 billion, inclusive of the existing reserve for treasury shares of €656.6 million. Should renewal of the Programme be approved, the Company would, however, have no obligation to buyback shares.

On 31 December 2008, the Reserve available for the purchase of treasury shares totalled €1,142,740 thousand, representing a €190,161 thousand increase over 31 December 2007 attributable to:

- a net increase of €428,692 thousand following the resolution passed by Shareholders on 31 March 2008 revoking the existing authorisation for share buy-backs to the extent not already exercised, equivalent to €775,234 thousand, and, contemporaneously, renewing the authorisation to make share buy-backs for a maximum of €1.8 billion which, in consideration of the reserves already utilised for share buy-backs at that date (i.e., 32,877,458 shares having a carrying value of €596,074 thousand), resulted in the reserve available being increased to €1,203,926 thousand;

- the €238,531 thousand decrease due to transfers to the "Reserve for treasury shares in portfolio" concurrent with buy-backs of Fiat S.p.A. ordinary shares made under the Programme.

Reserve for treasury shares in portfolio
This reserve totalled €656,553 thousand at 31 December 2008, an increase of €237,243 thousand over 31 December 2007.
This reserve has its origin in the restrictions imposed by law (Article 2357-ter of the Civil Code). The change in this reserve is the net result of an increase of €238,531 thousand arising from the transfer of this amount from the Reserve available for the purchase of treasury shares in connection with the treasury shares purchased and a decrease of €1,288 thousand resulting from the sale of treasury shares.

Retained profit/(loss)
At 31 December 2008, Retained profit totalled €1,084,578 thousand, an increase of €1,028,043 thousand over 31 December 2007 as the result of the following:

- allocation of €1,455,997 thousand from the prior year's profit to retained profit/(loss), as approved by Shareholders on 31 March 2008, following allocations to the Legal reserve and distributions to Shareholders;

- an addition of €428,692 thousand to the "Reserve available for the purchase of treasury shares", as described above, following renewal of the share buy-back Programme;

- proceeds from the sale of treasury shares in the amount of €738 thousand following the exercise of options in relation to employee stock option plans.

Gains/(losses) recognised directly in equity
This reserve includes gains and losses recognised directly in equity and in particular those arising from fair value adjustments on investments in other companies, as described previously (see Note 12).
At 31 December 2008, this reserve was a negative €631 thousand, representing a decrease of €15,553 thousand over 31 December 2007 attributable to fair value adjustments on the investments in Fin. Priv. S.r.l. and Assicurazioni Generali S.p.A.

Stock option reserve
This reserve amounted to €96,431 thousand at 31 December 2008, an increase of €3,164 thousand over 31 December 2007, arising from the counter-entries to the following:

- the recognition in the income statement of the total cost of €9,123 thousand in 2008 (€43,988 thousand in 2007), of which €1,447 thousand arising from stock option plans based on Fiat S.p.A. shares and relating to managers employed by Fiat S.p.A. (see Note

5) and €7,676 thousand arising from stock option plans based on Fiat S.p.A. shares and relating to the Chief Executive Officer (see Note 6);

■ a decrease of €5,959 thousand in the carrying amount of investments in subsidiaries which directly or indirectly employ managers of other Group companies who are beneficiaries of stock option plans based on Fiat S.p.A. shares (see Note 12). This decrease was due to changes in estimates related to the November 2006 stock option plan, net of increases for the new plan established in July 2008.

Reserve for Spin-off difference

At 31 December 2008, the reserve totalled €39,194 thousand and includes the positive difference arising from the partial spin-off of Fiat Partecipazioni S.p.A. on 29 December 2008, as detailed in Note 12 above.

Other reserves

At December 2008, other reserves totalled €50,635 thousand, unchanged from 31 December 2007. More specifically, this amount included:

■ Reserves under 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, allocated to a specific reserve as required by that Law.

■ Extraordinary reserve: a total of €28,044 thousand corresponding to the value approved by Shareholders on 11 May 2004, and reconstituted last year.

Treasury shares

The carrying amount of this reserve amounted to €656,553 thousand at 31 December 2008 and relates to 38,568,458 ordinary shares. The following table sets out details of treasury shares and the changes that took place during the year:

	Number of ordinary shares	Total nominal value (€ thousands)	% capital	Avg. unit price (€)	Total carrying amount (€ thousands)
At 31 December 2007	21,851,458	109,257	1.71%	19.189	419,310
– purchases	16,788,000	83,940	1.32%	14.208	238,531
– sales	(71,000)	(355)	-0.01%	18.127	(1,288)
At 31 December 2008	**38,568,458**	**192,842**	**3.02%**	**17.023**	**656,553**

A total of 16,788,000 shares were repurchased under the share buy-back programme described previously which was first approved by Shareholders on 5 April 2007 and renewed on 31 March 2008.

The sale of 71,000 shares arose on the exercising of the rights deriving from the stock option plans of September 2002 and led to total proceeds of €738 thousand.

Share-based compensation

At 31 December 2008 and 31 December 2007, Fiat S.p.A. has various share-based payment plans for executives of Group companies, the Chief Executive Officer of Fiat S.p.A. and the former Chairman of Fiat S.p.A., Mr. Paolo Fresco.

Stock Option plans linked to Fiat S.p.A. ordinary shares
The Board of Directors of Fiat S.p.A. approved certain stock option until 2002 which provided managers of the Group with the title of *Direttore*, high management potential included in "management development programmes" and executive Directors of Fiat S.p.A. with the right to purchase a determined number of Fiat S.p.A. ordinary shares at a fixed price (strike price). These rights may be exercised over a fixed period of time from the vesting date to the expiry date of the plan. These stock option plans do not depend on any specific market conditions.

These options may generally be exercised once a three year period has passed from the grant date and for the following six years, consistent with tax law on the subject; nonetheless, the full amount granted as options is not exercisable until the end of the fourth year.

The contractual terms of these plans are as follows:

Plan	Recipient	Grant date	Expiry date	Strike price (€)	Number of options granted	Vesting date	Vesting portion
Stock Options 2000 (expired)	Managers	18 February 2000	18 February 2008	28.122	5,158,000	18 February 2001	25%
						18 February 2002	25%
						18 February 2003	25%
						18 February 2004	25%
Stock Options July 2000 (expired)	Former Chairman of Fiat S.p.A.	25 July 2000	25 July 2008	25.459	250,000	25 July 2001	50%
						14 May 2002	50%
Stock Options February 2001	Managers	27 February 2001	27 February 2009	24.853	785,000	27 February 2002	25%
						27 February 2003	25%
						27 February 2004	25%
						27 February 2005	25%
Stock Options March 2001 (expired)	Former Chairman of Fiat S.p.A.	29 March 2001	30 October 2008	23.708	1,000,000	1 July 2002	100%
Stock Options October 2001	Managers	31 October 2001	31 October 2009	16.526	5,417,500	31 October 2002	25%
						31 October 2003	25%
						31 October 2004	25%
						31 October 2005	25%
Stock Options May 2002	Former Chairman of Fiat S.p.A.	14 May 2002	1 January 2010	12.699	1,000,000	1 January 2005	100%
Stock Options September 2002	Managers	12 September 2002	12 September 2010	10.397	6,100,000	12 September 2003	25%
						12 September 2004	25%
						12 September 2005	25%
						12 September 2006	25%

On 26 July 2004, the Board of Directors granted to Sergio Marchionne as a part of his compensation as Chief Executive Officer options for the purchase of 10,670,000 Fiat S.p.A. ordinary shares at the price of €6.583 per share, exercisable from 1 June 2008 to 1 January 2011. In each of the first three years following the grant date, the CEO accrued the right to purchase, from 1 June 2008, an annual maximum of 2,370,000 shares. From 1 June 2008, he has the right to exercise, effective at that date, the residual portion of the options on 3,560,000 shares because he reached the predetermined performance objectives during the reference period. In

connection with this plan, on 22 January 2009 the Board of Directors considered it a priority for the Group to propose a motion to shareholders, in the General meeting being called by the Board, to adopt changes having the aim of reinstating and extending the extent to which the plan encourages loyalty. More specifically, the changes to be proposed regard the introduction of a new vesting period, depending solely on CEO's permanence in office, which would mean that the options cannot be exercised until 1 January 2011, and the extension of the exercise period to 1 January 2016, with all the other conditions remaining unaltered.

The existing contractual terms of the plan are as follows:

Plan	Grant date	Expiry date	Strike price (€)	Number of options granted	Vesting date	Vesting portion
Stock Option July 2004	26 July 2004	1 January 2011	6.583	10,670,000	1 June 2005	22.2%
					1 June 2006	22.2%
					1 June 2007	22.2%
					1 June 2008	33.4%*NMC

On 3 November 2006 the Fiat S.p.A. Board of Directors resolved an eight year stock option plan (subject to approval by Shareholders, which was given on 5 April 2007), which provides certain managers of the Group and the Chief Executive Officer of Fiat S.p.A. with the right to purchase a determined number of Fiat S.p.A. ordinary shares at the fixed price of €13.37 per share. In particular, the 10,000,000 options granted to employees and the 5,000,000 options granted to Mr. Marchionne have a vesting period of four years, with a quarter of the number vesting each year, are subject to achieving certain pre-determined profitability targets (*Non-Market Conditions or "NMC"*) in the reference period and may be exercised from the date on which the 2010 financial statements are approved. The remaining 5,000,000 options granted to the Chief Executive Officer of Fiat S.p.A. also have a vesting period of four years with a quarter of the number vesting each year and may be exercised from November 2010.

In addition, the ability to exercise the options is additionally subject to specific restrictions regarding the duration of the employment relationship or the continuation of the position held. The stock option plan will become effective once all its conditions have been satisfied.

The contractual terms of the 2006 plan are as follows:

Plan	Recipient	Expiry date	Strike price (€)	Number of options granted	Vesting date	Vesting portion
Stock Option November 2006	Chief Executive Officer	3 November 2014	13.37	5,000,000	November 2007	25%
					November 2008	25%
					November 2009	25%
					November 2010	25%
Stock Option November 2006	Chief Executive Officer	3 November 2014	13.37	5,000,000	1st Quarter 2008 (*)	25%*NMC
					1st Quarter 2009 (*)	25%*NMC
					1st Quarter 2010 (*)	25%*NMC
					1st Quarter 2011 (*)	25%*NMC
Stock Option November 2006	Executives	3 November 2014	13.37	10,000,000	1st Quarter 2008 (*)	25%*NMC
					1st Quarter 2009 (*)	25%*NMC
					1st Quarter 2010 (*)	25%*NMC
					1st Quarter 2011 (*)	25%*NMC

(*) Upon approval of the financial statements for the previous year.

On 26 February 2008 the Board of Directors of Fiat S.p.A. passed an incentive plan which was subsequently approved by shareholders in the Annual General Meeting on 31 March 2008, by which an overall maximum of 4 million financial instruments may be assigned on a periodic basis until 2010 in the form of stock options and/or stock appreciation rights. The plan addresses the attraction and retention of managers in key roles who have been hired or promoted following the granting of the stock option plan of 3 November 2006 or who have assumed greater responsibilities since the granting of the 2006 plan and has the features of that plan in terms of performance vesting and exercise rights. Implementing the first grant under this program on 23 July 2008, the Board of Directors assigned 1,418,500 stock options which have an exercise price of €10.24 and a vesting period of three years, which are subject to achieving certain pre-determined profitability targets (*Non-Market Conditions or "NMC"*) in the reference period and which may be exercised from the date on which the 2010 Financial statements are approved.

The contractual terms of the 2008 plan are as follows:

Plan	Recipient	Expiry date	Strike price (€)	Number of options granted	Vesting date	% vested
Stock Option July 2008	Managers	3 November 2014	10.24	1,418,500	Q1 2009 (*)	18%*NMC
					Q1 2010 (*)	41%*NMC
					Q1 2011 (*)	41%*NMC

(*) Upon approval of the financial statements for the previous year.

A summary of outstanding stock option plans at 31 December 2008 is as follows:

	Managers compensation			Compensation as member of the Board		
Exercise price (€)	No. of options outstanding at 31 December 2008	No. of options outstanding at 31 December 2007	Average remaining contractual life (in years)	No. of options outstanding at 31 December 2008	No. of options outstanding at 31 December 2007	Average remaining contractual life (in years)
6.583	–	–	–	**10,670,000**	10,670,000	**2.0**
10.24	**1,414,000**	–	**5.8**	–	–	–
10.397	**921,500**	1,008,500	**1.7**	–	–	–
12.699	–	–	–	**500,000**	500,000	**1.0**
13.370	**9,497,500**	9,792,500	**5.8**	**10,000,000**	10,000,000	**5.8**
16.526	**1,044,000**	1,119,000	**0.8**	–	–	–
23.708	–	–	–	–	1,000,000	–
24.853	**50,000**	50,000	**0.2**	–	–	–
25.459	–	–	–	–	250,000	–
28.122	–	1,051,500	–	–	–	–
Total	**12,927,000**	13,021,500	–	**21,170,000**	22,420,000	–

Changes during the year were as follows:

	Managers compensation		Compensation as member of the Board	
	Number of options	Average exercise price (€)	Number of options	Average exercise price (€)
Outstanding at the beginning of the year	13,021,500	14.65	22,420,000	10.72
Granted	1,418,500	10.24	–	–
Forfeited	–	–	–	–
Exercised	(71,000)	10.397	–	–
Expired	(1,442,000)	24.22	(1,250,000)	24.06
Outstanding at 31 December 2008	**12,927,000**	**13.11**	**21,170,000**	**9.93**
Exercisable at 31 December 2008	**2,015,500**	**13.93**	**11,170,000**	**6.86**
Exercisable at 31 December 2007	**3,229,000**	**18.52**	**1,750,000**	**20.81**

In relation to the July 2008 plan, fair value at the grant date used to calculate the notional cost for the period, using the binomial method, was €4. This fair value valuation was based on the following assumptions:

	July 2008 Plan
Price of Fiat S.p.A. ordinary shares at the grant date (€)	**11.43**
Historic volatility of the Fiat S.p.A. ordinary shares (%)	**44.2**

The binomial model used to value the July 2008 stock option plan, assumes future dividends on Fiat S.p.A. ordinary shares are the same as those declared by the Group in 2006. The risk-free interest rates utilised in the pricing model are as follows:

figures in %	Risk-free rate
July 2009	**5.3182**
July 2010	**5.2981**
July 2011	**5.2686**
July 2012	**5.2173**
July 2013	**5.1617**
July 2014	**5.1174**

For those options exercised during the period, the weighted average market price of Fiat S.p.A. ordinary shares at the exercise date was €13.99 per share.

As discussed under Significant accounting policies, for share-based payments the Company applies IFRS 2 to all stock options granted after 7 November 2002, which were not yet exercisable at 1 January 2005. This includes the July 2004, November 2006 and July 2008 stock option plans.

The following disclosures complete the information provided on equity items:

Availability for use of main equity items

(€ thousands)	At 31 December 2008	Possible use	Available amount
Share capital	6,377,263	–	
Reserves:			
- Additional paid-in capital	1,540,885	A, B, C (*)	1,540,885
- Legal reserve	639,503	B	–
- Reserve available for the purchase of treasury shares	1,142,740	A, B, C	1,142,740
- Reserve for treasury shares in portfolio	656,553	–	–
- Reserve for Spin-off difference	39,194	A, B, C	39,194
- Reserve under law 413/1991	22,591	A, B, C	22,591
- Extraordinary reserve	28,044	A, B, C	28,044
- Retained profit/(loss)	1,084,578	A, B, C	1,084,578

Key:
A: capital increase
B: coverage of losses
C: dividend

(*) Fully available to increase capital and cover losses. Any other use requires an increase of the legal reserve up to 20% of share capital (this may also be carried out by making a transfer from additional paid-in capital itself). The increase required for this at 31 December 2008 would be €635,950 thousand.

