Fiat S.p.A.
Statutory Financial Statements

at 31 December 2011

Income Statement (*)

(figures in €)	Note	2011	2010
Dividends and other income from investments	(1)	**388,165,874**	428,723,556
Impairment (losses)/reversals on investments	(2)	**157,456,000**	155,700,000
Gains/(losses) on disposals	(3)	**14,703,207**	5,748
Other operating income	(4)	**45,331,282**	61,762,491
Personnel costs	(5)	**(35,171,574)**	(43,384,892)
Other operating costs	(6)	**(80,473,290)**	(101,590,587)
Financial income/(expense)	(7)	**(434,646,466)**	(93,034,966)
PROFIT/(LOSS) BEFORE TAXES		**55,365,033**	**408,181,350**
Income taxes	(8)	**43,800,587**	33,778,159
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**99,165,620**	**441,959,509**
Profit/(loss) from discontinued operations		**-**	-
PROFIT/(LOSS)		**99,165,620**	**441,959,509**

(*) Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related-party transactions on Fiat S.p.A.'s Income Statement are presented in a specific income statement provided on the following pages and commented on in the note for the relevant line item and Note 30

Statement of Comprehensive Income

(€ thousand)	2011	2010
PROFIT/(LOSS) (A)	**99,166**	441,959
Gains/(losses) recognized directly in fair value reserve (investments in other companies)	**(41,677)**	(4,468)
Income tax relating to components of other comprehensive income	**-**	-
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B)	**(41,677)**	(4,468)
TOTAL COMPREHENSIVE INCOME (A)+(B)	**57,489**	**437,491**

Statement of Financial Position (*)

(figures in €)	Note	31 December 2011	31 December 2010
ASSETS			
Non-current assets			
Intangible assets	(9)	1,744,234	317,168
Property, plant and equipment	(10)	31,179,614	31,385,527
Investments	(11)	12,122,918,872	11,423,278,781
Other financial assets	(12)	12,966,052	143,946,821
Other non-current assets	(13)	90,472	147,228
Deferred tax assets	(8)	-	-
Total non-current assets		**12,168,899,244**	**11,599,075,525**
CURRENT ASSETS			
Inventory	(26)	-	-
Trade receivables	(14)	4,862,631	8,078,126
Current financial receivables	(15)	374,805,524	311,525,962
Other current receivables	(16)	277,353,014	350,553,632
Cash and cash equivalents	(17)	743,896	239,970
Total current assets		**657,765,065**	**670,397,690**
Assets to be demerged	(18)	-	5,190,346,053
TOTAL ASSETS		**12,826,664,309**	**17,459,819,268**
EQUITY AND LIABILITIES			
Equity	(19)		
Share capital		4,465,600,020	6,377,262,975
Share premium reserve		1,082,244,680	1,540,884,892
Legal reserve		523,618,803	716,458,326
Other reserves and retained profit		3,171,498,375	4,284,447,608
Own shares		(288,883,388)	(656,553,154)
Profit/(loss)		99,165,620	441,959,509
Total equity		**9,053,244,110**	**12,704,460,156**
NON-CURRENT LIABILITIES			
Provisions for employee benefits and other non-current provisions	(20)	137,364,408	20,072,106
Non-current debt	(21)	2,162,892,003	2,561,442,000
Other non-current liabilities	(22)	18,213,851	13,560,651
Deferred tax liabilities	(8)	8,144,720	7,000,000
Total non-current Liabilities		**2,326,614,982**	**2,602,074,757**
Current liabilities			
Provisions for employee benefits and other current provisions	(23)	19,379,886	9,273,701
Trade payables	(24)	19,397,927	41,011,205
Current debt	(25)	1,075,432,074	294,591,561
Other debt	(26)	332,595,330	368,407,888
Total current liabilities		**1,446,805,217**	**713,284,355**
Liabilities to be demerged	(18)	-	1,440,000,000
TOTAL EQUITY AND LIABILITIES		**12,826,664,309**	**17,459,819,268**

(*) Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related-party transactions on Fiat S.p.A.'s Statement of Financial Position are presented in a specific statement of financial position provided on the following pages and commented on in the note for the relevant line item and Note 30

Statement of Cash Flows (*)

(€ thousand)	2011	2010
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**240**	**474**
B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:		
Profit/(loss)	99,166	441,959
Amortization and depreciation	1,920	1,714
Non-cash cost of stock option plans and other non-cash items	19,693	17,241
Impairment losses/(reversals) on investments	(157,456)	(155,700)
Fair value adjustment to equity swaps on Fiat and Fiat Industrial shares	109,920	(107,070)
Losses/(gains) on disposals	(14,703)	(33)
Change in provisions for employee benefits and other provisions	2,311	(4,559)
Change in deferred taxes	1,145	7,000
Change in working capital	23,701	(137,315)
TOTAL	**85,697**	**63,237**
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:		
Investments relating to:		
Incorporation and capitalization of subsidiaries	(220,000)	(2,258,853)
Acquisitions	(122,399)	-
Reductions in investments relating to:		
Proceeds from disposals	76,947	36
Other (investments)/disposals, net	(3,271)	3,706
TOTAL	**(268,723)**	**(2,255,111)**
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:		
Change in current financial assets	(153,231)	197,418
Proceeds from non-current debt and other changes	-	2,194,660
Repayment of non-current debt	(400,000)	(400,000)
Change in current debt	883,270	436,681
Increase in share capital	5,142	-
Purchases of own shares	-	-
Sales of own shares	-	-
Dividends paid	(151,651)	(237,119)
TOTAL	**183,530**	**2,191,640**
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	**504**	**(234)**
F) CASH AND CASH EQUIVALENTS AT END OF YEAR	**744**	**240**

(*) Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related-party transactions on Fiat S.p.A.'s Statement of Cash Flows are presented in a specific statement of cash flows provided on the following pages

Statement of Changes in Equity

(€ thousand)	Share capital	Share premium reserve	Legal reserve	Reserve available for the purchase of own shares	Reserve for own shares	Retained profit/ (loss)	Gains/ (losses) recognized directly in equity	Stock option reserve	Other reserves (2)	Own shares (1)	Profit/ (loss) for the year	Total equity
Balances at 31 December 2009	6,377,263	1,540,885	699,460	1,142,740	656,553	2,198,994	2,440	95,272	89,829	(656,553)	339,964	**12,486,847**
Allocation of prior year profit:												
to the Legal reserve			16,998								(16,998)	-
dividend distributions											(237,119)	**(237,119)**
balance to retained profit						85,847					(85,847)	-
Carryforward and adjustment to reserve for the purchase of own shares				(599,293)		599,293						-
Valuation of stock option plans								17,241				**17,241**
Total comprehensive income for the period							(4,468)				441,959	**437,491**
Balances at 31 December 2010	**6,377,263**	**1,540,885**	**716,458**	**543,447**	**656,553**	**2,884,134**	**(2,028)**	**112,513**	**89,829**	**(656,553)**	**441,959**	**12,704,460**
Demerger to Fiat Industrial S.p.A effective 1 January 2011	(1,913,179)	(462,266)	(214,937)			(1,159,964)						(3,750,346)
Balances at 1 January 2011 post Demerger	**4,464,084**	**1,078,619**	**501,521**	**543,447**	**656,553**	**1,724,170**	**(2,028)**	**112,513**	**89,829**	**(656,553)**	**441,959**	**8,954,114**
Recognition of Fiat Industrial S.p.A. shares allotted to Fiat S.p.A. in relation to own shares held						(20,554)				367,670		**347,116**
Corresponding reduction of Reserve for own shares					(367,670)	367,670						-
Provisions related to obligation to service portion of stock option and stock grant plans through delivery of Fiat Industrial shares (Provisions for stock option and stock grant plans)						(100,217)		(64,035)				**(164,252)**
Allocation of prior year profit:												
to the Legal reserve			22,098								(22,098)	-
distribution of dividends to shareholders											(151,651)	**(151,651)**
balance to retained profit						268,210					(268,210)	-
Carryforward of reserve for the purchase of own shares				367,670		(367,670)						-
Effect of exercise of stock options under the November 2006 stock option plan	1,516	3,626				1,473		(1,473)				**5,142**
Valuation of stock option/stock grant plans								5,286				**5,286**
Total comprehensive income for the period							(41,677)				99,166	**57,489**
Balances at 31 December 2011	**4,465,600**	**1,082,245**	**523,619**	**911,117**	**288,883**	**1,873,082**	**(43,705)**	**52,291**	**89,829**	**(288,883)**	**99,166**	**9,053,244**