20. Provisions for employee benefits and other non-current provisions

At 31 December 2008, provisions for employee benefits and other non-current provisions amounted to €26,418 thousand, an increase of €5,116 thousand as compared to 31 December 2007 and was made up as follows:

(€ thousands)	At 31 December 2007	Accruals	Utilisations	Other changes	At 31 December 2008
Provisions for employee benefits and similar	20,037	2,355	(1,621)	4,392	**25,163**
Other non-current provisions	1,265	–	(10)	–	**1,255**
Total Provisions for employee benefits and other non-current provisions	21,302	2,355	(1,631)	4,392	**26,418**

Provisions for employee benefits and similar provisions

The company provides post-employment benefits for its employees, either directly or by contributing to independently administered funds.

The benefits are generally based on the employees' remuneration and years of service. The obligations relate both to active employees and to retirees.

The company provides post-employment benefits under defined contribution and/or defined benefit plans.

In the case of defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid the company has no further payment obligations. Liabilities for contributions accrued but not yet paid at the balance sheet date are included in the item Other payables (see Note 26). The company recognises the contribution cost for the year on the basis of the service rendered by the employee in the item Personnel costs (see Note 5).

In the case of post-employment benefits the company's obligation is determined on an actuarial basis, using the Projected Unit Credit Method. Any resulting actuarial gains and losses are accounted for using the corridor approach.

Finally, the company grants certain other long-term benefits to its employees; these benefits include those generally paid when the employee attains a specific seniority. In this case, the measurement of the obligation reflects the probability that payment will be made and the period over which the payment is expected to be made. The amount of this obligation is calculated on an actuarial basis using the Projected Unit Credit Method. The corridor approach is not used for the actuarial gains and losses arising from this obligation.

Changes in provisions for employee benefits during the year are as follows:

(€ thousands)	At 31 December 2007	Accruals	Utilisations	Other changes	At 31 December 2008
Post-employment benefits:					
- Employee severance indemnity	6,164	309	(704)	1,250	**7,019**
- Other	12,263	2,046	(462)	2,956	**16,803**
Total post-employment benefits	18,427	2,355	(1,166)	4,206	**23,822**
Other long-term employee benefits	1,610	–	(455)	186	**1,341**
Total Provisions for employee benefits and similar provisions	20,037	2,355	(1,621)	4,392	**25,163**

Post-employment benefits and Other long-term employee benefits are calculated on the basis of the following actuarial assumptions:

	At 31 December 2008	At 31 December 2007
Discount rate	**5.23%**	4.66%
Future salary increase rate	**2.97%**	2.94%
Inflation rate	**2.00%**	2.00%
Theoretical retirement age	**Years: 60 (F) - 65 (M)**	Years: 60 (F) - 65 (M)
Mortality rate	**SI02**	SI02
Average annual departure rate	**8.95%**	9.30%

The provisions for employee benefits and similar may be summarised as follows:

Employee severance indemnity
The Employee severance indemnity represents the obligation to employees under Italian law (amended by Law 296/06) that has accrued up to 31 December 2006 and that will be settled when the employee leaves the company. In certain circumstances, a portion of the accrued liability may be given to an employee during his working life as an advance. This is an unfunded defined benefit plan, under which the benefits are almost fully accrued, with the sole exception of future revaluations.

Other
The item Other includes post-employment benefits accrued by employees, former employees and the Chief Executive Officer following additional or individual labour agreements. These schemes are unfunded.

Other long-term employee benefits
This item mainly includes benefits which are due to employees who reach a specified seniority.

Post-employment benefits at 31 December 2008 and 2007 are made up as follows:

	Employee severance indemnity		Other		Total	
(€ thousands)	At 31 December 2008	At 31 December 2007	At 31 December 2008	At 31 December 2007	At 31 December 2008	At 31 December 2007
Present value of unfunded defined benefit plan obligations	**6,334**	6,280	**18,679**	11,851	**25,013**	18,131
Unrecognised actuarial gains (losses)	**685**	(116)	**(1,876)**	412	**(1,191)**	296
Net liability	**7,019**	6,164	**16,803**	12,263	**23,822**	18,427

The amounts recognised in the income statement for post-employment benefits are as follows:

	Employee severance indemnity		Other		Total	
(€ thousands)	2008	2007	2008	2007	2008	2007
Service cost						
- Current service cost	–	–	1,296	1,478	1,296	1,478
- Net actuarial (gains) losses recognised during the year	–	–	51	988	51	988
Net loss on reduction	–	837	–	–	–	837
Total current service cost	–	837	1,347	2,466	1,347	3,303
Interest costs	309	273	699	424	1,008	697
Total cost (income) for post-employment benefits	309	1,110	2,046	2,890	2,355	4,000

The items Current service cost and Net actuarial (gains) losses recognised during the year are recorded in the income statement item Personnel costs (see Note 5) if relating to employees and in Other operating costs (see Note 6) if relating to the Chief Executive Officer.

Interest expense is recognised under the income statement item Financial income/(expense) (see Note 8).

The changes in legislation introduced in 2007 regarding employee severance indemnity led to a reduction in the present value of the obligation at 1 January 2007 by a total of €1,415 thousand; the gain from this reduction was offset by the immediate recognition in the income statement of the unrecognised actuarial losses at 31 December 2006, amounting to €2,252 thousand, and the consequent recognition under Personnel costs (see Note 5) of a net loss on reduction of €837 thousand.

Changes in the present value of the obligation for post-employment benefits are as follows:

	Employee severance indemnity		Other		Total	
(€ thousands)	2008	2007	2008	2007	2008	2007
Present value of obligation at the beginning of the year	6,280	8,412	11,851	13,655	18,131	22,067
Current service cost	–	–	1,296	1,478	1,296	1,478
Interest costs	309	273	699	424	1,008	697
Actuarial (gains)/losses arising during the year	(202)	116	733	(2,855)	531	(2,739)
Benefits paid	(1,123)	(1,297)	(540)	(614)	(1,663)	(1,911)
Gains on reduction	–	(1,415)	–	–	–	(1,415)
Other changes	1,070	191	4,640	(237)	5,710	(46)
Present value of obligation at the end of the year	6,334	6,280	18,679	11,851	25,013	18,131

The present value of the defined benefit obligations in 2007 and the two previous years is as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007	At 31 December 2006
Present value of obligation at the end of the year:			
- Employee severance indemnity	**6,334**	6,280	8,412
- Others	**18,679**	11,851	13,655
Total	**25,013**	18,131	22,067

The effects of the differences between the previous actuarial assumptions and what has actually occurred (experience adjustments) at 31 December 2007 and 2006, is as follows:

(€ thousands)	2008	2007
Experience adjustments actuarial (gains) losses:		
- Employee severance indemnity	**(153)**	468
- Others	**(1,465)**	(1,671)
Total effect on the present value of defined benefit obligation	**(1,618)**	(1,203)

Other non-current provisions

This item amounts to €1,255 thousand at 31 December 2008 (€1,265 thousand at 31 December 2007) and mainly represents the future amounts to be paid to employees who left the company in previous years under "*mobilità lunga*" programme (the long-term benefit to bridge the period prior to retirement).

During 2007 changes in Provisions for employee benefits and other non-current provisions were as follows:

(€ thousands)	At 31 December 2006	Accruals	Utilisations	Other changes	At 31 December 2007
Provisions for employee benefits and similar	18,071	4,263	(2,051)	(246)	**20,037**
Other non-current provisions	33	–	–	1,232	**1,265**
Total Provisions for employee benefits and other non-current provisions	18,104	4,263	(2,051)	986	**21,302**

21. Non-current financial payables

At 31 December 2008, non-current financial payables amount to €1,810,531 thousand, a decrease of €998,857 thousand over 31 December 2007. The balance relates to the following:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Financial payables to Group companies	**1,800,000**	2,800,000	(1,000,000)
Financial guarantee contracts	**10,531**	9,388	1,143
Total Non-current financial liabilities	**1,810,531**	2,809,388	(998,857)

Financial payables to Group companies relate to euro-denominated loans received from Fiat Finance S.p.A. in the first half of 2006 which are due beyond 12 months. The decrease is attributable to the early repayment of a €1 billion loan in October 2008. For those loans still outstanding, interest is payable at rates of between 6.35% and 7.18%.

An analysis of loans by repayment date is as follows:

(€ thousands)	At 31 December 2008
Maturity 2010	**400,000**
Maturity 2011	**400,000**
Maturity 2013	**1,000,000**
Total Financial payables to Group companies	**1,800,000**

The fair value of these loans at 31 December 2008 of approximately €1.6 billion 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 guarantee contracts consisted of the fair value of the liabilities assumed from guarantees issued. After assessing the potential risks in relation to which contingent liabilities must be recognised and given that this item relates essentially to guarantees provided on behalf of loans to Group companies, it has been concluded that the present value of fees receivable for guarantees given (see Other financial assets in Note 13) represented the best estimate of the fair value of these guarantees.

The breakdown by maturity date is as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007
Financial guarantee contracts		
due within one year	**3,418**	2,631
due after one year but within five years	**6,617**	6,114
due beyond five years	**496**	643
Total	**10,531**	9,388

22. Other non-current liabilities

At 31 December 2008, Other non-current liabilities amounted to €15,115 thousand, showing a net decrease of €737 thousand over the previous year end.

The item is broken down as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Non-current post-employment benefits to be paid:			
- to a former Chief Executive Officer	**4,984**	5,268	(284)
- to former employees	**10,131**	10,584	(453)
Total Other non-current liabilities	**15,115**	15,852	(737)

The non-current post-employment benefits to be paid represent the present value of benefits (see Note 20) to be paid to a former Chief Executive Officer and employees that left the company.

A breakdown of Other non-current liabilities by due date is as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007
Other non-current liabilities		
due within one year	**764**	737
due after one year but within five years	**4,244**	4,099
due after five years	**10,107**	11,016
Total	**15,115**	15,852

23. Provisions for employee benefits and other current provisions

At 31 December 2008 this balance amounted to €6,346 thousand, an increase of €6,218 thousand over 31 December 2007, and may be analysed as follows:

(€ thousands)	At 31 December 2007	Accruals	Utilisations	At 31 December 2008
Provision for employee bonuses	128	6,339	(121)	**6,346**
Total Provisions for employee benefits and other current provisions	128	6,339	(121)	**6,346**

The Provision for employee bonuses principally consists of an estimate of variable compensation to employees which 31 December 2007 was recognised under Current amounts payable to employees and Social security payable, as the payments had already been made in January 2008.

During 2007 changes in Provisions for employee benefits and other current provisions were as follows:

(€ thousands)	At 31 December 2007	Accruals	Utilisations	At 31 December 2008
Provision for indemnities	18,000	–	(18,000)	–
Restructuring provision	1,890	–	(1,890)	–
Provision for employee bonuses	6,901	128	(6,901)	**128**
Total Provisions for employee benefits and other current provisions	26,791	128	(26,791)	**128**

24. Trade payables

At 31 December 2008, trade payables amounted to €218,235 thousand, a decrease of €28,260 thousand as compared to 31 December 2007. The balance can be analysed as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Trade payables to third parties	**216,169**	240,607	(24,438)
Intercompany trade payables for goods and services	**2,066**	5,888	(3,822)
Total Trade payables	**218,235**	246,495	(28,260)

Trade payables to third parties are mainly due to CAV.E.T. and CAV. TO.MI. in relation to the work performed over the latter part of the year (see Note 15).

Trade payables are due within one year and their carrying amount at the balance sheet date is deemed to approximate their fair value.

25. Current financial payables

At 31 December 2008, current financial payables amounted to €553,133 thousand, up €258,438 thousand over 31 December 2007. The balance can be analysed as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Financial payables to Group companies:			
- Current account with Fiat Finance S.p.A.	**63,922**	–	63,922
- Payables to Fiat Netherlands Holding N.V. for derivative financial instruments	**109,065**	–	109,065
- Accrued interest expense	**65,989**	73,687	(7,698)
Total Financial payables to Group companies	**238,976**	73,687	165,289
Financial payables to third parties:			
- Advances on factored receivables	**290,887**	221,008	69,879
- Other loans from factoring companies	**23,270**	–	23,270
Total Financial payables to third parties	**314,157**	221,008	93,149
Total Current financial payables	**553,133**	**294,695**	**258,438**

The Current account with Fiat Finance S.p.A. represent the overdraft on the account held with that company as part of the Group's centralised treasury management.

The item Payables to Fiat Netherlands Holding N.V. for derivative financial instruments represented the fair value of two equity swaps on Fiat shares taken out with leading banks by Fiat Netherlands Holding N.V. under instruction from Fiat S.p.A. to hedge the risk of a rise in the share price above the exercise price of the stock options granted to the company's Chief Executive Officer in 2004 and 2006, as reported in more detail in Note 8. As discussed previously in Note 16 the fair value of both equity swaps at 31 December 2007 was positive and was accordingly classified as an asset.
Advances on factored receivables relates to advances of €255,204 thousand on IRES receivable (see Note 17) and €35,683 thousand for amounts receivable from T.A.V. S.p.A. for work completed on the Novara-Milan rail line (see Note 15).

The item Other loans from factoring companies relates to the residual liability for advances on receivables which had already been repaid at the balance sheet date.

Current financial payables are denominated in euros. The carrying amounts are deemed to be in line with their fair value.

26. Other payables

At 31 December 2008, other payables amounted to €784,481 thousand, an increase of €203,938 thousand over 31 December 2007. The balance may be analysed as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Advances	**10,609**	12,625	(2,016)
Other payables:			
- Intercompany payables:			
- Consolidated VAT	**229,084**	195,886	33,198
- Consolidated IRES tax	**316,607**	345,460	(28,853)
- Other intercompany payables	**368**	6	362
- Total Intercompany payables	**546,059**	541,352	4,707
- Social security payables	**1,831**	4,425	(2,594)
- Current amounts payable to employees, directors and statutory auditors	**5,343**	14,654	(9,311)
- Payables to shareholders of Toro Assicurazioni S.p.A., Magneti Marelli S.p.A. and Comau S.p.A. for public offerings	**860**	866	(6)
- Dividends payable	**273**	187	86
- Other	**15,837**	731	15,106
Total Other payables	**570,203**	562,215	7,988
Tax payables:			
- VAT payable	**182,704**	1,976	180,728
- Taxes withheld on payments to employees and independent contractors	**2,068**	3,027	(959)
- Tax payable	**18,330**	–	18,330
- Other	**432**	469	(37)
Total Tax payables	**203,534**	5,472	198,062
Accrued expenses and deferred income	**135**	231	(96)
Total Other payables	**784,481**	**580,543**	**203,938**

Advances

This item consists of the difference between inventories and progress payments and contractual advances received from the customer Treno Alta Velocità – T.A.V. S.p.A. for contract work in progress and is made up as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Contract work in progress	**401,508**	381,649	19,859
Less: Progress payments for work completed	**409,864**	389,956	19,908
Gross amount due to the customer	**8,356**	8,307	49
Contractual advances	**2,253**	4,318	(2,065)
Total Advances	**10,609**	**12,625**	**(2,016)**

The item relates to contracts for the high speed railway project signed by Fiat S.p.A. with Treno Alta Velocità - T.A.V. S.p.A. (which was in turn engaged by F.S. S.p.A.), for the operational engineering and construction of two lines (Bologna-Florence and Turin-Milan, the latter divided into two sub-lines: Turin-Novara and Novara-Milan). At 31 December 2008, the contractual amounts (including additional work and monetary adjustments) total €4,955 million for the Bologna-Florence line, €4,666 million for the Turin-Novara sub-line and €2,352 million for the Novara-Milan sub-line.