(1) At 31 December 2011, own shares consisted of 38,568,458 ordinary shares having a total par value of €134,990 thousand. Number of shares unchanged over 31 December 2010 and 31 December 2009. Par value reduced from €192,842 thousand to €134,990 thousand due to a decrease in par value per share from €5.00 to €3.50 following the Demerger

(2) Other reserves includes the reserve pursuant to Law 413/1991, the extraordinary reserve and the reserve for spin-off differences

Income Statement
pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	Note	2011	of which related parties (Note 30)	2010	of which related parties (Note 30)
Dividends and other income from investments	(1)	**388,166**	**387,733**	428,724	428,309
Impairment (losses)/reversals on investments	(2)	**157,456**	**157,456**	155,700	155,700
Gains/(losses) on disposals	(3)	**14,703**	**14,703**	6	6
Other operating income	(4)	**45,331**	**42,205**	61,762	52,202
Personnel costs	(5)	**(35,172)**	**(11,217)**	(43,385)	(21,549)
Other operating costs	(6)	**(80,473)**	**(48,924)**	(101,591)	(58,042)
Financial income/(expense)	(7)	**(434,646)**	**(426,171)**	(93,035)	(93,773)
PROFIT/(LOSS) BEFORE TAXES		**55,365**		**408,181**	
Income taxes	(8)	43,801		33,778	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**99,166**		**441,959**	
Profit/(loss) from discontinued operations		-		-	
PROFIT/(LOSS)		**99,166**		**441,959**	

Statement of Financial Position

pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	Note	31 December 2011	of which related parties (Note 30)	31 December 2010	of which related parties (Note 30)
ASSETS					
Non-current assets					
Intangible assets	(9)	**1,744**		317	
Property, plant and equipment	(10)	**31,180**		31,386	
Investments	(11)	**12,122,919**	**12,110,940**	11,423,279	11,406,271
Other financial assets	(12)	**12,966**	**12,892**	143,947	11,442
Other non-current assets	(13)	**90**		147	
Deferred tax assets	(8)	**-**		-	
Total non-current assets		**12,168,899**		**11,599,076**	
Current assets					
Inventory	(26)	**-**		-	
Trade receivables	(14)	**4,862**	**2,419**	8,078	342
Current financial receivables	(15)	**374,806**	**374,806**	311,526	311,526
Other current receivables	(16)	**277,353**	**168,127**	350,554	240,546
Cash and cash equivalents	(17)	**744**		240	
Total current assets		**657,765**		**670,398**	
Assets to be demerged	(18)	-	**-**	5,190,346	5,190,346
TOTAL ASSETS		**12,826,644**		**17,459,820**	
EQUITY AND LIABILITIES					
Equity	(19)				
Share capital		**4,465,600**		6,377,263	
Share premium reserve		**1,082,245**		1,540,885	
Legal reserve		**523,619**		716,458	
Other reserves and retained profit		**3,171,497**		4,284,448	
Own shares		**(288,883)**		(656,553)	
Profit/(loss)		**99,166**		441,959	
Total equity		**9,053,244**		**12,704,460**	
NON-CURRENT LIABILITIES					
Provisions for employee benefits and other non-current provisions	(20)	**137,364**	**123,341**	20,072	13,128
Non-current debt	(21)	**2,162,892**	**2,162,892**	2,561,442	2,561,442
Other non-current liabilities	(22)	**18,214**	**2,994**	13,561	
Deferred tax liabilities	(8)	**8,145**		7,000	
TOTAL NON-CURRENT LIABILITIES		**2,326,615**		**2,602,075**	
Current liabilities					
Provisions for employee benefits and other current provisions	(23)	19,380		9,274	
Trade payables	(24)	19,398	**5,249**	41,011	2,264
Current debt	(25)	1,075,432	**1,050,746**	294,592	147,507
Other debt	(26)	332,595	**318,808**	368,408	351,500
Total current liabilities		**1,446,805**		**713,285**	
Liabilities to be demerged	(18)	-	**-**	1,440,000	1,440,000
TOTAL EQUITY AND LIABILITIES		**12,826,664**		**17,459,820**	

Statement of Cash Flows

pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	2011	of which related parties	2010	of which related parties
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**240**		**474**	
B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:				
Profit/(loss)	99,166		441,959	
Amortization and depreciation	1,920		1,714	
Non-cash cost of stock option plans and other non-cash items	19,693	12,014	17,241	17,241
Impairment losses/(reversals) on investments	(157,456)	(157,456)	(155,700)	(155,700)
Fair value adjustment to equity swaps on Fiat and Fiat Industrial shares	109,920	109,920	(107,070)	(107,070)
Losses/(gains) on disposals	(14,703)	(14,703)	(33)	
Change in provisions for employee benefits and other provisions	2,311	(5,859)	(4,559)	(9,980)
Change in deferred taxes	1,145		7,000	
Change in working capital	23,701	43,629	(137,315)	(22,610)
TOTAL	**85,687**		**63,237**	
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:				
Investments relating to:				
Incorporation and capitalization of subsidiaries	(220,000)	(220,000)	(2,258,853)	(2,258,853)
Acquisitions	(122,399)		-	
Reductions in investments relating to:				
Proceeds from disposals	76,947	76,947	36	36
Other (investments)/disposals, net	(3,271)	(130)	3,706	
TOTAL	**(268,723)**		**(2,255,111)**	
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:				
Change in current financial assets	(153,231)	(153,231)	197,418	197,418
Proceeds from non-current debt and other changes	-		2,194,660	2,194,660
Repayment of non-current debt	(400,000)	(400,000)	(400,000)	(400,000)
Change in current debt	883,270	883,270	436,681	472,386
Increase in share capital	5,142		-	
Purchases of own shares	-		-	
Sales of own shares	-		-	
Dividends paid	(151,651)	(40,300)	(237,119)	(66,935)
TOTAL	**183,530**		**2,191,640**	
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	**504**		**(234)**	
F) CASH AND CASH EQUIVALENTS AT END OF YEAR	**744**		**240**	

Notes to the Statutory Financial Statements

Principal activities

Fiat S.p.A. (the "Company") is incorporated in the Republic of Italy and is the parent company of Fiat Group, which holds interests, either directly or indirectly, in the parent companies of the sectors through which the Group operates.