As part of such project, Fiat S.p.A., as the general contractor, engaged CAV.E.T. and CAV.TO.MI. for the engineering and construction activities, retaining all work coordination, organisational and management activities. Contract work in progress therefore reflects the fees earned by Fiat S.p.A. in the form of a percentage (roughly 3.6%) of the contractual amounts, for the activities directly carried out. The work is paid through progress payments made by T.A.V. S.p.A. to Fiat S.p.A. based on the stage of completion of the works and advance payments, which Fiat S.p.A. then pays over to CAV.E.T. and CAV.TO.MI. net of its contractual percentage earned.

These amounts may be analysed by line as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Contract work in progress	**401,508**	381,649	19,859
- Florence-Bologna line	**150,597**	140,212	10,385
- Turin-Novara line	**181,915**	181,463	452
- Novara-Milan line	**68,996**	59,974	9,022
Less: Progress payments for work completed	**409,864**	389,956	19,908
- Florence-Bologna line	**152,832**	143,156	9,676
- Turin-Novara line	**181,991**	181,775	216
- Novara-Milan line	**75,041**	65,025	10,016
Gross amount due to the customer	**8,356**	8,307	49
- Florence-Bologna line	**2,235**	2,944	(709)
- Turin-Novara line	**76**	312	(236)
- Novara-Milan line	**6,045**	5,051	994

Contract work in progress is measured on the basis of the stage of completion in relation to the sales price, which in this case is the consideration contractually agreed for the activities directly carried out by Fiat S.p.A. Contract costs relating to the contract revenue recognised totalled €133,819 thousand at 31 December 2008 (€126,267 thousand at 31 December 2007). Changes in contract work in progress have been recognised in the income statement under the item Other operating income (see Note 4). When the lines are contractually completed, the final contractual revenue for the activities directly carried out will be recognised in the income statement under Other operating income, net of any decrease in inventories. At the same time the accounts for inventories and amounts classified as advances will be closed.

Net advances relating to work completed may be analysed as follows:

	Advances received from customers		Advances paid to suppliers		Net advances for work completed	
(€ thousands)	At 31 December 2008	At 31 December 2007	At 31 December 2008	At 31 December 2007	At 31 December 2008	At 31 December 2007
Florence-Bologna line	**4,684,585**	4,240,523	**4,531,753**	4,097,367	**152,832**	143,156
Turin-Novara line	**4,666,913**	4,659,581	**4.484,922**	4,477,806	**181,991**	181,775
Novara-Milan line	**2,061,138**	1,767,093	**1,986,097**	1,702,068	**75,041**	65,025
Progress payments for work completed	**11,412,636**	10,667,197	**11,002,772**	10,277,241	**409,864**	389,956

Advances relate to amounts received as down payments from the customer T.A.V. S.p.A. at the commencement of the contracts, which are then recovered as the work progresses. The balance may be analysed as follows:

	Contractual advances received from customers		Contractual advances paid to suppliers		Net contractual advances	
(€ thousands)	At 31 December 2008	At 31 December 2007	At 31 December 2008	At 31 December 2007	At 31 December 2008	At 31 December 2007
Florence-Bologna line	**19,092**	43,225	**18,358**	41,563	**734**	1,662
Turin-Novara line	–	1,101	–	1,065	–	36
Novara-Milan line	**42,311**	71,193	**40,792**	68,573	**1,519**	2,620
Contractual advances	**61,403**	115,519	**59,150**	111,201	**2,253**	4,318

Bank and insurance sureties amounting to a total of €1,169,112 thousand have been granted by Fiat S.p.A. to T.A.V. S.p.A. as security against the contractual advances received, the performance of the work and the restriction represented by the guarantee amounts withheld on progress payments. In accordance with the agreements reached with the consortia mentioned and the banks issuing such guarantees, €1,126,765 thousand out of this total represents the risk towards the issuing banks and insurance companies borne by the consortia themselves, with Fiat S.p.A. not having joint responsibility.

More specifically, the guarantees provided by Fiat S.p.A. to T.A.V. S.p.A. relate for €521,426 thousand to the Bologna-Florence line, for €252,241 thousand to the Turin-Novara sub-line and for €395,445 thousand to the Novara-Milan sub-line.

In this respect the indemnities assumed directly by the consortium CAV.E.T. amounted to €502,971 thousand, while for the consortium CAV.TO.MI. these amount to €242,802 thousand for the Turin-Novara sub-line and €380,992 thousand for the Novara-Milan sub-line.

Finally, in line with the contractual terms and with the prior approval of the testing commission given to RFI – Rete Ferroviaria Italiana S.p.A., the Turin-Novara high speed line was opened to the public in February 2006 and in December 2006 the company signed an agreement with T.A.V. S.p.A. for the acknowledgment of the substantial completion of the work on the line. The performance of the contractual requirements agreed between the parties to arrive at the final approval of the work continued in 2007 and 2008, leading to the release of bank guarantees amounting to a total of €657,124 thousand relating to the work to be subject to the Principal Final Test (around 94% of the total). Since, however, the steps for the final approval of the remaining works are still in progress, which when given would lead to the release of the residual bank guarantees, the contract had not yet been closed from an accounting standpoint at 31 December 2008.

Tax payables and other payables

The main components of these items are as follows.

At 31 December 2008, intercompany payables for consolidated VAT of €229,084 thousand (€195,886 thousand at 31 December 2007) relate to the VAT credits of Italian subsidiaries transferred to Fiat S.p.A. as part of the consolidated VAT procedure.

At 31 December 2008, payables to Group companies in connection with the IRES tax consolidation amounted to €316,607 thousand (€345,460 thousand at 31 December 2007) and represent the remuneration due for the tax losses contributed by the Italian subsidiaries to the domestic tax consolidation for 2008, payables relating to the domestic tax consolidation for 2007 still to be settled and the IRES tax credits of the Italian subsidiaries transferred to Fiat S.p.A. as part of the tax consolidation procedure.

At 31 December 2008, Income tax payable of €18,330 thousand relates to current IRAP payable for the year.

Tax payables and other payables are all due within one year and their carrying amount is deemed to approximate their fair value.

27. Guarantees granted, commitments and contingent liabilities

Guarantees granted

This item is made up as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Guarantees granted			
Sureties			
- on behalf of Group companies	**256,955**	261,810	(4,855)
- on behalf of third parties	**2,026**	51,919	(49,893)
Total Sureties	**258,981**	313,729	(54,748)
Other guarantees			
- on behalf of Group companies	**9,640,689**	7,464,996	2,175,693
- on behalf of third parties	**4,445**	58,612	(54,167)
Total Other guarantees	**9,645,134**	7,523,608	2,121,526
Total Guarantees granted	**9,904,115**	7,837,337	2,066,778

Sureties

At 31 December 2008, sureties amount to €258,981 thousand, a decrease of €54,748 thousand over 31 December 2007.

This amount mostly relates to sureties provided on behalf of Group companies on Billets de Trésorerie issued (Fiat Finance and Trade Ltd. €61,411 thousand), medium- to long-term loans granted by banks (€13,114 thousand) and lease payments on property included in real estate securitisations carried out in prior years (€182,430 thousand). Sureties granted to third parties in relation to the remaining interest-bearing certificates issued by Sava and not yet redeemed.

Other guarantees

At 31 December 2008, other guarantees amounted to €9,645,134 thousand, an increase of €2,121,526 thousand over 31 December 2007.

These related to:

- guarantees of €9,640,689 thousand granted on behalf of Group companies, including:

– €618,966 thousand for loans (Banco CNH Capital S.A. €524,109 thousand, Fiat Automoveis S.A. – FIASA €64,226 thousand, Magneti Marelli Controle Motor Ltda. €1,215 thousand and Fiat Finance Canada Ltd. €29,416 thousand);

– €6,012,873 thousand for bond issuances (Fiat Finance and Trade Ltd €4,910,356 thousand, Fiat Finance North America Inc. €1,051,313 thousand, Fiat Finance Canada Ltd. €51,204 thousand);

– €2,076,060 thousand for credit facilities (Fiat Finance and Trade Ltd. €945,000 thousand, Fiat Finance Canada Ltd. €417,078 thousand, CNH Global N.V. €300,000 thousand, Fiat Finance S.p.A. €275,000 thousand, Fiat Finance North America Inc. €88,697 thousand, New Holland Fiat (India) Private Ltd. €40,042 thousand, Iveco France €10,243 thousand);

– €881,029 thousand for VAT receivables as part of the tax consolidation procedure, as required by the Ministerial Decree of 13 December 1979 as subsequently amended, and €51,761 thousand for other guarantees;

- guarantees of €4,445 thousand granted on behalf of the Teksid S.p.A. joint venture: Hua Dong Teksid Automotive Foundry Co. Ltd.

In addition:

- On 30 December 2008, Fiat S.p.A. provided guarantees on a new €60 million line of credit extended to Fiat Finance and Trade Ltd. by Banco Espanol de Credito S.A. As at 31 December 2008, this line of credit had not yet been utilised.

- In 2005, in relation to the early collection by Fiat Partecipazioni S.p.A. of the residual consideration for the sale of the aviation business, Fiat S.p.A. is jointly and severally liable with Fiat Partecipazioni S.p.A. to the purchaser, Avio Holding S.p.A., should Fiat Partecipazioni S.p.A. fail to pay the compensation (following either an arbitral award or an out-of-court settlement) provided for by the sales agreement signed with the seller in 2003. Similarly, in connection with the sale of the controlling interest in the railway business, Fiat S.p.A. is liable to the purchaser, Alstom N.V., for any failure of the company that sold the business (now Fiat Partecipazioni S.p.A.) to comply with the contractual compensation obligations.

Commitments

At 31 December 2008, commitments totalled €29,646 thousand, a decrease of €4,545 thousand from 31 December 2007, and consisted of:

- €22,300 thousand for Fiat S.p.A.'s residual commitment under the sponsorship agreement signed in May 2007 with Juventus Football Club S.p.A. in the name and on behalf of the Company and its subsidiaries for the 2007-2008, 2008-2009 and 2009-2010 seasons. Beginning with the 2008-2009 season these sponsorship costs will be borne by the subsidiary CNH Global N.V.;

- €2,821 thousand for Fiat S.p.A.'s residual commitment under the agreement signed in July 2007 with the Italian Football Association (*Federazione Italiana Giuoco Calcio*) as the "Official Partner of the Italian National Team" until 31 December 2010. As a result of the sale of the "FIAT" brand to Fiat Group Marketing & Corporate Communication S.p.A., beginning in 2009 costs related to this agreement will be borne by that company;

- €4,525 thousand for Fiat S.p.A.'s residual commitment under the sponsorship agreement signed in January 2008 with Ferrari S.p.A. to promote the FIAT brand during the 2008, 2009 and 2010 Formula 1 World Championship seasons. In this case as well, beginning in 2009 those sponsorship costs will be borne by Fiat Group Marketing & Corporate Communication S.p.A.

Teksid

Fiat S.p.A. is subject to a put contract with Renault (in reference to the original investment of 33.5% in Teksid, now 15.2%).

In particular, Renault would acquire the right to exercise a sale option to Fiat on its interest in Teksid, in the following cases:

- in the event of non fulfilment in the application of the protocol of the agreement and admission to receivership or any other redressment procedure;

- in the event Renault's investment in Teksid falls below 15% or Teksid decides to invest in a structural manner outside the foundry sector;

- should Fiat be the object of the acquisition of control by another car manufacturer.

The exercise price of the option is established as follows:

- for the original 6.5% of the 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 potential liabilities arising from contingent liabilities in existence at the time of the sale, as well as breach of representations and warranties provided in the contracts and, in certain instances, environmental or tax matters, generally for a limited period of time. At 31 December 2008, potential obligations with respect to these indemnities are approximately €816 million (approximately €808 million at 31 December 2007), net of provisions set aside by the single companies. Certain other indemnifications have been provided that do not limit potential payment; it is not possible to estimate a maximum amount of potential future payments that could result from claims made under these indemnities.

Certain claims against Fiat S.p.A. for damages in relation to real estate properties sold in previous years are still pending. Given this fact and the specific conditions of the related proceedings, the possible outcome of this situation cannot be reasonably estimated and, therefore, the likelihood of any costs to be borne by the company cannot be determined.

28. Information on financial risks

The manner in which Fiat S.p.A. measures and manages financial risks are consistent with Group policy.

In particular, the categories of the major risks to which the company is exposed are set out below.

Credit risk

The maximum credit risk to which Fiat S.p.A. is theoretically exposed at 31 December 2008 is represented by the carrying amounts stated for financial assets in the balance sheet and the nominal value of the guarantees provided as discussed in Note 26.

Amounts receivable at the balance sheet date are essentially due from Group companies, from the tax authorities and from T.A.V. S.p.A. The risk on receivables from the latter company is limited to the margin earned by Fiat S.p.A. (of approximately 3.6%), since a condition for the settlement of payables to consortium companies is the receipt of the amounts due from T.A.V. S.p.A.

Guarantees given are for the most part on behalf of Group companies.

There are no significant overdue balances.

Liquidity risk

Liquidity risk arises if the company is unable to obtain, at economical terms, the funding needed to carry out its operating activities.

Fiat S.p.A. participates in the Group's centralised treasury management and, as a result, the liquidity risks to which it is exposed are strictly correlated to those which the Fiat Group is exposed to as a whole.

The two main determinants of 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 of debt or invested liquidity and market conditions.

The Group has adopted a series of policies and procedures whose purpose is to optimise the management of financial resources and to reduce liquidity risk by:

- centralising the management of collections and payments, where it may be economical in the context of the local civil, currency and tax regulations of the countries in which the Group is present;

- maintaining an adequate level of available liquidity;

- diversifying the sources of funding and maintaining a continuous and active presence in the capital markets;

- obtaining adequate credit lines; and

- monitoring future liquidity based on business planning.

Management believes that the funding currently available, in addition to those funds that will be generated from operating and funding activities, will enable the Group to satisfy the requirements of its investing activities and its working capital needs and to fulfil its obligations to repay its debts at their maturity date.

Currency risk
At 31 December 2008, Fiat S.p.A. had no significant amounts receivable or payable or derivative financial instruments exposed to currency risk.

Interest rate risk
Fiat S.p.A. satisfies its financial requirements through the Group's centralised treasury management system.

In particular:

- Non-current financial payables consist of fixed rate loans granted by Fiat Finance S.p.A. (as discussed in Note 21). The change in the fair value of these loans resulting from a hypothetical, instantaneous and unfavourable change of 10% in market interest rates would have been approximately €18 million (€58 million at 31 December 2007);

- Current financial payables consist mainly of liabilities for advances received on the sale of receivables to banks and amounts payable to Group companies (as discussed in Note 25). The cost of these items has been affected by changes in short-term interest rates. For short-term or variable rate transactions, a hypothetical, immediate and adverse change of 10% in short-term interest rates would have led to an increase in pre-tax net financial expense of approximately €2 million for the year (€3 million in 2007, when the Company essentially had a net cash position).

Other risks relating to derivative financial instruments
As discussed in Note 8, Fiat S.p.A. holds certain derivative financial instruments whose value is linked to the trends in the price of listed shares (equity swaps on Fiat shares). Although these transactions were entered into for hedging purposes, they do not always qualify for hedge accounting under IFRS. As a result, fluctuations in their value could affect the company's results. The potential loss in fair value of derivative financial instruments held by the company at 31 December 2008, linked to changes in the price of listed shares, which would arise in the case of a hypothetical, instantaneous and unfavourable change of 10% in the underlying values, amounts to approximately €9 million (€37 million at 31 December 2007). The difference over the previous year is attributable to the simulation being based on a different share price.

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, carried out on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

The effects of these transactions on the single items of the 2008 and 2007 financial statements, which may also be found in the supplementary financial statements and in the explanatory Notes, is summarised in the following tables:

Counterparty	Other operating income		Personnel Costs		Other operating costs		Financial income/(expense)	
(€ thousands)	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Abarth & C. S.p.A.	**115**	–	**–**	–	**–**	–	**–**	–
Banco CNH Capital S.A.	**–**	–	**–**	–	**–**	–	**335**	407
CNH Global N.V.	**–**	–	**–**	–	**–**	–	**–**	109
CNH Italia S.p.A.	**189**	–	**–**	–	**–**	–	**(16)**	–
Comau S.p.A.	**389**	1,363	**–**	–	**–**	–	**–**	–
C.R.F. S.c.p.A.	**352**	653	**–**	–	**–**	–	**(7)**	(7)
Elasis S.c.p.A.	**352**	653	**–**	–	**–**	–	**(7)**	–
eSPIN S.p.A.	**–**	–	**–**	–	**–**	117	**–**	–
Ferrari S.p.A.	**5,013**	14,567	**–**	–	**2,231**	2,079	**(4)**	(5)
Fiat Argentina S.A.	**–**	–	**–**	–	**121**	121	**–**	–
Fiat Group Automobiles S.p.A.	**13,747**	15,738	**–**	–	**219**	222	**168**	94
Fiat Automoveis S.A. - FIASA	**18,773**	19,811	**–**	–	**–**	–	**761**	492
Fiat (China) Business Co., Ltd.	**–**	–	**–**	–	**–**	222	**–**	–
Fiat Finance S.p.A.	**870**	959	**–**	–	**2,081**	2,170	**(139,778)**	(202,263)
Fiat Finance and Trade Ltd S.A.	**–**	–	**–**	–	**–**	–	**1,699**	1,646
Fiat France	**–**	–	**–**	–	**40**	1,377	**–**	–
Fiat Services S.p.A.	**101**	535	**–**	–	**5,925**	7,807	**(7)**	(7)
Fiat Group Marketing & Corporate Comm. S.p.A.	**556**	389	**–**	–	**8,933**	2,944	**(7)**	(7)
Fiat Group Purchasing S.r.l.	**1,020**	–	**–**	–	**36**	–	**(7)**	–
Fiat Partecipazioni S.p.A.	**371**	384	**–**	–	**217**	211	**(26)**	3
Fiat Powertrain Technologies S.p.A.	**911**	2,652	**–**	–	**–**	–	**(7)**	(7)
Fiat-Revisione Interna S.c.r.l.	**169**	663	**–**	–	**5,290**	10,898	**–**	–
Fiat Servizi per l'Industria S.c.p.A.	**186**	56	**–**	–	**2,074**	2,922	**(7)**	(7)
FGA Capital S.p.A.	**474**	450	**–**	–	**61**	15	**–**	48
Fidis S.p.A.	**312**	558	**–**	–	**–**	–	**(87)**	(8)
Fiat Netherlands Holding N.V.	**–**	–	**–**	–	**–**	–	**(274,153)**	59,185
Isvor Fiat S.c.p.A.	**462**	549	**–**	–	**175**	165	**–**	–
Itedi S.p.A.	**–**	311	**–**	–	**–**	–	**–**	–
Iveco S.p.A.	**1,644**	5,299	**–**	–	**–**	–	**32**	25
Fiat I.T.E.M. S.p.A.	**–**	–	**–**	–	**373**	501	**(7)**	(7)
Magneti Marelli S.p.A.	**1,190**	3,163	**–**	–	**–**	–	**(7)**	(7)
MC2 - Media Communications S.p.A.	**237**	326	**–**	–	**7**	9	**–**	–
Orione S.c.p.A.	**–**	–	**–**	–	**3,414**	3,279	**(7)**	(7)
Risk Management S.p.A.	**–**	–	**–**	–	**186**	186	**(7)**	(7)
Publikompass S.p.A.	**–**	1,245	**–**	–	**–**	15	**–**	(7)

(continued)

Counterparty	Other operating income		Personnel Costs		Other operating costs		Financial income/(expense)	
(€ thousands)	2008	2007	2008	2007	2008	2007	2008	2007
Fiat Group International S.A.	–	2	–	–	1,004	116	–	–
Sirio S.c.p.A.	60	65	–	–	843	1,205	–	–
Teksid S.p.A.	389	993	–	–	–	–	(7)	(6)
Fiat Finance North America Inc.	–	–	–	–	–	–	326	184
Fiat Group Automobiles Belgium S.A.	–	–	–	–	–	146	–	–
Other Group companies	237	87	–	–	192	117	296	242
Total Group companies	48,119	71,471	–	–	33,422	36,844	(410,531)	(139,917)
Other related parties	–	–	13,281	23,730	24,233	53,988	–	–
Total Group companies and other related parties	48,119	71,471	13,281	23,730	57,655	90,832	(410,531)	(139,917)
Total line item	70,049	120,322	37,697	55,983	114,433	163,103	(421,675)	(149,004)
Percentage of line item	69%	59%	35%	42%	50%	56%	97%	94%

In addition to the impact of intercompany and related party transactions on the income statement, as detailed in the previous table, a gain of €879,483 thousand was also recognised in 2008 under "Gains/(losses) from non-recurring transactions" following sale of the "FIAT" brands to the subsidiary company Fiat Group Marketing & Corporate Communication S.p.A., as described in Note 7.

At 31 December 2008

Counterparty (€ thousands)	Other fin. assets.	Trade recs.	Other current recs.	Employee provisions	Non-curr fin. pays.	Trade pays.	Current fin. pays.	Other pays.
Fiat Group Automobiles S.p.A.	–	25	–	–	–	48	–	368
Fiat Automoveis S.A. - FIASA	–	954	–	–	–	–	–	–
Fiat Finance S.p.A.	–	–	–	–	1,800,000	–	128,802	–
Fiat Group Marketing & C.C. S.p.A.	–	52,800	–	–	–	767	–	–
Fiat Group International S.A.	–	–	–	–	–	149	–	–
Fiat Partecipazioni S.p.A.	–	–	27,000	–	–	–	–	–
Fiat-Revisione Interna S.c.r.l.	–	–	1,630	–	–	–	–	–
Fiat Servizi per l'Industria S.c.p.A.	–	–	312	–	–	–	–	–
Fiat Services S.p.A.	–	–	–	–	–	310	–	–
Fiat Netherlands Holding N.V.	–	–	–	–	–	–	110,174	–
CNH Global N.V.	–	–	5,941	–	–	–	–	–
Iveco S.p.A.	–	11	6,856	–	–	–	–	–
Leasys S.p.A.	–	–	–	–	–	148	–	–
Orione S.c.p.A.	–	–	–	–	–	312	–	–
Sirio S.c.p.A.	–	–	300	–	–	–	–	–
Other Group companies	–	193	–	–	–	332	–	–
IRES tax consolidation	–	–	285,048	–	–	–	–	316,607
VAT consolidation	–	–	–	–	–	–	–	229,084
Financial guarantee contracts	10,531	–	–	–	10,531	–	–	–
Total Group companies	10,531	53,983	327,087	–	1,810,531	2,066	238,976	546,059

(continued)

Counterparty (€ thousands)	Other fin. assets.	Trade recs.	Other current recs.	Employee provisions	Non-curr fin. pays.	Trade pays.	Current fin. pays.	Other pays.
Other related parties	–	–	–	16,848	–	250	–	2,552
Total Group companies and other related parties	**10,531**	**53,983**	**327,087**	**16,848**	**1,810,531**	**2,316**	**238,976**	**548,611**
Total line item	20,637	185,292	905,058	26,418	1,810,531	218,235	553,133	784,481
Percentage of line item	**51%**	**29%**	**36%**	**64%**	**100%**	**1%**	**43%**	**70%**

At 31 December 2007

Counterparty (€ thousands)	Other fin. assets.	Trade recs.	Current fin. recs.	Other current recs.	Employee provisions	Non-curr fin. pays.	Trade pays.	Current fin. pays.	Other pays.
Ferrari S.p.A.	–	6	–	–	–	–	2,066	–	–
Fiat Group Automobiles S.p.A.	–	492	–	–	–	–	49	–	–
Fiat Automoveis S.A. - FIASA	–	3,461	–	–	–	–	–	–	–
Fiat Finance S.p.A.	–	–	1,077,006	–	–	2,800,000	–	72,578	–
Fiat France	–	–	–	–	–	–	1,621	–	–
Banco CHN Capital S.A.	–	409	–	–	–	–	–	–	–
Fiat Group Marketing & Corp.C. S.p.A.	–	–	–	–	–	–	1,033	–	–
Fiat Powertrain Technologies S.p.A.	–	1,038	–	–	–	–	–	–	–
Fiat Services S.p.A.	–	177	–	–	–	–	448	–	–
Fidis S.p.A.	–	144	–	–	–	–	–	–	–
Fiat Netherlands Holding N.V.	–	–	146,425	–	–	–	–	1,109	–
C.R.F. S.c.p.A.	–	204	–	–	–	–	–	–	–
Iveco S.p.A.	–	1,972	–	–	–	–	–	–	–
Magneti Marelli S.p.A.	–	1,063	–	–	–	–	–	–	–
Orione S.c.p.A.	–	–	–	–	–	–	327	–	–
Sirio S.c.p.A.	–	–	–	–	–	–	101	–	–
Comau S.p.A.	–	334	–	–	–	–	–	–	–
Elasis S.c.p.A.	–	204	–	–	–	–	–	–	–
Teksid S.p.A.	–	241	–	–	–	–	–	–	–
CNH Capital America LLC	–	101	–	–	–	–	–	–	–
Other Group companies	–	321	–	3	–	–	243	–	6
IRES tax consolidation	–	–	–	436,479	–	–	–	–	345,460
VAT consolidation	–	–	–	–	–	–	–	–	195,886
Financial guarantee contracts	9,388	–	–	–	–	9,388	–	–	–
Total Group companies	**9,388**	**10,167**	**1,223,431**	**436,482**	**–**	**2,809,388**	**5,888**	**73,687**	**541,352**
Other related parties	–	–	–	–	11,516	–	417	–	10,596
Total Group companies and other related parties	**9,388**	**10,167**	**1,223,431**	**436,482**	**11,516**	**2,809,388**	**6,305**	**73,687**	**551,948**
Total line item	19,493	180,981	1,223,431	892,161	21,302	2,809,388	246,495	294,695	580,543
Percentage of line item	**48%**	**6%**	**100%**	**49%**	**54%**	**100%**	**3%**	**25%**	**95%**

Items arising from the domestic tax consolidation (see Notes 17 and 26) and from the consolidated VAT settlement procedure (see Note 26) are reported in the above tables, as these do not represent actual trading between Group companies and are carried out solely as part of the financial procedure permitted by tax laws and regulations governing the relations of Italian Group companies with the tax revenue authorities. In a similar manner the asset and liability balances (each of the same amount) relating to the valuation of financial guarantee contracts (see Notes 13 and 21) have also not been reported by individual counterparty as they are not material, being only representative of the present value of the estimated commissions to be earned in future years.

Details of the most significant transactions between Fiat S.p.A. and Group companies summarised in the above table are as follows:

- granting of a licence to use the Fiat brand to Fiat Group Automobiles S.p.A. and Fiat Automoveis S.A.– FIASA for a consideration calculated as a percentage of turnover. At the end of the year, the FIAT brand was sold to Fiat Group Marketing & Corporate Communication S.p.A. (see Note 7);

- services provided by Fiat S.p.A. also through its executives at the premises of various Group companies (Iveco S.p.A., Magneti Marelli S.p.A., Fiat Group Purchasing S.p.A., Fiat Powertrain Technologies S.p.A., Fiat Group Automobiles S.p.A., Ferrari S.p.A., Teksid S.p.A., Comau S.p.A. and other minor);

- lease of property or office space (Fiat Finance S.p.A., Fiat-Revisione Interna S.c.r.l., Fiat Group Marketing & Corporate Communication S.p.A., Fiat Partecipazioni S.p.A. and other minor companies) and the recovery of directors' fees and expenses;

- provision of sureties and personal guarantees (see Note 27) on the issues of bonds and Billets de Trésorerie (mainly Fiat Finance and Trade Ltd and Fiat Finance North America Inc.), bank loans (Banco CNH Capital S.A., Fiat Automoveis S.A., Fiat Finance Canada Ltd and other minor), property rental payments (Fiat Group Automobiles S.p.A. and its subsidiaries) and credit facilities;

- management of current accounts, granting of loans, obtaining of short- and medium-term loans and financial assistance (Fiat Finance S.p.A.);

- management of derivative financial instruments (Fiat Netherlands Holding N.V. and Fiat Finance S.p.A., see Notes 16 and 25);

- purchases of administrative, tax and corporate assistance and consultancy services (Fiat Services 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.), sponsorship, advertising and promotional activities (Ferrari S.p.A. and FGI - Fiat Group International S.A.) and supervisory and internal audit services (Fiat-Revisione Interna S.c.r.l.).

Intercompany transactions in 2008 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:

- receipt of dividends from subsidiaries (see Note 1);

- reorganisation of the Group's structure through the transfer of shareholdings in the Group's principal industrial activities from the subsidiary Fiat Partecipazioni S.p.A. to Fiat S.p.A. (see Note 12), as follows: Fiat Group Automobiles S.p.A. (100.00%), Fiat Powertrain Technologies S.p.A. (100.00%), Magneti Marelli Holding S.p.A. (99.99%), Maserati S.p.A. (100.00%), Teksid S.p.A. (84.79%), Teksid Aluminum S.r.l. (100.00%), Fiat Netherlands Holding N.V. (39.44%), Iveco S.p.A. (39.44%), in addition to the associate company RCS Media Group S.p.A. (10.09%);

- recapitalisation of Fiat Powertrain Technologies S.p.A. through a €350,000 thousand increase in share capital and additional paid in capital (see Note 12) to ensure the company adequate financial resources to meets its operating requirements and finance planned investments.

In 2008, transactions with related parties as defined by IAS 24 which did not involve subsidiaries are presented in the tables above under "Other related parties". In detail said transactions were as follows:

- sponsorship costs of €6,875 thousand relating to the second part of the 2007-2008 football season pursuant the contract signed with Juventus Football Club S.p.A. in 2007. Beginning with the 2008-2009 season these sponsorship costs will be borne by the subsidiary CNH Global N.V.;

- expenses for services rendered by Soiem S.p.A. (€70 thousand), RCS Pubblicità S.p.A. (€23 thousand) and SGS Italia S.p.A. (€90 thousand);

- professional and advisory services and services as the secretary of the Board of Directors and of the Committees were provided to Fiat S.p.A. by Mr. Franzo Grande Stevens for fees of €1,000 thousand;

- Fiat S.p.A. directors' and statutory auditors' fees as well as the compensation component arising from stock option plans with underlying Fiat S.p.A. shares regarding the Chief Executive Officer (see Note 6);

- compensation due to executives having strategic responsibilities in Fiat S.p.A. (see Note 5), as well as the compensation component arising from stock option plans with underlying Fiat S.p.A. shares assigned to them.