The Company's head office is in Turin, Italy.

Fiat S.p.A.'s financial statements are prepared in euros, which is the Company's functional currency.

The Statements of Income and Financial Position are presented in euros, while the Statements of Comprehensive Income, Cash Flows and Changes in Equity and the Notes to the Financial Statements are in thousands of euros, except where otherwise stated.

As parent company, Fiat S.p.A. has also prepared consolidated financial statements for Fiat Group for the year ended 31 December 2011.

Demerger and presentation of assets and liabilities demerged

Pursuant to the Deed of Demerger executed on 16 December 2010, the Demerger – approved by the Shareholders of Fiat S.p.A. and Fiat Industrial S.p.A. on 16 and 17 September 2010, respectively – became effective on 1 January 2011. The transaction consisted in the transfer by Fiat S.p.A. to Fiat Industrial S.p.A. of its shareholdings in companies operating in the Agricultural and Construction Equipment (CNH), Trucks and Commercial Vehicles (Iveco) and related powertrain (FPT Industrial) sectors, in addition to other assets and liabilities detailed in the Demerger Plan.

Pursuant to IFRS 5 – *Assets held for sale and discontinued operations*, in the statement of financial position of the parent company for the year ended 31 December 2010, Assets to be Demerged and Liabilities to be Demerged were presented separately from other assets and liabilities due to the fact that they constituted a "disposal group". Details of the component elements of those line items are provided in Note 18 to the Financial Statements.

As the Demerger represented a "business combination involving entities or businesses under common control", it was outside the scope of application of IFRS 3 and IFRIC 17. Accordingly, in the Financial Statements at 31 December 2010 no adjustments were made to the carrying amounts of the demerged assets. For the purposes of the statutory financial statements, given Fiat S.p.A.'s role as a holding company, the classification of Discontinued Operations did not apply and therefore the value of that line item in the income statement was zero.

Significant accounting policies

Basis of preparation

The 2011 statutory financial statements represent the separate financial statements of the parent company, Fiat S.p.A., and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, in addition to provisions implementing Article 9 of Legislative Decree 38/2005. The designation IFRS also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

In compliance with European Regulation 1606 of 19 July 2002, beginning in 2005 the Fiat Group adopted the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), for the preparation of its consolidated financial statements. On the basis of national legislation implementing that Regulation, those accounting standards were also used to prepare the separate financial statements of the Parent Company, Fiat S.p.A., for the first time for the year ended 31 December 2006. The information required by IFRS 1 – *First-time Adoption of International Financial Reporting Standards* relating to the effects of the transition to IFRS was provided in an Appendix to the 2006 separate financial statements.

The financial statements are prepared under the historical cost convention (modified where applicable for the valuation of certain financial instruments), as well as on the going concern assumption. Despite the difficult economic and financial environment, particularly in the eurozone, Fiat Group's assessment is that no material uncertainty exists (as defined in paragraph 25 of IAS 1) as to its ability to continue as a going concern. That assessment takes into account measures already implemented to integrate the Group's automotive activities with those of Chrysler Group and adapt the organization to changes in demand levels, as well as ensuring the Group has the necessary industrial and financial flexibility.

Format of the financial statements

Given the activities carried out by Fiat S.p.A., presentation of the Statutory Income Statement is based on the nature of its revenues and expenses. The Consolidated Income Statement for Fiat Group is classified according to function, which is considered more representative of the format used for internal reporting and management purposes and is in line with international practice in the automotive sector. For the Statement of Financial Position, Fiat S.p.A. has elected the "current and non-current" classification for the presentation of assets and liabilities. For the Consolidated Statement of Financial Position, a mixed presentation has been elected (as permitted under IAS 1), with the current and non-current classification applied to assets only. The consolidated financial statements post-demerger continue to include both industrial companies and financial services companies. The financing portfolios of financial services companies are included under current assets, as those assets will be realized in the course of the normal operating cycle. In addition, the financial services companies only obtain a portion of their funding directly from the market. The remainder of their funding is obtained through Group treasury companies (included under industrial activities), which provide funding to both industrial companies and financial services companies within the Group, on the basis of their individual requirements. The distribution of financial services activities within the Group has no impact on the presentation of financial liabilities for Fiat S.p.A. However, for the Consolidated Statement of Financial Position, the distribution of those activities means that a classification of financial liabilities between current and non-current would not be meaningful.

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

With regard to the requirements of Consob Resolution 15519 of 27 July 2006 relating to the format of the financial statements, supplementary Statements of Income, Financial Position and Cash Flows with a breakdown of related-party transactions have been provided separately so that the overall reading of the principal statements is not compromised.

Intangible assets

Goodwill

Goodwill arising from the acquisition of a company or a business unit is recognized at cost at the acquisition date. Goodwill is not amortized, but is tested for impairment annually or more frequently if specific events indicate that an impairment loss has occurred. After initial recognition, goodwill is measured at cost less any impairment losses.

Other intangible assets

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

Intangible assets are measured at purchase or manufacturing cost and, for those with a finite useful life, amortized over their estimated useful life.

Property, plant and equipment

Cost

Property, plant and equipment are stated at acquisition or production cost, net of accumulated depreciation and impairment losses, and are not revalued.

Subsequent expenditures are only capitalized where they increase the future economic benefits of the asset to which they relate. All other expenditures are expensed as incurred.

The method and rates used for depreciating assets are provided below.

Leases where the lessor retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Costs related to operating leases are recognized on a straight-line basis over the duration of the lease.

Depreciation

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

	Annual depreciation rate
Buildings	3%
Plants	10%
Furniture	12%
Fixtures	20%
Vehicles	25%

Land is not depreciated.

Impairment

At least annually, the Company evaluates recoverability of the value of intangible assets, tangible assets and investments in subsidiaries and associates, in order to determine whether those assets have suffered a loss in value. If there are indications of impairment, the carrying amount of the asset is reduced to its recoverable amount.

For investments in subsidiaries and associates that have distributed a dividend, the following are also considered indicators of impairment:

- if the carrying amount of the investee in the separate financial statements exceeds the book value of equity (including any associated goodwill) as recognized in the consolidated financial statements
- if dividends exceed the comprehensive income of the investee for the period to which the dividend relates

The recoverable amount of an asset is the higher of fair value less disposal costs and its value in use.

When testing for impairment of investments in subsidiaries and associates whose market value (fair value less disposal costs) cannot be reliably measured, the recoverable amount is based on value in use, which – in line with the requirements of paragraph 33 of IAS 28 – is determined by estimating the present value of estimated future cash flows and a theoretical terminal value.

Where impairment of an asset subsequently reverses, the carrying amount of that asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in the income statement.

Financial instruments

Presentation
Financial instruments held by the Company are classified in the financial statements as follows:

- Non-current assets: investments, other financial assets, other non-current assets
- Current assets: trade receivables, current financial receivables, other current receivables, cash and cash equivalents
- Non-current liabilities: non-current debt, other non-current liabilities
- Current liabilities: trade payables, current debt (including asset-backed financing), other debt

Cash and cash equivalents includes bank deposits, units in liquidity funds and other money market securities that are readily convertible into cash and for which the risk of changes in value is insignificant.