30. Net financial position

Pursuant to the Consob Communication of 28 July 2006 and in compliance with the CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses issued on 10 February 2005, the net financial position of Fiat S.p.A. at 31 December 2008 is as follows:

(€ thousands)	At 31 December 2008	At 31 December 2007	Change
Cash and cash equivalents	**495**	524	(29)
Current financial receivables:	**–**	1,223,431	(1,223,431)
- from Group companies	**–**	1,223,431	(1,223,431)
- from Third parties	**–**	–	–
Non-current financial payables:	**(1,810,531)**	(2,809,388)	998,857
- due to Group companies	**(1,810,531)**	(2,809,388)	998,857
- due to Third parties	**–**	–	–
Current financial payables:	**(553,133)**	(294,695)	(258,438)
- due to Group companies	**(238,976)**	(73,687)	(165,289)
- due to Third parties	**(314,157)**	(221,008)	(93,149)
Net financial position	**(2,363,169)**	(1,880,128)	(483,041)
- due to Group companies	**(2,049,507)**	(1,659,644)	(389,863)
- due to Third parties	**(313,662)**	(220,484)	(93,178)

31. Significant non-recurring transactions

Pursuant to the Consob Communication of 28 July 2006, in 2008 Fiat S.p.A. has not taken part in any significant non-recurring transaction as defined in such Communication.

32. Transactions resulting from unusual and/or abnormal operations

Pursuant to the Consob Communication of 28 July 2006, in 2008 Fiat S.p.A. did not take part in any unusual and/or abnormal operations as defined in that Communication.

33. Subsequent Events

On 20 January 2009, Fiat S.p.A., Chrysler LLC (Chrysler) and Cerberus Capital Management L.P., the private investment majority owner of Chrysler LLC, announced the signing of a non-binding term sheet for the establishment a global strategic alliance. On the basis of the term sheet, the alliance, to be a key element of Chrysler's viability plan, would provide Chrysler with access to competitive, fuel-efficient vehicle platforms, powertrains, and components to be produced at Chrysler manufacturing sites. Fiat would also provide distribution capabilities in key growth markets, as well as substantial cost-saving opportunities. In addition, Fiat would provide management services, as required, in support of Chrysler's submission of a viability plan to the U.S. Treasury. The alliance would also allow Fiat Group and Chrysler to take advantage of each other's distribution networks and to fully optimize their respective manufacturing footprints and global supplier bases. As consideration for the Group's contribution of strategic assets – consisting of product and platform sharing (including city and compact segment vehicles), technology sharing (including fuel efficient and environmentally friendly powertrain technologies), and access to additional markets (including distribution for Chrysler vehicles in markets outside of North America) - Fiat would receive an initial 35 percent equity interest in Chrysler. The alliance does not contemplate that Fiat would make a cash investment in Chrysler or commit to funding Chrysler in the future. The proposed alliance would be consistent with the terms and conditions of the U.S. Treasury financing to Chrysler and completion is subject to due diligence and regulatory approvals, including the approval of the U.S. Treasury.

During January, the three leading credit rating agencies announced that they had placed Fiat's long and short-term ratings under review: Moody's Investors Services placed the ratings under review with a possible downgrade; Standard & Poor's Rating Services placed them on CreditWatch with negative implications (together with the long-term rating for CNH Global N.V.) and Fitch Ratings placed them on Rating Watch Negative.

List of investments in subsidiaries and associate companies with additional information required by Consob (Communication DEM/6064293 of 28 July 2006)

■ **Subsidiaries**

Company and registered office	Share Capital (€)	Result for the last financial year (€)	Shareholders' Equity (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
Fiat Group Automobiles S.p.A. – Turin						
At 31.12.07					–	–
■ partial spin-off of Fiat Partecipazioni S.p.A.					745,031,979	4,677,908,225
■ portion of stock options for employees of subsidiaries						(1,548,513)
At 31.12.08	**745,031,979**	**680,143,822**	**1,690,879,692**	**100.00**	**745,031,979**	**4,676,359,712**
Ferrari S.p.A – Modena						
At 31.12.07	20,260,000	109,265,840	365,741,896	85.00	6,888,400	1,055,203,823
At 31.12.08	**20,260,000**	**160,043,898**	**425,782,434**	**85.00**	**6,888,400**	**1,055,203,823**
Maserati S.p.A. – Modena						
At 31.12.07					–	–
■ partial spin-off of Fiat Partecipazioni S.p.A.					40,000,000	104,209,215
■ portion of stock options for employees of subsidiaries						(322,423)
At 31.12.08	**40,000,000**	**37,235,249**	**92,156,315**	**100.00**	**40,000,000**	**103,886,792**
Fiat Netherlands Holding N.V. - Amsterdam (The Netherlands)						
At 31.12.07	2,610,397,295	476,156,300	3,440,770,479	60.56	57,488,376	2,294,868,624
■ partial spin-off of Fiat Partecipazioni S.p.A.				39.44	37,435,162	1,532,477,429
At 31.12.08	**2,610,397,295**	**640,530,439**	**3,909,553,111**	**100.00**	**94,923,538**	**3,827,346,053**
Iveco S.p.A – Turin						
At 31.12.07	369,500,000	403,547,860	773,047,860	60.56	223,779,638	1,26,017,178
■ partial spin-off of Fiat Partecipazioni S.p.A.				39.44	145,720,362	509,988,810
■ portion of stock options for employees of subsidiaries						(731,791)
At 31.12.08	**369,500,000**	**320,337,030**	**971,047,386**	**100.00**	**369,500,000**	**1,835,274,197**
Fiat Powertrain Technologies S.p.A. – Turin						
At 31.12.07					–	–
■ partial spin-off of Fiat Partecipazioni S.p.A.					750,000,000	300,571,075
■ capital contribution (share capital and premium)						350,000,000
■ portion of stock options for employees of subsidiaries						(903,677)
At 31.12.08	**525,000,000**	**82,260,134**	**913,644,575**	**100.00**	**750,000,000**	**649,667,398**
Magneti Marelli S.p.A. – Corbetta						
At 31.12.07						
Ordinary shares						
At 31.12.07					–	–
■ partial spin-off of Fiat Partecipazioni S.p.A.					250,500,601	604,385,797
■ portion of stock options for employees of subsidiaries						(1,206,122)
At 31.12.08				**100.00**	**250,500,601**	**603,179,675**
Preference shares						
At 31.12.07					–	–
■ partial spin-off of Fiat Partecipazioni S.p.A.					3,801,006	9,157,946
At 31.12.08				**99.36**	**3,801,006**	**9,157,946**
At 31.12.08	**254,325,965**	**29,994,331**	**589,765,832**	**99.99**	**254,301,607**	**612,337,621**

List of investments (continued)

Company and registered office	Share Capital (€)	Result for the last financial year (€)	Shareholders' Equity (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
Teksid S.p.A. – Turin						
At 31.12.07					–	–
■ partial spin-off of Fiat Partecipazioni S.p.A.					60,543,388	76,641,823
■ portion of stock options for employees of subsidiaries						(484,722)
At 31.12.08	**71,403,261**	**44,979,028**	**140,992,970**	**84.79**	**60,543,388**	**76,157,101**
Teksid Aluminum S.r.l. – Carmagnola						
At 31.12.07						–
■ partial spin-off of Fiat Partecipazioni S.p.A.						43,292,021
At 31.12.08	**5,000,000**	**(17,142,358)**	**14,836,004**	**100.00**		**43,292,021**
Comau S.p.A. – Grugliasco						
At 31.12.07	48,013,959	(66,068,526)	101,945,433	100.00	48,013,959	111,000,000
■ portion of stock options for employees of subsidiaries						(711,321)
■ impairment						(7,000,000)
At 31.12.08	**48,013,959**	**(15,805,223)**	**86,140,210**	**100.00**	**48,013,959**	**103,288,679**
Fiat Partecipazioni S.p.A. – Turin						
At 31.12.07	356,158,302	2,314,331,783	8,265,629,548	100.00	356,158,302	8,128,294,895
■ partial spin-off of Fiat Partecipazioni S.p.A.						(7,178,223,392)
■ portion of stock options for employees of subsidiaries						629,793
At 31.12.08	**356,158,302**	**502,719,923**	**950,071,503**	**100.00**	**356,158,302**	**950,701,296**
Fiat Finance S.p.A. – Turin						
At 31.12.07	224,440,000	29,919,900	454,386,873	100.00	244,440,000	222,262,897
At 31.12.08	**224,440,000**	**23,972,414**	**428,359,286**	**100.00**	**224,440,000**	**222,262,897**
Business Solution S.p.A. – Turin						
At 31.12.07	4,791,396	53,810,231	59,688,272	100.00	4,791,396	37,095,022
■ portion of stock options for employees of subsidiaries						(680,372)
At 31.12.08	**4,791,396**	**13,243,296**	**19,121,337**	**100.00**	**4,791,396**	**36,414,650**
Itedi – Italiana Edizioni S.p.A. – Turin						
At 31.12.07	5,980,000	1,336,833	29,886,506	100.00	5,980,000	25,899,105
At 31.12.08	**5,980,000**	**(426,813)**	**27,759,693**	**100.00**	**5,980,000**	**25,899,105**
FGI – Fiat Group International S.A. – Paradiso (Switzerland)						
At 31.12.07	60,433,916	29,615,480	116,073,427	100.00	100,000	33,444,877
CHF	100,000,000	49,004,735	192,066,700			
At 31.12.08	**67,340,067**	**31,737,997**	**113,937,795**	**100.00**	**100,000**	**33,444,877**
CHF	**100,000,000**	**47,130,926**	**169,197,625**			
Fiat Finance North America Inc. – Wilmington (USA)						
At 31.12.07	27,233,204	639,223	22,294,002	39.47	150	15,557,000
USD	40,090,000	941,000	32,819,000			
At 31.12.08 (*)	**28,806,496**	**676,151**	**23,581,950**	**39.47**	**150**	**15,557,000**
USD	**40,090,000**	**941,000**	**32,819,000**	**+60.53 ind.**		

List of investments (continued)

Company and registered office	Share Capital (€)	Result for the last financial year (€)	Shareholders' Equity (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
Fiat U.S.A. Inc. – New York (USA)						
At 31.12.07	11,432,647	675,678	23,055,758	100.00	1,000	27,257,726
USD	16,830,000	994,666	33,940,381			
At 31.12.08	**12,093,124**	**318,807**	**24,706,522**	**100.00**	**1,000**	**27,257,726**
USD	**16,830,000**	**443,684**	**34,384,067**			
Isvor Fiat Società consortile di sviluppo e addestramento Industriale per Azioni – Turin						
At 31.12.07	300,000	17,306	865,579	3.00	9,000	–
At 31.12.08	**300,000**	**162,797**	**1,028,376**	**3.00**	**9,000**	**–**
				+97.00 ind.		
Elasis-Società Consortile per Azioni – Pomigliano d'Arco						
At 31.12.07	20,000,000	1,129,101	22,000,590	0.17	33,334	29,974
At 31.12.08	**20,000,000**	**123,106**	**22,123,696**	**0.17**	**33,334**	**29,974**
				+99.83 ind.		
Fiat Group Marketing & Corporate Communication S.p.A. – Turin						
At 31.12.07	800,000	188,965	1,069,081	51.00	408,000	430,000
■ sale to Fiat Partecipazioni S.p.A.					(408,000)	(430,000)
At 31.12.08					**–**	**–**
Fiat-Revisione Interna S.c.r.l. – Turin						
At 31.12.07	300,000	199,833	596,167	51.00	153,000 n.v.	186,980
At 31.12.08	**300,000**	**23,905**	**620,072**	**51.00**	**153,000 n.v.**	**186,980**
				+49.00 ind.		
Fiat Servizi per l'Industria S.c.p.A. – Turin						
At 31.12.07	1,652,669	408,259	1,944,246	5.00	82,633	70,720
At 31.12.08	**1,652,669**	**1,234,904**	**3,179,150**	**5.00**	**82,633**	**70,720**
				+95.00 ind.		
Orione S.c.p.A.-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni – Turin						
At 31.12.07	120,000	61,101	284,919	18.00	21,603	21,108
At 31.12.08	**120,000**	**141,194**	**426,113**	**18.00**	**21,603**	**21,108**
				+80.90 ind.		
SIRIO - Sicurezza Industriale Società consortile per Azioni – Turin						
At 31.12.07	120,000	(996,262)	227,449	0.75	901	764
At 31.12.08	**120,000**	**1,528,008**	**1,755,457**	**0.75**	**901**	**764**
				+93.18 ind.		
■ Total subsidiaries						**14,294,660,494**

% owned by Fiat S.p.A.
Any indirect interest in the ordinary share capital of subsidiaries is also indicated.
(*) Figures taken from the 2007 Financial Statements

List of investments in subsidiaries and associate companies with additional information required by Consob (communication DEM/6064293 of 28 July 2006)

■ Associate companies

Company and registered office	Share Capital (€)	Result for the last financial year (€)	Shareholders' Equity (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
RCS Mediagroup S.p.A. – Milan						
At 31.12.07					–	–
■ partial spin-off of Fiat Partecipazioni S.p.A.					76,907,627	131,785,440
At 31.12.08 (*)	**762,019,050**	**96,900,638**	**1,274,223,937**	**10.09**	**76,907,627**	**131,785,440**
■ Total associate companies						**131,785,440**

(*) Figures taken from the 2007 Financial Statements

■ Other companies

Company and registered office	% owned by Fiat S.p.A.	Number of shares	Book value (€)
Assicurazioni Generali S.p.A. – Trieste			
At 31.12.07	0.01	180,491	5,595,221
■ fair value adjustment			(2,077,451)
At 31.12.08	**0.01**	**180,491**	**3,517,770**
Fin.Priv. S.r.l. – Milan			
At 31.12.07	14.29		28,248,079
■ fair value adjustment			(13,475,268)
At 31.12.08	**14.29**		**14,772,811**
Consorzio Lingotto – Turin			
At 31.12.07	5.40		279
At 31.12.08	**5.40**		**279**
■ Total other companies			**18,290,860**

Fees paid to Members of the Board of Directors, Statutory Auditors, General Managers and Executives with Strategic Responsibilities (€ thousands) (Article 78 of Consob Regulation 11971/99)

Name	Office held in 2008	Term of office	Expiration (*)	Compensation for office held	Non-cash benefits (**)	Bonuses and other incentives	Other fees	Total
Luca Cordero di Montezemolo	Director Chairman	01/01-31/12/2008	2009	550.0 1)	92.7		2,743.5 2)	3,386.2
John Elkann	Director Vice Chairman	01/01-31/12/2008	2009	550.0 3)	61.3		1.5 4)	612.8
Sergio Marchionne	Chief Executive Officer	01/01-31/12/2008	2009	3,050.0			368.6 5)	3,418.6
Andrea Agnelli	Director	01/01-31/12/2008	2009	77.0				77.0
Roland Berger	Director	01/01-31/12/2008	2009	83.0				83.0
Tiberto Brandolini d'Adda	Director	01/01-31/12/2008	2009	77.0				77.0
René Carron	Director	01/01-31/12/2008	2009	56.0				56.0
Luca Garavoglia	Director	01/01-31/12/2008	2009	89.0				89.0
Gian Maria Gros Pietro	Director	01/01-31/12/2008	2009	98.0				98.0
Virgilio Marrone	Director	01/01-31/12/2008	2009	77.0 6)				77.0
Vittorio Mincato	Director	01/01-31/12/2008	2009	92.0				92.0
Pasquale Pistorio	Director	01/01-31/12/2008	2009	77.0				77.0
Carlo Sant'Albano	Director	01/01-31/12/2008	2009	77.0 7)				77.0
Ratan Tata	Director	01/01-31/12/2008	2009	62.0				62.0
Mario Zibetti	Director	01/01-31/12/2008	2009	110.0				110.0
Carlo Pasteris	Chairman of the Board of Statutory Auditors	01/01-31/12/2008	2009	63.0				63.0
Giuseppe Camosci	Regular Auditor	01/01-31/12/2008	2009	42.0				42.0
Piero Locatelli	Regular Auditor	15/05-31/12/2008	2009	26.6				26.6
Cesare Ferrero	Regular Auditor	01/01-15/05/2008		15.8			16.7 8)	32.5
Executives with strategic responsibilities (***)					126.7 9)	129.8 10)	11,214.0 11)	11,470.5 12)

(*) year in which term of office expires at General Meeting held to approve the financial statements.
(**) includes the use of transport for personal purposes.
(***) includes 18 executives.
1) Gross annual compensation for the office of Chairman is €500,000.
2) Compensation for the office held at Ferrari S.p.A. It also includes €1.5 thousand for directorship at the subsidiary Editrice La Stampa S.p.A. Mr. Montezemolo, as Chairman of Ferrari S.p.A., has the right to receive, in the event of termination of the office held, a sum payable over twenty years, the amount of which, after ten years, may not be greater than five times the fixed portion of his annual compensation. The relevant accrual recognised by Ferrari for 2008 was €749.3 thousand.
3) Gross annual compensation for the office of Vice Chairman is €500,000.
4) Compensation for the office held at the subsidiary Editrice La Stampa S.p.A.
5) Compensation for office held at the subsidiary Fiat Group International SA. This amount does not include the compensation for the office held at Fiat Group Automobiles (€500 thousand) which he does not receive but is paid to Fiat S.p.A. The Chief Executive Officer has the right to receive, in the event of termination of the office held, a sum payable over twenty years, the amount of which, after ten years, may not be greater than five times the fixed portion of his annual compensation. The relevant accrual recognised by Fiat S.p.A. in 2008 was €946.6 thousand.
6) Compensation paid to IFI S.p.A.
7) Compensation paid to IFIL Investments S.p.A.
8) Compensation for the office of Chairman of the Board of Statutory Auditors of Fiat Group Automobiles S.p.A.
9) Includes fringe benefits.
10) Variable portion of compensation.
11) Including salary and compensation for offices held at subsidiaries that are not reverted.
12) Social contributions paid by the company are not included.

Stock Options granted to Members of the Board of Directors, General Managers and Executives with Strategic Responsibilities (Article 78 of Consob Regulation 11971/99)

Grantee		Options held at the beginning of the year			Options granted during the year			Options exercised during the year			Options expired in the year	Options held at the end of the year		
Name	Office held at the date of the grant	Number of options	Average exercise price	Exercise period (mm/yy)	Number of options	Average exercise price	Exercise period (mm/yy)	Number of options	Average exercise price	Average market price at exercise date	Number of options	Number of options	Average exercise price	Exercise period (mm/yy)
Fiat shares														
Paolo Fresco	Chairman	1,750,000	20.813	07/01-01/10							1,250,000	500,000	12.699	01/05-01/10
Sergio Marchionne	Chief Executive Officer	20,670,000	9.867	(1) 06/08-11/14 (2)								20,670,000	9.867	06/08-11/14
Executives with strategic responsibilities		2,940,000	20.045	02/01-11/14 (3)							141,000	2,799,000	13.517	02/01-11/14
Ferrari shares														
Luca Cordero di Montezemolo	–	80,000	175	10/04-12/10 (4)								80,000	175	10/04-12/10
CNH shares (5)														
Executives with strategic responsibilities	–	156,282	57.17	12/01-02/13	29,094	48.12	01/08-02/14				13,097	172,279	56.011	12/01-02/14

(1) One-third of the vesting of the 2004 stock option grant is subject to the achievement of predetermined profit targets, which have been achieved. The 2004 grant became fully vested in 2008. The Board of Directors meeting held on 22 January 2009 voted to submit proposal to Shareholders at the Annual General Meeting for amendments to vesting and exercise period of this plan.
(2) One-half of the vesting of the 2006 stock option grant is subject to the achievement of predetermined profit targets and exercise period begins with the approval of the 2010 Financial Statements and terminates in November 2014.
(3) Vesting of the options partially subject to achievement of predetermined profit targets.
(4) Options exercisable upon placement of Ferrari S.p.A. shares on the stock market.
(5) Prices expressed in US dollars.

13 February 2009

On behalf of the Board of Directors

/s/ LUCA CORDERO DI MONTEZEMOLO
Luca Cordero di Montezemolo
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 Issuer Regulations issued by Consob, reports fees charged for 2008 for audit and audit-related services provided by the independent auditors. No services were provided by entities in their network.

(€ thousands)	Service Provider	2008 Fees
Audit	Deloitte & Touche S.p.A.	179
Attestation	Deloitte & Touche S.p.A.(1)	24
Other services	Deloitte & Touche S.p.A.(2)	143
Total		**346**

(1) Attestation of tax forms (“Modello Unico” and form “770”), verification of pro-forma data for disclosure document (Consob Resolution 11971/1999) for Partial Spin-Off of Fiat Partecipazioni S.p.A. in favour of Fiat S.p.A.
(2) Agreed upon procedures for certain aspects of the system of internal control over financial reporting.

Attestation in respect 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 Alessandro Baldi and Maurizio Francescatti, as the executive officers 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 statutory financial statements at 31 December 2008.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2008 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:

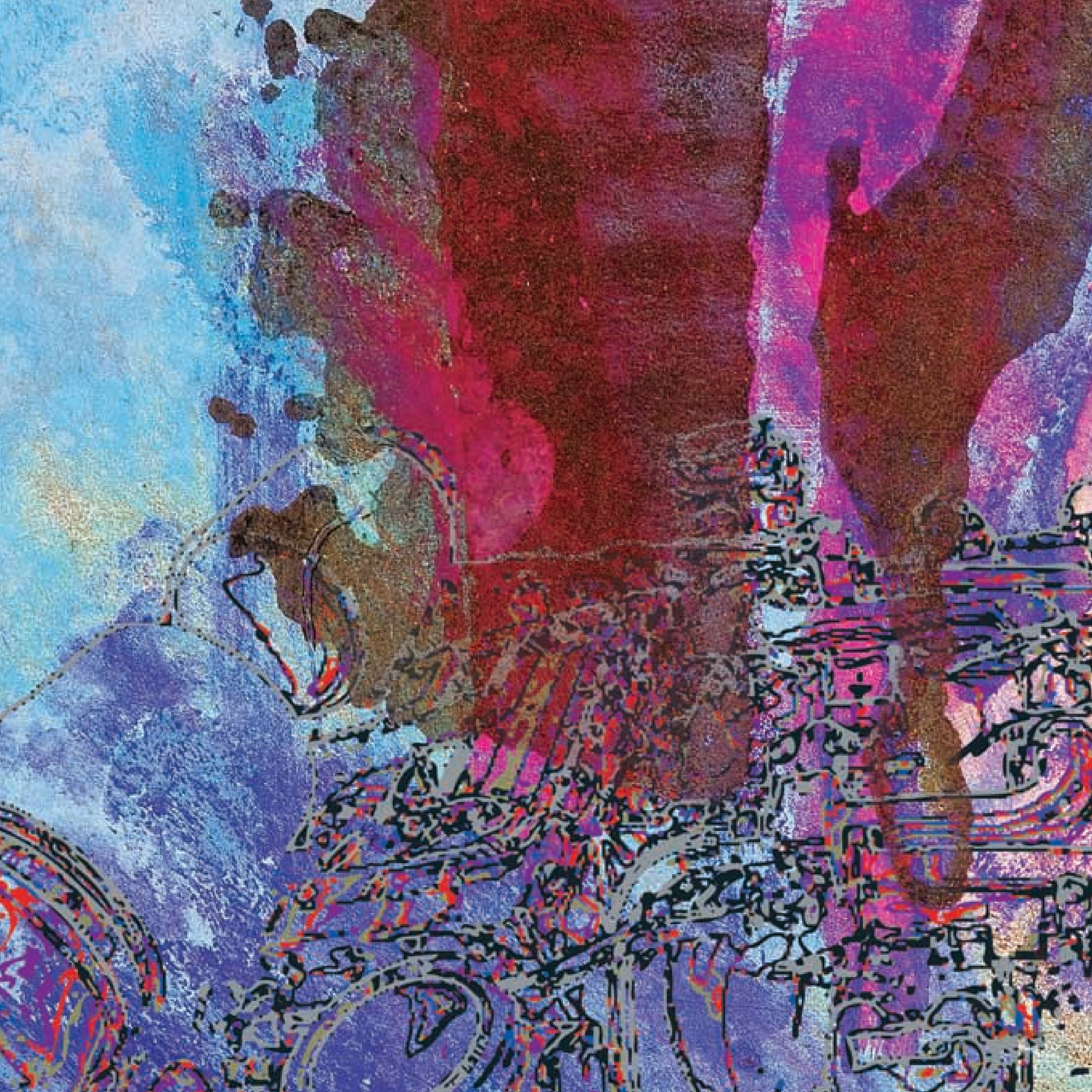
3.1 the statutory financial statements at 31 December 2008:
- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002 as implemented in Italy by Article 9 of Legislative Decree no. 38 of 2005;
- correspond to the amounts shown in the Company's accounts, books and records; and
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of 31 December 2008 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.

13 February 2009

/s/ SERGIO MARCHIONNE
Sergio Marchionne
Chief Executive Officer

/s/ ALESSANDRO BALDI
/s/ MAURIZIO FRANCESCATTI
Alessandro Baldi
Maurizio Francescatti
Executive officers responsible for the preparation of the Company's financial statements



Auditors' Reports

Auditors' Report on the Consolidated Financial Statements pursuant to Art. 156 of Legislative Decree n. 58 of February 24, 1998

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, 2008, which comprise the consolidated balance sheet, the consolidated statements of income, changes in shareholders' equity, and cash flows and the related explanatory notes. These consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005, are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. For the opinion on the prior year's consolidated financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on February 18, 2008.

3. In our opinion, the consolidated financial statements present fairly the financial position of the Fiat Group as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.

4. The Directors of Fiat S.p.A. are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the consolidated financial statements, as required by art. 156, paragraph 4-bis, letter d), of Legislative Decree n. 58/98. For this purpose, with reference to the financial information included therein, we have read the Report on Operations and verified the consistency of such financial information with the consolidated financial statements of the Fiat Group as of December 31, 2008. With reference to the other information included in the Report on Operations, our procedures consisted solely in a reading of the Report on Operations as a whole in light of the information acquired during our audit, carried out in accordance with the auditing standards indicated in the paragraph 2. above. In our opinion, based on this activity, the Report on Operations is consistent with the consolidated financial statements of the Fiat Group as of December 31, 2008.

DELOITTE & TOUCHE S.p.A.

signed by FABRIZIO FAGNOLA
Fabrizio Fagnola
Partner

February 18, 2009, Turin, Italy

This report has been translated into the English language solely for the convenience of international readers.

Auditors' Report on the Statutory Financial Statements pursuant to Art. 156 of Legislative Decree n. 58 of February 24, 1998

To the Shareholders of FIAT S.p.A.

1. We have audited the statutory financial statements of Fiat S.p.A. as of and for the year ended December 31, 2008, which comprise the balance sheet, the statements of income, changes in shareholders' equity and cash flows and the related explanatory notes. These financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005, are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. For the opinion on the prior year's financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on February 18, 2008.

3. In our opinion, the statutory financial statements present fairly the financial position of Fiat S.p.A. as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.

4. The Directors of Fiat S.p.A. are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the statutory financial statements, as required by art. 156, paragraph 4-bis, letter d), of Legislative Decree n. 58/98. For this purpose, with reference to the financial information included therein, we have read the Report on Operations and verified the consistency of such financial information with the financial statements of Fiat S.p.A. as of December 31, 2008. With reference to the other information included in the Report on Operations, our procedures consisted solely in a reading of the Report on Operations as a whole in light of the information acquired during our audit, carried out in accordance with the auditing standards indicated in the paragraph 2. above. In our opinion, based on this activity, the Report on Operations is consistent with the statutory financial statements of Fiat S.p.A. as of December 31, 2008.

DELOITTE & TOUCHE S.p.A.

signed by FABRIZIO FAGNOLA
Fabrizio Fagnola
Partner

February 18, 2009, Turin, Italy

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

Dear Shareholders:

The consolidated financial statements of Fiat S.p.A. at 31 December 2008, including the Balance Sheet, Income Statement, Statement of Changes in Shareholders' Equity, Cash Flow Statement and the related explanatory Notes, which are made available to you, report a net profit of €1,721 million, of which €1,612 million is attributable to equity holders of the parent. They were provided to us within the statutory terms, together with the Report on Operations, and were prepared in accordance with the International Financial Reporting Standards (IFRS) and the requirements of national regulations issued pursuant to Article 9 of Italian Legislative Decree no. 38/2005.

The controls carried out by Deloitte & Touche S.p.A., which is responsible for the audit, have led to their opinion that "the consolidated financial statements present fairly the financial position of the Fiat Group as of 31 December 2008, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to Article 9 of Italian Legislative Decree no. 38/2005".

Consequently, in accordance to Article 41, Section 3 of Legislative Decree No. 127 of 9 April 1991, the Board of Statutory Auditors did not review these results and information and the consolidated financial statements, except for the items discussed below.

The definition of the scope of consolidation, the selection of the standards used to consolidate subsidiaries and the procedures used for that purpose comply with the requirements of IFRS. Therefore, the structure of the consolidated financial statements is technically correct and overall consistent with the pertinent legislation.

The Report on Operations presents fairly the results of the operations in 2008 and the financial position at year end, as well as the events that have occurred since the end of the year for the consolidated companies. Based on our examination, this Report is consistent with the consolidated financial statements.

Turin, 25 February 2009

The Statutory Auditors

/s/ CARLO PASTERIS
Carlo Pasteris

/s/ GIUSEPPE CAMOSCI
Giuseppe Camosci

/s/ PIERO LOCATELLI
Piero Locatelli

Report of the Board of Statutory Auditors to Shareholders

Dear Shareholders:

Article 153 of Legislative Decree No. 58 of 24 February 1998 requires the Board of Statutory Auditors to report the results of its oversight activity to the Shareholders Meeting, convened to approve the statutory financial statements, indicating any omissions or improper transactions it discovered, and empowers it to submit motions regarding the financial statements, their approval and other matters under its jurisdiction.

This Report is provided in accordance with the abovementioned provision and pursuant to Article 2429 (2) of the Italian Civil Code.