Non-current debt includes liabilities related to financial guarantees. Financial guarantees are contracts where the Company undertakes to make specific payments to a counterparty for losses incurred as a result of the failure of a borrower to meet its payment obligations for a given debt instrument. The present value of any related fees receivable is recognized under other non-current financial assets.

Measurement
Investments in subsidiaries and associates are recognized at cost and adjusted for any impairment losses.

Any positive difference, arising on acquisition, between the purchase cost and fair value of net assets acquired in an investee company is included in the carrying amount of the investment.

Investments in subsidiaries and associates are tested annually for impairment, or more frequently if evidence of impairment exists. Where an impairment loss exists, it is recognized immediately through the income statement. If the Company's share of losses of the investee exceeds the carrying amount of the investment and if the Company has an obligation or intention to cover those losses, the investment is written down to zero and a liability is recognized for the Company's share of any additional losses. If an impairment loss is subsequently reversed, the increase in carrying amount (up to a maximum of purchase cost) is recognized through the income statement.

Investments in other companies, which consists of non-current financial assets that are not held for trading (i.e., available-for-sale financial assets), are initially measured at fair value. Any subsequent gains or losses resulting from changes in fair value determined by the market price are recognized directly in equity until the investment is sold or an impairment loss is recognized. If an investment is sold, cumulative gains or losses previously recognized in equity are recycled through profit and loss. If an impairment loss is recognized on the investment, any accumulated losses recognized in equity are recycled through profit and loss. Investments in companies for which a market price is not available are measured at cost and adjusted for any impairment losses.

The Fiat Industrial ordinary shares allotted to Fiat S.p.A. as a result of the Demerger and allocated to servicing the stock option and stock grant plans are linked to the liability recognized for share-based compensation (i.e., provisions for stock options and stock grants) and, as such, are measured at fair value through profit or loss consistent with the valuation of the associated liability.

Other financial assets, which the Company intends to hold to maturity, are initially recognized on the settlement date at purchase cost (considered representative of their fair value) which, with the exception of held-for-trading financial assets, is inclusive of transaction costs. Subsequent measurement is at amortized cost using the effective interest method.

Other non-current assets, trade receivables, current financial receivables and **other current receivables**, excluding those based on a derivative financial instrument, as well as all other unquoted financial assets whose fair value cannot be reliably determined, are measured at amortized cost using the effective interest method, if they have a fixed term, or at cost, if they have no a fixed term. Receivables with maturities of over one year which bear no interest or an interest rate significantly lower than market rates are discounted using market rates.

Regular assessments are made to determine whether there is objective evidence that financial assets, separately or within a group of assets, have been impaired. Where such evidence exists, an impairment loss is recognized in the income statement for the period.

Non-current debt, other non-current liabilities, trade payables, current debt and **other debt** are initially recognized at fair value (normally represented by the cost of the transaction from which the liability arises), in addition to any transaction costs.

With the exception of derivative instruments and liabilities arising from financial guarantees, financial liabilities are subsequently measured at amortized cost using the effective interest method. Measurement of financial liabilities hedged by derivative instruments follows the principles of hedge accounting for fair value hedges. Gains and losses arising from subsequent measurement at fair value, caused by fluctuations in interest rates, are recognized through the income statement and are offset by the effective portion of the gain or loss arising from subsequent measurement at fair value of the hedging instrument.

Liabilities arising from financial guarantees are measured at the higher of the estimate of the contingent liability (determined in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*) and the amount initially recognized less any amounts already released to profit and loss.

Derivative financial instruments

Derivative financial instruments are used for hedging purposes, in order to reduce currency, interest rate and market price risks.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which the hedge is designated.

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

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

- **Fair value hedge** – Where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability that is attributable to a particular risk and could affect the income statement, the gain or loss from remeasuring the hedging instrument at fair value is recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement
- **Cash flow hedge** – Where a derivative financial instrument is designated as a hedge against variability in future cash flows of an existing asset or liability or a transaction considered highly probable that could impact the income statement, the effective portion of the gain or loss on the hedging instrument is recognized directly in equity. Any cumulative gain or loss is reversed from equity and recognized in the income statement in the same period in which the hedged transaction is recognized. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the income statement immediately. When a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet occurred, any gain or loss previously recognized in equity is recognized through profit and loss at the time the hedged transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss recognized in equity is immediately transferred to the income statement. If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the income statement

Inventory

Inventory consists of contract work in progress related, in particular, to long-term construction contracts between Fiat S.p.A. and Treno Alta Velocità – T.A.V. S.p.A. (merged into Rete Ferroviaria Italiana S.p.A. from 31 December 2010) under which Fiat S.p.A. as general contractor coordinates, organizes and manages the work.

Work in progress refers to activities carried out directly and is recognized through measurement of the total contract income on a percentage completion basis, with the incremental portion of the work performed to date being recognized in the period. The cost-to-cost method is used to determine the percentage of completion of a contract (by dividing the costs incurred by the total costs forecast for the whole construction).

Any losses expected to be incurred on contracts are fully recognized in the income statement and as a reduction in contract work in progress when they become known.

Any advances received from customers for services performed are presented as a reduction in inventory. If the value of advances received exceeds inventory, any excess is recognized as advances under other debt.

Sales of receivables

Receivables sold in factoring transactions are derecognized if and only if the risks and rewards relating to ownership have been substantially transferred to the buyer. Receivables sold with recourse and without recourse that do not satisfy this condition remain in the statement of financial position, even if they have been legally sold; in such cases, a liability for the same amount is recognized for advances received.

Assets held for sale

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

Employee benefits

Post-employment benefit plans

The Company provides pension plans and other post-employment benefit plans to its employees. Pension plans in which the Company is obliged to participate under Italian law are defined contribution plans, while other post-employment benefit plans, in which the Company's participation is generally subject to collective bargaining agreements, are defined benefit plans. Costs associated with payments to defined contribution plans are recognized in the income statement when incurred. Defined benefit plans are based on an employee's working life and on the salary or wage received by the employee over a predetermined period of service.

Until 31 December 2006, the leaving entitlement payable to employees of Group companies in Italy (*Trattamento di Fine Rapporto* or "TFR") qualified as a defined benefit plan. Legislation relating to TFR was amended by Law 296 of 27 December 2006 and subsequent decrees and regulations issued in the first half of 2007. As a result of those changes, and specifically with regard to companies with 50 employees or more, TFR is only considered a defined benefit plan for benefits accrued prior to 1 January 2007 (and not yet paid out as at the balance sheet date), while benefits accruing after that date are classified as defined contributions.

The Company's obligation to fund defined benefit plans and the associated annual cost recognized in the income statement are determined on an actuarial basis using the projected unit credit method. The portion of net cumulative actuarial gains and losses which exceeds the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of the plan assets at the end of the previous year is amortized over the average remaining service lives of employees (the "corridor approach"). The portion of actuarial gains and losses that does not exceed this threshold is deferred.

Upon first-time adoption of IFRS, the Company elected to recognize all cumulative actuarial gains and losses existing at 1 January 2004, despite having elected the corridor approach for recognition of subsequent actuarial gains and losses.