During the past year, we performed our duties pursuant to Article 149 of Legislative Decree No. 58 of 24 February 1998, and are able to report specific information on the subjects listed below.

We attended the meetings of the Board of Directors, where we received detailed information on the Company's business and on the main operating, financial and asset transactions carried out or in the process of being carried out by the Company and/or its subsidiaries. In this regard, we determined and ascertained that all pending or completed transactions complied with all pertinent provisions of the law and the By-laws, were not in conflict with any resolution adopted by the Shareholders Meeting and were consistent with management best practices.

The Company's organization appears to be adequate, based on the size of the Company. As part of our work, we met with the heads of the various Company Departments and with representatives of the Independent Auditors, from whom we obtained comprehensive information indicating that the Company was in compliance with management best practices.

The internal control system, which is constantly upgraded, has been implemented at Group level and is operational both at the Parent Company and its subsidiaries.

We express a favorable opinion on the adequacy of the Company's internal control system, intended as a system aimed to assess the compliance with the internal operating and administrative procedures adopted to ensure that the Company is correctly and efficiently managed, while at the same time identifying, preventing and minimizing financial and operating risks as well as the risk of frauds. The Board of Statutory Auditors attended all Internal Control Committee meetings.

Based on our determinations and on what we ascertained also in previous years, we further believe that the Company's administrative and accounting system is adequate for the purpose of presenting fairly the results of operations.

The guidelines provided by Fiat S.p.A. to its subsidiaries pursuant to Article 114 (2) of Legislative Decree No. 58/98 also appear to be adequate.

Additionally, it is our view that the internal procedure adopted by the Company in implementation of the amended Article 36 of the same Decree is correct.

The Board of Directors provided us with the Report on Operations for the first half of 2008 within the statutory deadline and published it in accordance with the Consob requirements. It also complied with statutory requirements as regards quarterly reports. With regard to Consob communications, on matters falling under our jurisdiction, we can confirm the following:

- The information provided by the Directors in their Report on Operations is comprehensive and complete;

- As required by Legislative Decree No. 58/98, we have been informed on a constant basis on matters falling under our jurisdiction;

- No atypical or unusual transactions, as defined in Consob Communication of 28 July 2006, were revealed by the checks and audits we have periodically performed;

- With regard to intercompany transactions, the Board of Directors mentions in the Notes to the Financial Statements that numerous transactions involving the sale of goods and the provision of services took place between the Company and other Group companies, as well as related parties. The Report on Operations further states that these transactions were executed on commercial terms deemed normal in the respective markets, considering the characteristics of the goods or services involved;

- The Independent Auditors' report is clean of both qualifications and emphasis paragraphs;

■ In 2008, the Board of Directors met 9 times and the Internal Control Committee 7 times. We attended all of those meetings. The Board of Statutory Auditors met 8 times. The Independent Auditors attended 4 of those meetings;

■ In compliance with Article 149 (1) (c-*bis*) of Legislative Decree no. 58 of 24 February 1998, we acknowledge that the Directors affirm in their Annual Report on Corporate Governance that: "The Fiat Group adopted and adheres to the Corporate Governance Code for Italian Listed Companies issued in March 2006, with subsequent additions and amendments related to the former NYSE listing and the specific characteristics of the Group."

We confirmed that the Group actually complies with the Corporate Governance Code and that its various aspects were discussed in the Annual Report on Corporate Governance submitted to you by the Board of Directors. Reference is made to that report for more complete information in this regard.

We have received a communication from Deloitte & Touche S.p.A. – with whom we have had frequent exchanges of information - stating that Fiat S.p.A. retained its services to perform, in addition to auditing the statutory and consolidated financial statements, limited auditing of the consolidated first half report, agreed upon procedures for auditing of the quarterly reports, as well as the engagements listed below for which the respective fees are indicated:

■ Attestation of the tax returns (Unico and 770 Forms), for a fee of €5,000;

■ Verification of the pro forma data contained in the disclosure document prepared by Fiat S.p.A., in fulfilment of Article 70 (4) of the "Regolamento degli Emittenti" approved by Consob Resolution 11971 of 14 May 1999 as subsequently revised and amended, to provide Shareholders and the market with information on the Partial Spin-off of Fiat Partecipazioni S.p.A. in favour of its sole shareholder Fiat S.p.A. for a fee of €19,000;

■ Agreed upon procedures for certain aspects of the system of Internal Control over Financial Reporting adopted by the Fiat Group for the 2008 financial year for a fee of €75,000;

■ Agreed upon procedures for the model of system of internal controls for information technology for a fee of €68,000.

During the General Meeting held on 31 March 2008, the shareholder Mr. Bava submitted a document to the Company containing a passage entitled "Complaint pursuant to Article 2408" in which he wrote, "I ask that the Statutory Auditors verify the accuracy of: losses on derivatives, tangible assets, amounts receivable from customers and subsidiaries, inventories".

Despite the irregular manner in which this document was presented, the Statutory Auditors felt it appropriate to examine the issue, pointing out that Article 2408 of the Civil Code entitles any shareholder to submit a complaint for "acts which he considers improper".

The assertion makes no reference to any "act" nor does it indicate any fact which would substantiate an allegation of impropriety. As such, the Board of Statutory Auditors concluded that, although there is also no apparent substance to the assertion, no response is required.

We also acknowledge that during the year, the company assessed the effective independence of the independent directors, and we confirm that the principles and procedures for assessment were fairly applied in accordance with Article 3 (5) of the Corporate Governance Code. We confirmed our own continuing independence as envisaged in Article 10 (2) of the Corporate Governance Code.

Based on the audits we performed in those areas that fall under our jurisdiction pursuant to Article 149 of Legislative Decree No. 58 of 24 February 1998 and the information received from the Independent Auditors, we have verified that the statutory financial statements, which report net income of €1,199,145,721, have been prepared and are presented in accordance with the applicable provisions of law.

In particular, we verified that no exceptions were exercised as permitted under Article 2423 (4) of the Civil Code.

We therefore recommend that you approve these financial statements as they have been submitted to you, together with the motion proposed by the Board regarding the allocation of net profit.

Turin, 25 February 2009

The Statutory Auditors

/s/ CARLO PASTERIS
Carlo Pasteris

/s/ GIUSEPPE CAMOSCI
Giuseppe Camosci

/s/ PIERO LOCATELLI
Piero Locatelli

Following is a list of positions as director or statutory auditor held by members of the Board of Statutory Auditors at other companies at 31 December 2008 (pursuant to Article 144 *quinquiesdecies* of the Issuer Regulations) – term of office expires upon approval of financial statements for the year indicated in brackets.

■ Carlo Pasteris: Chairman of the Board of Statutory Auditors at Augusta Assicurazioni S.p.A. (2008), Augusta Vita S.p.A. (2008), Toro Assicurazioni S.p.A. (2009), B & D S.a.p.a. (2010), De Agostini S.p.A. (2008), De Agostini Editore S.p.A. (2010), De Agostini Edizioni Scolastiche S.p.A. (2010), De Agostini Partworks Licensing S.p.A. (2008), Utet S.p.A. (2010), Diffusione Scolastica S.r.l. (2010), Italenergia Bis S.p.A. (2009), Ferrero Ingegneria S.p.A. (2011), Sagna S.p.A. (2009), A.G. Porta S.p.A. (2010); Regular Auditor at Expo 2000 S.p.A. (2009); Director at Ferrero S.p.A. (2009).

■ Giuseppe Camosci: Chairman of the Board of Statutory Auditors at AEREA S.p.A. (2010), Immobiliare Elfin S.p.A. (2008), Big Logistica S.p.A. (2008), Samsung Electronics Italia S.p.A. (2010); Regular Auditor at BNP Paribas Leasegroup S.p.A. (2009), Delco S.p.A. (resigned on 18 February 2009), Finos S.p.A – Gruppo Trussardi (2009), ICAL S.p.A. (2009), Lacto Siero Italia S.p.A. (2009), Locatrice Italiana S.p.A. (2009), Therabel Gienne Pharma S.p.A. (2008), TRS Evolution S.p.A. (2009), Trussardi S.p.A. (2009), WestLB(Italia) Finanziaria S.p.A. (2009); Director at SAPIO Produzione Idrogeno Ossigeno S.r.l. (2010).

■ Piero Locatelli: Regular Auditor at Giovanni Agnelli & C. S.a.p.a. (2008) and Simon Fiduciaria S.p.A. (2010).


FIAT GROUP

Agenda and related Reports and Motions

Motion for Approval of the Statutory Financial Statements and Allocation of 2008 Net Profit

Dear Shareholders,

We hereby submit the Statutory Financial Statements for the year ended 31 December 2008 for your approval with a reported net profit of €1,199,145,721. To strengthen the Group's capital structure and preserve liquidity, we propose, in consideration of the requirements of law and the Company By-laws, that the net profit for the year be allocated as follows:

- to the Legal Reserve, €59,957,286;
- to each savings share, a dividend of €0.31, for a total of approximately €24.8 million;
- to Retained profit, the remaining amount totalling approximately €1,114.4 million.

Payment of the dividend on savings shares will be from 23 April 2009, with detachment of the coupon on 20 April. The dividend will be payable on shares outstanding at the coupon detachment date.

13 February 2009

On behalf of the Board of Directors

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

Election of the Board of Directors and determination of the number of members and their compensation; related resolutions

Dear Shareholders,

The term of office of the Board of Directors elected on 3 May 2006 expires at the General Meeting convened to approve the 2008 financial statements.
You are therefore called upon to:

- determine the number of Board members to be elected, between a minimum of nine and a maximum of fifteen as provided in Article 11 of the By-laws,
- elect directors for a new term of office, in consideration of the fact that, pursuant to the By-laws, no individual who is 75 years of age or older may be elected,
- set the amount of compensation payable to Directors or the manner in which such compensation is to be determined.

The size of the Company and the Group, the complexity and specific characteristics of the sectors in which it operates and the geographic spread of its businesses require that the Board of Directors have within its membership a broad and varied mix of knowledge, experience and cultures, both generalist and specific, acquired in an international setting and relevant to both the functioning of the macroeconomy and global markets, more generally, and the industrial and financial sectors, more specifically. An appropriate combination of skills and professional background is fundamental to the proper functioning of the Board of Directors.
The composition of the Board should also be correctly balanced between executive directors, that is, those individuals having powers of representation and executive powers, and non-executive directors, such that no individual or group of individuals is able to exercise a dominating influence in the Board's decision-making process.

The presence of independent directors is also an essential element in protecting the interests of shareholders and third parties. The contribution of directors having these characteristics is also necessary for the creation and functioning of consultative committees dedicated to the preliminary examination and formulation of proposals relating to areas of potential risk, including prevention of potential conflicts of interest.
Believing that it is significantly in the Company’s interests to maintain a high level of guarantees and protection, we propose that the Board be composed of an appropriate number of independent directors. Election of the Board of Directors, pursuant to law and the By-laws, is based on a system of candidate lists, to ensure shareholders representing the minority the right to elect one member, and each list must include one candidate who meets the requirements of independence established by law.

We are therefore proposing that the number of directors be set at fifteen - a number which demonstrated to be consistent with the effective functioning of the board and which allows for diversity in the make up of the Board’s committees - and that, in addition to the two independent directors required by law, at least six additional directors possessing the characteristics of independence, pursuant to the evaluation criteria adopted on previous occasions, be elected.

Those criteria, provided below, relate to the absence or substantial non-relevance, within the past three years, of any economic or shareholding relationship with the Company, its executive directors or managers with strategic responsibilities, its controlling company or subsidiaries, in addition to family relationships with the executive directors of those companies. In addition, no individual may be considered independent if, within the past three years, he has been a shareholder or director of a major competitor - that is, a company which in terms of products and key markets competes with the Group – a rating agency or audit firm engaged by the Company or other companies in the Group or is an executive director of a company outside of the Group for which any of Fiat S.p.A.'s directors serve as non-executive directors.

We are also proposing that you determine the new term of office for a period of three years, expiring on the date of the General Meeting convened to approve the 2011 Financial Statements, and set the annual emolument for each director at €50,000 in addition to a fee of €3,000 for each meeting attended by directors or committee members, excluding executive directors, and that you agree that the directors to be elected not be subject to the restrictions of Article 2390 of the Civil Code.

Finally, procedures for election of the Board of Directors are established by law and, as necessary, the additional requirements of Article 11 of Fiat S.p.A.’s By-laws. Specifically, lists of candidates must be submitted to the Company at its registered office, together with additional documentation required, at least 15 days prior to the date of the first call for the General Meeting and may only be presented by shareholders who, individually or jointly with others, own at least 1% of ordinary shares. No individual shareholder, or shareholders connected by a relationship of control or significant influence as defined by the Civil Code, may present or vote, even by means of a third party or a trustee company, more than one list of candidates and any list which, in the General Meeting, receives votes representing less than 0.5% of ordinary shares shall be excluded from consideration. Candidates must meet the requirements established by law and the By-laws and any candidate present on more than one list shall be considered ineligible.

13 February 2009

On behalf of the Board of Directors

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

Criteria for qualification as an Independent Director

The Board of Directors of Fiat S.p.A. shall, to the extent within its power, ensure that the majority of directors are independent, inasmuch as they:

a) do not directly, indirectly or on behalf of third parties, nor have they within the past three years, maintained an economic or shareholding relationship or relationship of any other nature with the individuals or entities listed below:
– the Company, its subsidiaries and associates, or companies subject to control by the same entity as the Company;
– any individual or entity which, including jointly with others, controls the Company, is a member of a shareholder agreement for the control of the Company or exercises significant influence over it;
– executive directors or managers with strategic responsibilities for those entities;

b) are not, or have not been within the past three years, executive directors or managers with strategic responsibilities for the entities described in point a);

c) have not been directors of the Company for more than nine years, including non-successive terms of office;

d) are not executive directors of companies outside the Group where one or more executive directors of the Company are non-executive directors;

e) have not, within the past three years, been shareholders or directors of one of the Company's major competitors;

f) have not been, within the past three years, shareholders or directors of a rating agency which is currently, or has been within the past three years, responsible for assigning a rating to the Company, a subsidiary of the Company or a company which, including jointly with others, controls the Company;

g) are not, or have not been within the past three years, partners or directors or members of an audit team – or of an entity forming part of its network – which has been engaged within the past three years to perform audits of the Company, its subsidiaries, companies subject to control by the same entity or any company which, including jointly with others, exercises control or significant influence over it;

h) are not close relatives of and do not cohabit with individuals who would be ineligible under the preceding points.
Independent directors - upon election and subsequently whenever a circumstance presents itself which could potentially alter a director's independence and, in any event, at least annually - shall report any relevant relationship, either new or pre-existing, as defined in letters a, b, c, d, e, f, g and h above to the Board of Directors in writing.
The independence of directors is evaluated by the Board of Directors at its regular meetings, taking account of the information provided by the individual directors concerned as to their satisfaction of the requirements and any modifications to such information. Where, during the course of such evaluation, the Board identifies the existence of a relationship included in point a), it may express a favourable view only where such relationship can be considered immaterial given its exact nature or amount. Where an evaluation reveals changes to the circumstances previously disclosed, the Board of Directors must communicate such changes to the market.
For the purposes of determining independence, the Board also considers indirect economic or shareholding relationships and, therefore, those existing between: on one side, the director, his family members, a professional practice of which he is a partner, companies directly or indirectly controlled by the director or his family members, companies of which those individuals are indirectly directors or employees and, on the other side, the Company, its subsidiaries and associates or companies subject to control by the same entity as the Company, shareholders which, directly or indirectly, control or exercise significant influence over the Company, individuals or entities referred to in point g) above, executive directors or managers with strategic responsibilities at any of the aforementioned entities.
The Annual Report on Corporate Governance provides details of the number and names of the Company's independent directors.