For defined benefit plans, any costs associated with the increase in present value of the liability nearer to the payment date are recognized under financial expense.

Liabilities associated with defined benefit plans are recognized in the statement of financial position at their present value adjusted for unrecognized actuarial gains and losses, arising from application of the corridor approach, and unrecognized past service costs.

Other long-term employee benefits

The accounting treatment for other long-term benefits is the same as for post-employment benefit plans except that actuarial gains and losses and past service costs are fully recognized in the income statement in the year in which they arise and the corridor approach is not applied.

Equity-based compensation

Share-based compensation plans settled by the delivery of Fiat S.p.A. shares are measured at fair value at the grant date. That fair value is expensed over the vesting period of the benefit with a corresponding increase in equity. Periodically, the Company reviews its estimate of the benefits expected to vest through the plan and recognizes any difference in estimate in profit or loss, with a corresponding increase or decrease in equity.

Share-based compensation plans settled through delivery of Fiat Industrial shares are recognized as a liability and measured at fair value at the end of each reporting period until settled. Any subsequent changes in fair value are recognized in profit or loss.

The compensation component from stock option plans based on Fiat S.p.A. shares relating to employees of other Group companies is recognized as a capital contribution to the subsidiaries which employ beneficiaries of the stock option plans, in accordance with IFRIC 11 and, as a result, is recorded as an increase in the carrying amount of the investment, with a balancing entry recognized directly in equity.

Provisions

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

Changes in estimates are reflected in the income statement in the period in which they occur.

Own shares

Own shares are recognized as a deduction from equity. The original cost of own shares, proceeds of any subsequent sale and other changes are presented as movements in equity.

Dividends received

Dividends from investees are recognized in the income statement when the right to receive the dividend is established.

Revenue recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction will flow to the Company and the amount can be reliably measured. Revenue is presented net of any adjusting items.

Revenue from services and from construction contracts are recognized using the percentage completion method described under inventory.

Financial income and expense
Financial income and expense are recognized in the income statement in the period in which they are earned or incurred.

Finance costs related to investments in qualifying assets that require a substantial period of time to prepare for their intended future use or sale are capitalized and amortized over the useful life of the asset.

Income taxes
The tax charge for the period is determined on the basis of existing law. Taxes on income are recognized in profit and loss, except where they relate to items charged or credited directly to equity, in which case the tax effect is also recognized directly in equity.

For deferred tax assets and liabilities, determination is based on the temporary differences existing between the carrying amount of an asset or liability in the statement of financial position and its corresponding tax basis. Deferred tax assets resulting from unused tax losses and temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Current and deferred income taxes and liabilities are offset when there is a legal right to do so. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary difference is reversed.

Fiat S.p.A. and almost all its Italian subsidiaries elected to take part in the domestic tax consolidation program pursuant to Articles 117/129 of Presidential Decree 917/1986 for a three-year period beginning in 2004. The election was renewed in 2007 and again in 2010, both times for a minimum three-year period.

Under the program, Fiat S.p.A. is the consolidating company and calculates a single taxable base for the group of companies taking part, enabling benefits from offsetting taxable income and tax losses in a combined tax return. Each company participating in the consolidation transfers its taxable income or tax loss to the consolidating company. Fiat S.p.A. recognizes a receivable for companies contributing taxable income, corresponding to the amount of IRES (corporate income tax) payable on their behalf. For companies contributing a tax loss, Fiat S.p.A. recognizes a payable for the amount of the loss actually set off at group level.

Dividends payable
Dividends payable are recognized as changes in equity in the period in which they are approved by Shareholders.

Use of estimates
Preparation of the financial statements and notes in conformity with IFRS requires that management make judgments, estimates and assumptions which impact on the values reported for assets and liabilities, as well as disclosures relating to contingent assets and liabilities at the balance sheet date. The estimates and assumptions used are based on past experience and other factors considered relevant. However, actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and the impacts of any resulting changes are recognized directly in profit or loss in the period in which the estimates are revised, if the revision impacts only that period, or also in future periods, if the revision impacts both the current and future periods.

Due to continuing economic difficulties, particularly in the eurozone, assumptions regarding future performance are subject to significant uncertainty. It cannot be excluded, therefore, that actual results in the future could differ from estimates, potentially requiring adjustments (which at present can neither be estimated nor predicted), even significant, to values based on those estimates. The line item most impacted by estimates is “Investments in subsidiaries and associates” (non-current assets), where estimates are used in determining impairment losses and reversals. No particular or significant issues arose, however, in relation to estimates used for recognition of employee benefits, taxes or provisions.

Given its relative weighting, estimates used in determining the carrying amount of Fiat Group Automobiles S.p.A. (FGA) had the most significant impact on "Investments in subsidiaries and associates". For the purposes of the 2011 financial statements, measurement was based on FGA's estimated "value in use", which took into account expected performance for 2012 consistent with information provided in "Subsequent Events and Outlook" (Report on Operations). For the period 2013-2015, original plan targets were adjusted downward to take into account, for the sake of prudence, the current economic uncertainty, particularly for the eurozone and the European auto market. With reference to the controlling interest held by FGA in Chrysler, estimates were based on the 2010-2014 Plan presented in November 2009, in relation to which targets to date have been met or exceeded and targets for future years confirmed.

The normalized cash flow used for calculation of the terminal value was based on a weighted average of the expected contributions from each geographic market, which take into account the cyclicality and maturity of the auto business in each market. With regard to Chrysler, given its current negative equity position and restrictions on dividend distributions related to existing financial covenants, a normalized cash flow contribution (based on the Plan presented on 4 November 2009) was included in the terminal value only. The estimate of terminal value assumes a long-term growth rate of zero.

As the cash flows are assumed equivalent to expected net profit, the discount rates applied are based on the estimated cost of equity. Different and increasing rates were applied over the specific cash flow projection period (2012-2015) to reflect the level of risk associated with achieving targets and with the geographic distribution of earnings. The weighted average discount rate for the projection period ranged from 15.5% to 18.5%. For the terminal value, a discount rate of 15.3% was used, which factored in the contribution from Chrysler, in addition to a premium (3%) to reflect the risk associated with achieving targets. A change of half a percent in the discount rate has an impact of approximately €300 million on the value of the investment.

A similar process was conducted for the investment in Fiat Powertrain Technologies S.p.A. and it was assumed that, as a captive business, the risk profile was closely correlated to that for FGA's activities in Europe.

The estimates and assumptions made – which also took into account the current level of uncertainty concerning conditions in the eurozone in the foreseeable future – as well as an analysis based on historic and prospective P/E multiples for comparable quoted companies which was used as a control, provide reasonable support for maintaining the carrying amounts recognized for FGA and Fiat Powertrain unchanged at 31 December 2011.

Accounting principles, amendments and interpretations adopted from 1 January 2011

The Company applied the following principles, amendments and interpretations from 1 January 2011.

On 4 November 2009, the IASB issued a revised version of IAS 24 - *Related Party Disclosures* that simplifies the disclosure requirements for transactions with government-related entities and clarifies the definition of a related party. Adoption of the revised standard had no effect on measurement of items in the financial statements and only a limited effect on disclosure for related-party transactions.

Accounting standards, amendments and interpretations effective from 1 January 2011 but not applicable to the Company

The following amendments, improvements and interpretations, effective from 1 January 2011, relate to issues that were not applicable at the date of these financial statements, but which may have an impact on the accounting treatment of future transactions or arrangements:

- Amendment to IAS 32 – *Financial instruments: Presentation: Classification of Rights Issues*
- Amendment to IFRIC 14 – *Prepayments of a Minimum Funding Requirement*
- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*
- Improvements to IAS/IFRS (2010)

Accounting standards, amendments and interpretations not yet applicable and not early adopted by the Company

At the date of these financial statements, the European Union had not yet endorsed the following standards and amendments, with the exception of the Amendment to IFRS 7 – *Financial Instruments*: *Disclosures (7 October 2010)*, details of which are provided at the end of this section:

- On 12 November 2009, the IASB issued IFRS 9 – *Financial Instruments*, which was later amended. The new standard, applicable retrospectively from 1 January 2015, represents completion of the first phase of a project to replace IAS 39 and introduces new requirements for classification and measurement of financial assets and liabilities and derecognition of financial assets. For financial assets, the standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value – replacing the many different rules in IAS 39 – which is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. For financial liabilities, on the other hand, the principal amendment relates to the recognition of changes in fair value of financial liabilities measured at fair value through profit or loss, when such changes are due to changes in the credit risk of the liability. Under the new standard, these changes must be recognized in other comprehensive income rather than through profit or loss.
- On 20 December 2010, the IASB issued a minor amendment to IAS 12 – *Income taxes*, requiring an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. As a result of this amendment, SIC 21 – *Income Taxes – Recovery of Revalued Non-Depreciable Assets* will no longer apply. The amendment must be adopted retrospectively from 1 January 2012.
- On 12 May 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements* that will replace SIC-12 – *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements* (to be renamed Separate Financial Statements) which addresses accounting treatment for investments in separate financial statements. There are no substantial changes from the previous version. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance for situations where control may be difficult to determine. IFRS 10 and IAS 27 are effective retrospectively from 1 January 2013.
- On 12 May 2011, the IASB issued IFRS 11 – *Joint Arrangements* which supersedes IAS 31 – *Interests in Joint Ventures* and SIC-13 – *Jointly-controlled Entities – Non-monetary Contributions by Venturers*. The new standard sets out criteria for identifying joint arrangements, by focusing on the rights and obligations of the arrangement rather than its legal form, and defines rules for treatment of joint operations in the separate financial statements. The standard is effective retrospectively from 1 January 2013.
- On 12 May 2011, the IASB issued IFRS 13 – *Fair Value Measurement*, which clarifies rules for determination of fair value for the purposes of financial reporting and applies to all IFRS that require or allow fair value measurement or disclosures based on fair value. The standard is applicable prospectively from 1 January 2013.
- On 16 June 2011, the IASB issued an amendment to IAS 1 – Presentation of Financial Statements requiring entities to group together items within other comprehensive income that might subsequently be reclassified to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section. The amendment is applicable for annual periods beginning on or after 1 July 2012.
- On 16 June 2011, the IASB issued an amended version of IAS 19 – *Employee Benefits* which eliminates the option to defer recognition of gains and losses, known as the "corridor approach", and requires any plan deficit or surplus to be presented in the statement of financial position, the components of cost relating to service and net interest to be recognized in profit or loss, and actuarial gains and losses arising from the remeasurement of liabilities to be recognized in other comprehensive income. The amendment also introduces additional disclosure requirements. The amendment is applicable retrospectively from 1 January 2013.

- On 16 December 2011, the IASB issued amendments to IAS 32 – *Financial Instruments*: *Presentation*, which clarifies application of certain criteria contained in IAS 32 for offsetting financial assets and liabilities. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014.
- On 16 December 2011, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures*. The amendments require disclosure of information on the effect or potential effect on an entity's financial position of netting arrangements for financial assets and liabilities. The amendments are effective for annual periods beginning on or after 1 January 2013. Disclosure must be provided retrospectively.

Lastly, on 7 October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures*, applicable for reporting periods commencing on or after 1 July 2011. The amendments are intended to improve the understanding of transfers of financial assets (derecognition) for users of financial statements, including the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfers are undertaken around the end of a reporting period. Adoption of this standard will have no effect on the measurement of items in the financial statements.

Risk Management

The risks to which Fiat S.p.A. is exposed, either directly or indirectly through its subsidiaries, are the same as those of the companies of which it is Parent. In addition to the information provided in Note 28, readers should also refer to the note on Risk Management in the Notes to the Consolidated Financial Statements.

Composition and principal changes

1. Dividends and other income from investments

Following is a breakdown of dividends and other income from investments:

(€ thousand)	2011	2010
Dividends from subsidiaries:		
- Ferrari S.p.A.	180,006	-
- Fiat Gestione Partecipazioni S.p.A.	180,000	-
- Fiat Finance S.p.A.	27,727	180,000
- Magneti Marelli S.p.A.	-	99,990
- Fiat Powertrain Technologies S.p.A.	-	80,000
- Fiat Netherlands Holding N.V.	-	50,000
- Business Solutions S.p.A.	-	18,319
Total dividends from subsidiaries	387,733	428,309
Dividends from other companies	433	415
Total dividends and other income from investments	**388,166**	**428,724**

For 2011, dividends from other companies related to dividends received from Fin. Priv. S.r.l. (€348 thousand) and Assicurazioni Generali S.p.A. (€85 thousand). For 2010, they included dividends from the same two companies.

2. Impairment (losses)/reversals on investments

The following table provides a breakdown of impairment losses and reversals on investments:

(€ thousand)	2011	2010
Impairment losses:		
- Comau S.p.A.	(147,100)	(7,100)
- Teksid Aluminum S.r.l.	(47,500)	(11,100)
- Fiat Powertrain Technologies S.p.A.	-	(80,000)
- Fiat Industrial S.p.A.	-	(6,100)
Total impairment losses	(194,600)	**(104,300)**
Reversal of impairment losses:		
- Fiat Gestione Partecipazioni S.p.A. (formerly Iveco S.p.A.)	352,056	260,000
Total value of reversals	352,056	**260,000**
Total impairment (losses)/reversals on investments	**157,456**	**155,700**

Impairment losses recognized on the shareholdings in Comau S.p.A. and Teksid Aluminum S.r.l. were substantially due to losses recognized by those companies during the year resulting from writedowns on goodwill and certain fixed assets. The adjusted carrying amounts are deemed representative of the estimated recoverable value.

The €352 million impairment reversal for Fiat Gestione Partecipazioni S.p.A. was based on the book value of equity of this investee and its subsidiaries in the consolidated financial statements following the reorganization described in Note 11. As part of the transactions preliminary to the Demerger, on 1 December 2010 Iveco S.p.A. sold its truck and commercial vehicle activities and the "Industrial & Marine" powertrain business to two subsidiary companies – new Iveco S.p.A. and FPT Industrial S.p.A., both of which were transferred to Fiat Industrial S.p.A. under the Demerger – and was subsequently renamed Fiat Gestione Partecipazioni S.p.A.