Election of the Statutory Auditors and determination of compensation

Dear Shareholders,

The term of office of the current Board of Statutory Auditors will expire on the date of the General Meeting convened to approve the 2008 financial statements.
You are therefore called upon to elect new members to the Board which is to consist of three regular members and three alternate members. Election of the Board of Statutory Auditors, pursuant to law and the By-laws, is based on a system of candidate lists and minority shareholders shall have the right to elect one regular member, who shall also serve as Chairman of the Board of Statutory Auditors, and one alternate member.

You are reminded that all of the statutory auditors must satisfy the requirements of integrity, professional qualification and independence established by law and the By-laws and must comply with restrictions on the number of concurrent positions held. Additionally, pursuant to the By-laws, they must be entered in the Register of Auditors and possess at least three years of experience as an auditor.

Procedures for election are established by law and, as necessary, the additional requirements of Article 17 of Fiat S.p.A.'s By-laws. Specifically, lists of candidates must be submitted to the Company at its registered office, together with the additional documentation required, at least 15 days prior to the date of the first call for the General Meeting and may only be presented by shareholders who, individually or jointly with others, own at least 1% of ordinary shares. No individual shareholder or shareholders belonging to the same group or who are parties to a shareholder agreement in relation to the Company's shares, may present or vote, even by means of a third party or a trustee company, more than one list. In the event that 15 days prior to the date of the first call only one list has been submitted, or if the only lists presented are those presented by shareholders who are related, as defined by law, additional lists may then be presented up to the fifth day after that date and the percentage ownership required shall reduce from 1% to 0.5% of ordinary shares.

In relation to determination of compensation for the Statutory Auditors, we propose an annual emolument based on standard professional fees charged by chartered accountants: that being, €63,000 for the Chairman and €42,000 for the other regular auditors.

13 February 2009

On behalf of the Board of Directors

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

Motion for the purchase and disposal of own shares

Dear Shareholders,

In the General Meeting on 31 March 2008, Shareholders authorised the purchase of a maximum number of own shares for all three classes, not to exceed in total the maximum legal limit of 10% of share capital or an aggregate amount of €1.8 billion, including existing reserves for own shares of €596.6 million. Under that authorisation, a total of 5.73 million ordinary shares were purchased, equal to 0.52% of share capital, for a total invested amount of €61.2 million. These purchases were made entirely in June 2008, following which the programme was temporarily suspended.
In order to maintain the necessary operating flexibility over an adequate time period and in consideration of the fact that the current shareholder authorisation expires on 30 September 2009, we are proposing that you renew authorisation for the purchase and disposal of own shares, including in both cases, through Group subsidiaries, subject to the limits and procedures provided under the applicable provisions of the Italian Civil Code, the combined provisions of Article 132 of Legislative Decree 58 of
24 February 1998 and Article 144-*bis* of the Issuer Regulations, and other applicable laws and regulations. We believe that this authorisation provides the Company with a strategic investment opportunity for all purposes permitted by law, while providing for the necessary servicing of incentive plans. We therefore propose that you revoke the previous resolution, for the part not already utilised as of the date of the Annual General Meeting, and authorise the purchase of own shares of all three classes of shares (par value of €5 each) over a period of eighteen months and for an amount which should not exceed the maximum legal limit equal to 10% of share capital, inclusive of the Fiat shares already owned by the Company and its subsidiaries. As of 13 February 2009, Fiat S.p.A., which in 2008 sold 71,000 ordinary shares following exercise of stock options, owns 38,568,458 ordinary shares, equal to 3.02% of share capital, while no other Group company owns Fiat shares. The maximum and minimum purchase price per share will be directly related to the market price, namely, the reference price reported on the Stock Exchange on the day before the purchase. The maximum and minimum price is 10% more or less than such reference, respectively.
Nevertheless, we intend to maintain reserves available for the purchase of an aggregate maximum amount of €1.8 billion, including existing reserves (€656.6 million at 13 February 2009) for own shares.
The purchases will be made on one or more occasions on regulated markets in accordance with the terms and procedures set forth by Borsa Italiana consistent with the equal treatment of shareholders. However, should the opportunity arise, they could also be made through a tender offer, offer for exchange, or other permissible procedure.
We are also requesting authorisation 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 also be used to service the incentive plans granted to directors and executives and for any additional plans that might be established by the Board in the future and subsequently submitted for the approval of Shareholders. In such event, the shares will be sold at the prices set when the stock rights were granted.

13 February 2009

On behalf of the Board of Directors

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

Resolutions pursuant to Article 114-bis of Legislative Decree 58/98

Dear Shareholders,

Pursuant to Article 114-*bis* of Legislative Decree 58/98, we are submitting the motions approved by the Board of Directors on 22 January 2009 and 23 February 2009 to you for approval. More specifically, these motions relate to the adoption of amendments to the Stock Option Plan under which, on 26 July 2004, Sergio Marchionne was granted 10,670,000 options to acquire an equivalent number of Fiat S.p.A. ordinary shares and the approval of a new 2009-2010 incentive plan taking the form of stock grants which provides for the granting of an aggregate total of 8 million Fiat ordinary shares to plan beneficiaries.

This report was prepared in conformity with the instructions for disclosure provided as a schedule to the Issuer Regulations issued by Consob.

Beneficiaries

The beneficiary of the 2004 Stock Option Plan, to which the following proposed amendments relate, is the Chief Executive Officer of Fiat S.p.A., Sergio Marchionne.

The beneficiaries of the 2009-2010 Incentive Plan will be Sergio Marchionne and a maximum of three hundred executives holding key positions which have a significant impact on business results. Executives will be selected by the Chief Executive Officer of Fiat S.p.A. from among employees of the Company and/or its subsidiaries, consistent with the organisational criteria adopted for the 2006 and 2008 plans.

Reasons for amendments to the 2004 Plan and adoption of the 2009-2010 Plan

In general, incentive plans based on financial instruments enable incentivization of individuals in key positions toward the achievement of Company and Group performance targets which is correlated to the long-term value created for shareholders. The level of commitment is further strengthened when vesting of rights is subject to the achievement of specific profit targets over an established reference period.
At the same time, motivating management by granting instruments which reflect the Company's value contributes to the alignment of the interests of management with those of shareholders, promoting management's sense of identification with the Group and significantly enhancing retention.

Over the course of several meetings and with the contribution of the Compensation Committee, the Board of Directors reviewed the effectiveness of existing incentive schemes in light of the current condition of the real economy and financial markets and the particularly uncertain period being faced by the automotive sector globally. Following a review of the position of both the Chief Executive Officer of Fiat S.p.A. and other Group executives, the Board, noting that the current situation was attributable to various global factors rather than to management's performance, acknowledged the need for incentives which were both appropriate and correlated to ambitious targets and resolved to submit a comprehensive package of measures for your approval.

At the meeting held on 22 January 2009, the Board reviewed the 2004 Stock Option Plan for the Chief Executive Officer of Fiat S.p.A. whose conditions relating to performance targets and duration in office have already been fully satisfied. As such, the options are exercisable from 1 June 2008 to 1 January 2011. For the reasons stated above and at the proposal of the Compensation Committee, the Board determined that it is significantly in the Company's and Group's interests to restore the retention capability of the 2004 Plan - which has been diminished by the recent extraordinary events which are wholly independent of actual performance - through the reintroduction of vesting restrictions (under which the options would not be exercisable until after 31 December 2010) and extension of the exercise period.

In addition, at the meeting held on 23 February 2009, the Board resolved to propose establishment of a new Plan for the 2009-2010 financial years specifically tailored to the current condition of the economy and financial markets. In line with latest international best practice, this Plan would take the form of stock grants to the Chief Executive Officer of Fiat S.p.A. and other executives having a significant impact on business results and be based on instruments of measurements of performance consistent with the current market environment and tied to key operating indicators for the Group.

The tax effects of benefits associated with the Plans are the responsibility of the beneficiaries.

Given their characteristics, no special funds would support the Plans.

Process for approval of amendments to the 2004 Plan and adoption of the 2009-2010 Plan

Amendments to the 2004 Stock Option Plan were drafted by the Compensation Committee, composed of the independent directors R. Berger (Committee Chairman), L. Garavoglia and M. Zibetti, which examined the matter over the course of two meetings. The first meeting was held on 12 December 2008 and the second, in which the proposal was formulated, was held on 22 January 2009.

At its meeting on 22 January 2009, the Board of Directors resolved, with the interested party abstaining, to approve the Compensation Committee's proposal and to submit the proposed amendments to the 2004 Stock Option Plan to Shareholders for approval, pursuant to Article 114-*bis* of Legislative Decree 58/98.

Under the Plan, which was instituted on 26 July 2004, Mr. Marchionne was granted options to purchase 10,670,000 Fiat S.p.A. ordinary shares at €6.583 per share, exercisable from 1 June 2008 to 1 January 2011.

In each of the first three years following the grant date, Mr. Marchionne acquired the right to purchase 2,370,000 shares per year commencing 1 June 2008. As of 1 June 2008, he also acquired the right to exercise the remaining options equal to 3,560,000 shares, having achieved the profit targets established for the reference period.

The proposed amendments, which would become effective upon your approval, consist of the reintroduction of a vesting period, conditioned solely on the beneficiary remaining in office, which would render the options unexercisable until after 31 December 2010, with a new exercise period beginning 1 January 2011 and expiring 1 January 2016. All other conditions of the Plan, including the number of options granted and the exercise price, would remain unchanged. The Official Price published by Borsa Italiana for Fiat ordinary shares on 12 December 2008 and 22 January 2009 was €5.138 and €4.039, respectively.

On 23 February 2009, the Board of Directors, having heard the report of the Chairman of the Compensation Committee and with Mr. Marchionne abstaining, resolved to submit a motion to Shareholders, pursuant to Article 114-*bis* of Legislative Decree 58/98, for the adoption of a new 2009-2010 Incentive Plan based on the granting of rights which, subject to the achievement of predetermined performance targets for 2009 and 2010 and continuation of the professional relationship with the Group, provides for the granting of an aggregate total of 8 million Fiat ordinary shares to plan beneficiaries.

The Chief Executive Officer of Fiat S.p.A. would be granted 2 million Fiat ordinary shares and a maximum of 6 million shares would be available for granting, on one or more occasions, to a maximum of 300 executives holding key positions which have a significant impact on business results. Plan beneficiaries are to be selected by the Chief Executive Officer of Fiat S.p.A. in accordance with the organisational criteria adopted for the 2006 and 2008 plans. The Chief Executive Officer is also responsible for determining the number of rights to be granted to each manager as well as the reassignment of any rights forfeit pursuant to termination of the employment relationship. The Official Price published by Borsa Italiana for Fiat ordinary shares on 23 February 2009 was €3.67.

Should you approve these proposals, the grants to the Chief Executive Officer of Fiat S.p.A. would have immediate effect while, as required by law, information on the beneficiaries and actual number of financial instruments granted in relation to the 2009-2010 Plan for Group executives will be communicated to the market on the grant date.

As with all existing incentive plans, both the Plans are administered by the Board of Directors of Fiat S.p.A. which has the power to modify the terms, conditions and targets at any time as a consequence of extraordinary transactions or significant events.

Characteristics of the financial instruments

Each option granted under the 2004 Plan gives the beneficiary the right to purchase one Fiat ordinary share at the exercise price of €6.583, which corresponds to the average Official Price published by Borsa Italiana for the month prior to the grant date (26 July 2004).

Upon your approval of the proposed amendments, the options would be subject to a new vesting period ending 31 December 2010 and exercise shall be subject to Mr. Marchionne remaining as Chief Executive Director of Fiat S.p.A. until that date.
The options would therefore be exercisable from 1 January 2011 to 1 January 2016.

The 2009-2010 Plan is based on the granting of rights under which beneficiaries would receive an aggregate total of 8 million Fiat ordinary shares, 2 million of which are to be allocated to the Chief Executive Officer, Sergio Marchionne, and a maximum of a further 6 million shares would be available for allocation to executives holding key positions which have a significant impact on business results.

The rights would be vested in a single tranche upon approval of the 2010 consolidated financial statements by the Board of Directors. If the 2009 targets are reached, the number of shares granted would be equivalent to 25% of the rights assigned.
If the 2010 targets are reached, the number of shares granted would be equivalent to 100% of the rights assigned. The Company shall have the right to substitute, in whole or in part, Fiat ordinary shares granted to plan beneficiaries with a cash payment calculated on the Official Price of those shares published by Borsa Italiana on the date of approval of the 2010 consolidated financial statements. Vesting of the rights is subject to continuation of the employment relationship or mandate with the Group until the date of approval of the 2010 consolidated financial statements. Specific rules apply to early termination of the relationship, such as, for example, a change of employer within the Group, retirement or death of the beneficiary.

For both Plans, settlement is by delivery of Fiat ordinary shares. The exercise price, payable in the case of stock options only, must be paid in cash at the moment of acquisition of the underlying shares.

Rights relating to the above Plans are granted to the beneficiary only and are non-transferable, except by inheritance, while the ordinary shares received will not be subject to any restrictions other than legal restrictions relating to the use of privileged information. In this respect, the Board of Directors may set restrictions for periods immediately prior to key dates on the corporate calendar.

The Plans are to be serviced through shares bought on the market rather than through the issue of new shares and, therefore, would have no dilutive effects. The Company currently holds sufficient own shares to fully service existing incentive plans as well as those being submitted for your approval.

On 23 February, the preliminary estimate of the non-cash cost of the proposed amendments to the 2004 Plan and adoption of the 2009-2010 Plan was €24 million. Those costs will be recalculated on the date that the proposals, if approved, become effective, on the basis of the price of Fiat ordinary shares and the vesting conditions. For the amendments to the 2004 Plan and granting of rights for 2 million Fiat ordinary shares to the Chief Executive Officer, that date coincides with the date approval is given by Shareholders. For the granting of rights for a maximum of 6 million Fiat ordinary shares to executives, that date coincides with the effective grant date. For accounting purposes, the cost calculated on the grant date is recognised on a pro rata basis over the vesting period.

Please note that, in addition to the amendments to the 2004 Plan and the adoption of the 2009-2010 Plan which you are being asked to approve, the Company also has other incentive plans in place for directors and executives, established during or subsequent to 2001, with a total of 23,427,000 options outstanding at 23 February 2009, of which 2,515,500 are exercisable. A total of 10,000,000 of these options will be serviced through the issue of new shares and the remainder through shares purchased on the market. The shares required to service the 2004 Plan, the 2009-2010 Plan and other plans currently in place - excluding the portion of the 2006 Plan to be serviced through the issue of new shares - are 31.97 million. This amount is fully covered by the 38.6 million own shares currently held. Detailed information on those plans is provided in disclosure documents issued in 2007 and 2008 available in the Corporate Governance section of the Group website (**www.fiatgroup.com**) under Fees and Interests Held, as well as in the Report on Operations and Notes to the statutory and consolidated financial statements at 31 December 2008, pursuant to regulatory requirements and the International Financial Reporting Standards, respectively.

23 February 2009

On behalf of the Board of Directors

/s/ LUCA CORDERO DI MONTEZEMOLO
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Chairman

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