3. Gains/(losses) on disposals

For 2011, gains on disposals totaled €14,703 thousand, including €12,753 thousand on the sale of the wholly-owned subsidiary Fiat Switzerland S.A. to CNH International S.A. (a Fiat Industrial Group company) and €1,950 thousand on the sale of a 39.47% equity interest in Fiat Finance North America Inc. to Fiat Finance and Trade Ltd. S.A.

For 2010, there was a €6 thousand gain on the sale of the 0.17% interest held in Elasis–Società Consortile per Azioni to Fiat Group Automobiles S.p.A. and Fiat Partecipazioni S.p.A.

4. Other operating income

Following is a breakdown of other operating income:

(€ thousand)	2011	2010
Revenues from services rendered to Group companies and other related parties	37,917	45,137
Changes in construction contract work in progress	1,621	5,456
Other revenues and income from Group companies and other related parties	4,288	7,065
Other revenues and income from third parties	1,505	4,104
Total other operating income	**45,331**	**61,762**

Revenues from services rendered to Group companies and other related parties relate almost entirely to services rendered by Fiat S.p.A. and management personnel to the principal companies in the Group (see Note 30).

Changes in construction contract work in progress relate to the current portion of fees payable to Fiat S.p.A. for activities carried out directly by the Company (management, coordination and organization) in relation to contracts with Treno Alta Velocità - T.A.V. S.p.A. (now Rete Ferroviaria Italiana S.p.A.) that were still in progress at the end of the year (the Florence-Bologna and Novara-Milan lines – see Note 26).

Other revenues and income from Group companies and other related parties mostly related to the recovery of costs, rental income from real estate properties and to directors' fees paid by companies for duties performed by Fiat S.p.A. employees.

Other revenues and income from third parties relate to miscellaneous income, recovery of costs and other prior year income.

The overall decrease in other operating income over the previous year was primarily due to lower revenues from services rendered to Group companies, following the reduction in the size of the Group after the Demerger, and to the winding down of contract work for Rete Ferroviaria Italiana S.p.A.

5. Personnel costs

A breakdown of personnel costs is provided in the following table:

(€ thousand)	2011	2010
Wages and salaries	15,547	20,821
Defined contribution plans and social security contributions	5,968	7,968
Leaving entitlement and other defined benefit plans	149	389
Other personnel costs	13,508	14,207
Total personnel costs	**35,172**	**43,385**

The average number of employees for the year decreased from 144 in 2010 to 104 in 2011, mainly attributable to transfers to Fiat Industrial S.p.A or to other Fiat Group subsidiaries. As described in Note 4, certain of the Company's managers carried out their activities at the Group's principal subsidiaries and the related costs were recharged to those companies. On 1 December 2011, headcount increased by 120 following the acquisition from Fiat-Revisione Interna S.c.p.A. and Fiat Finance S.p.A. of units that provide internal audit and financial advisory services to Fiat S.p.A. and Group companies.

The costs associated with defined contribution plans consisted of amounts paid by the Company to the Italian state social security organization (INPS) and other social security and assistance organizations for post-employment defined contribution plans (pension and healthcare) on behalf of employees in all categories. Following the introduction of Law 296/06, leaving entitlements in Italy (*trattamento di fine rapporto*) accrued from 1 January 2007 and paid in to supplementary pension funds or the fund established by INPS are recognized under “Defined contribution plans and social security contributions”, while adjustments to the provision for leaving entitlement accrued before 1 January 2007 are recognized under “Leaving entitlement and other defined benefit plans” (see also Note 20).

Social security contributions represent amounts paid by the Company to social security agencies in relation to short-term benefits for situations such as illness, injury and compulsory maternity leave.

Other personnel costs related mainly to accruals for variable compensation, leaving incentives and insurance.

For 2011, compensation to executives with strategic responsibilities was €11,217 thousand (€6,018 thousand of which was charged back to the Group companies where they carried out their activities). The total cost for the year includes provisions for leaving entitlements accrued during the year, as well as company contributions to state and company defined contribution schemes and other social security contributions totaling €6,754 thousand.

6. Other operating costs

Following is a breakdown of other operating costs:

(€ thousand)	2011	2010
Costs for services rendered by Group companies and other related parties	32,707	36,412
Costs for services rendered by third parties	23,922	34,696
Compensation component from stock option and stock grant plans	12,014	17,241
Leases and rentals	3,051	3,254
Purchase of goods	702	688
Depreciation of property, plant and equipment	1,788	1,674
Amortization of intangible assets	132	40
Misc. operating costs	6,157	7,586
Total other operating costs	**80,473**	**101,591**

Costs for services rendered by Group companies primarily consisted of support and consulting services in the administrative and financial areas, as well as IT systems, public relations, payroll, security and internal audit services (see Note 30).

Costs for services rendered by third parties principally included legal, administrative, financial and IT services.

For 2011, compensation for the directors and statutory auditors of Fiat S.p.A. totaled €5,807 thousand and €230 thousand, respectively. For directors, that compensation includes fees approved by shareholders, as well as compensation set by the Board of Directors for directors with specific responsibilities.

The compensation component from stock option and stock grant plans represents the notional cost of options granted to the Chief Executive Officer. Following the Demerger on 1 January 2011, the notional cost of the portion of the 2009 stock grant plan covered by Fiat S.p.A. shares (€5,286 thousand) was recognized directly in the relevant equity reserve (see Note 19). The notional cost of the portion covered by Fiat Industrial S.p.A. shares (€6,728 thousand) was recognized through an increase in provisions for stock option and stock grant plans (see Note 20).

Miscellaneous operating costs consist of membership fees and contributions to trade associations, indirect taxes and duties (property tax, non-deductible sales tax, etc.), prior year expenses and other minor charges.

Overall, other operating costs were down over the prior year, reflecting non-recurring costs incurred in 2010 in relation to the Demerger and the lower cost of services purchased from Group companies and external providers in 2011, attributable in large part to the reduction in the scope of operations.

7. Financial income/(expense)

Following is a breakdown of financial income/(expense):

(€ thousand)	2011	2010
Financial income	38,081	31,210
Financial expense	(364,654)	(234,830)
Net gains/(losses) on derivative financial instruments	(108,073)	110,585
Total financial income/(expense)	**(434,646)**	**(93,035)**

Financial income consisted of the following:

(€ thousand)	2011	2010
Financial income from Group companies and other related parties		
- Interest income on current account with Fiat Finance S.p.A.	32,123	22,938
- Fee income for sureties and personal guarantees	4,699	5,255
- Other financial income	41	52
Total financial income from Group companies and other related parties	**36,863**	**28,245**
Financial income from third parties:		
- Interest income on bank and other deposits	6	6
- Interest income on tax credits	1,060	2,963
Total financial income from third parties	**1,066**	**2,969**
Currency translation gains/(losses)	152	(4)
Total financial income	**38,081**	**31,210**

Financial expense consisted of the following:

(€ thousand)	2011	2010
Financial expense to Group companies and other related parties		
- Interest expense on current account with Fiat Finance S.p.A.	-	-
- Interest expense on loans from Fiat Finance S.p.A.	347,819	224,955
- Commissions and other charges payable to Fiat Netherlands Holding N.V.	-	5,808
- Commissions and other charges payable to Fiat Finance S.p.A.	6,521	79
- Commissions and other charges payable to Fidis S.p.A.	471	1,642
- Interest and financial expense payable to other Group companies and other related parties	150	119
Total financial expense to Group companies and other related parties	**354,961**	**232,603**
Financial expense payable to third parties:		
- Interest expense and charges for the sale of receivables	815	847
- Financial expense on employee benefits	302	517
- Other third party interest and financial expense	896	863
Total financial expense to third parties	**2,013**	**2,227**
Net adjustment for fair value measurement of Fiat Industrial shares (see Note 11)	7,680	-
Total financial expense	**364,654**	**234,830**

Net losses on derivative financial instruments of €108,073 thousand (net gain of €110,585 thousand for 2010) was essentially attributable to a loss arising from fair value measurement of the two equity swaps entered into as hedges on the options granted to the Chief Executive Officer in 2004 and 2006 (see Note 19). The contracts in place at 31 December 2010 were renegotiated during the year and adjusted for the change in the underlying (consisting of 16,920,000 Fiat and Fiat Industrial shares at year-end 2011) resulting from the Demerger. At 31 December 2011, the notional value of those equity swaps, based on the contractual exercise prices, was €153,803 thousand. Although the swaps were entered into as hedges, they do not qualify for hedge accounting under IFRS and, accordingly, are classified as held for trading.

8. Income taxes

A breakdown of taxes recognized in the income statement is provided below:

(€ thousand)	2011	2010
Current taxes:		
- IRES	(36,663)	(39,619)
- IRAP	-	-
- Other current taxes	253	-
Total current taxes	**(36,410)**	**(39,619)**
Deferred taxes for the period:		
- IRAP	1,145	7,000
Total deferred taxes for the period	**1,145**	**7,000**
Taxes relating to prior periods	**(8,536)**	**(1,159)**
Total income taxes	**(43,801)**	**(33,778)**

Current IRES tax for 2011 relates to compensation receivable by Fiat S.p.A. (€36,663 thousand) for tax loss carryforwards contributed to the domestic tax consolidation scheme.

Other current taxes for 2011 relate to withholdings for taxes incurred outside Italy.

Deferred IRAP tax totaled €1,145 thousand, resulting from the increase in the rate applied on temporary differences existing at 1 January 2011.

Taxes relating to prior periods (€8,536 thousand) represents income related to the prior year's domestic tax consolidation.

A reconciliation between theoretical income taxes determined on the basis of tax rates applicable in Italy and income taxes reported in the financial statements is as follows:

(€ thousand)	2011	2010
Theoretical income taxes	15,225	112,250
Tax effect of permanent differences	(133,952)	(148,589)
Taxes relating to prior periods	(8,536)	(1,159)
Other current taxes	253	-
Deferred taxes not recognized on tax loss for the year and other deferred taxes	82,064	-
Tax loss carryforwards utilized	-	(3,280)
Current and deferred income tax recognized in the financial statements, excluding IRAP	**(44,946)**	**(40,778)**
IRAP (current and deferred)	1,145	7,000
Income taxes reported in the income statement (current and deferred income taxes)	**(43,801)**	**(33,778)**

Theoretical income taxes are calculated by applying the IRES tax rate (27.5% for 2011 and 2010) to the result before taxes. To facilitate a better understanding of the reconciliation between theoretical and reported income taxes, IRAP has been excluded, as it is calculated on a different tax base and would therefore generate distortions between one year and another.

The permanent differences referred to above include, among other things, the tax effect of non-taxable income amounting to €198,735 thousand in 2011 (€183,506 thousand in 2010) and of non-deductible costs amounting to €64,783 thousand in 2011 (€34,917 thousand in 2010). In particular, for 2011 the tax effect of non-taxable income was principally attributable to dividends (€101,408 thousand vs. €112,004 thousand in 2010) and impairment reversals on investments (€96,815 thousand). Non-deductible costs principally included impairment losses on investments whose tax effect was €53,515 thousand (€28,682 thousand in 2010).

A breakdown of deferred tax liabilities, net of deferred tax assets, is provided in the following table:

(€ thousand)	31 December 2010	Recognized in income statement	Charged to equity	31 December 2011
Deferred tax assets arising from:				
- Taxed provisions and other minor differences	7,785	22,310	-	**30,095**
Total deferred tax assets	**7,785**	**22,310**	**-**	**30,095**
Deferred tax liabilities arising from:				
- Measurement of construction contracts by the percentage completion method	(47,010)	(1,347)	-	**(48,357)**
- Others	(385)	(399)	-	**(784)**
Total deferred tax liabilities	**(47,395)**	**(1,746)**	**-**	**(49,141)**
Theoretical tax benefit arising from tax loss carryforwards	59,842	79,056	-	**138,898**
Adjustments for assets whose recoverability is not probable	(27,232)	(100,765)	-	**(127,997)**
Total deferred tax liabilities, net of deferred tax assets	**(7,000)**	**(1,145)**	**-**	**(8,145)**

Determination of deferred tax assets is based on an analysis of the existence of the conditions for their future realization, using updated strategic plans and related tax plans. As a consequence, the total theoretical future tax benefit arising from deductible temporary differences (€30,095 thousand at 31 December 2011 and €7,785 thousand at 31 December 2010) and tax loss carryforwards (€138,898 thousand at 31 December 2011 and €59,842 thousand at 31 December 2010) was reduced by €127,997 thousand at 31 December 2011 (€27,232 thousand at 31 December 2010).

Total temporary differences (deductible and taxable) and tax losses at 31 December 2011 and amounts for which deferred tax assets have not been recognized, broken down by year of expiry, are as follows:

		Year of expiry					
(€ thousand)	Total at 31 December 2011	2012	2013	2014	2015	Beyond 2015	Non-expiring/ undeterminable
Temporary differences and tax losses relating to IRES:							
- Deductible temporary differences	**109,437**	26,688	687	50,041	687	31,334	-
- Taxable temporary differences	**(149,076)**	(146,224)	-	-	-	(2,852)	-
- Tax losses	**505,083**	-	-	-	-	-	505,083
- Temporary differences and tax losses for which deferred tax assets have not been recognized	**(465,444)**	-	(687)	(50,041)	(687)	(28,482)	(385,547)
Temporary differences and tax losses subject to national taxation	**-**	**(119,536)**					**119,536**
Temporary differences relating to IRAP:							-
- Deductible temporary differences	**-**	-	-	-	-	-	-
- Taxable temporary differences	**(146,225)**	(146,225)	-	-	-	-	-
Temporary differences and tax losses subject to local taxation	**(146,225)**	**(146,225)**	**-**	**-**	**-**	**-**	**-**

9. Intangible assets

All intangible assets have been purchased and, apart from goodwill, there are no intangible assets with an indefinite useful life.

At 31 December 2011, intangible assets totaled €1,744 thousand and underwent the following changes during the year:

(€ thousand)	31 December 2010	Additions	Amortization	(Decreases) and Other changes	31 December 2011
Goodwill					
- Gross carrying amount	-	1,330	-	-	1,330
- Accumulated amortization	-	-	-	-	-
- Net carrying amount	**-**	1,330	-	-	**1,330**
Licenses and software					
- Gross carrying amount	-	273	-	-	273
- Accumulated amortization	-	-	(91)	-	(91)
- Net carrying amount	**-**	273	(91)	-	**182**
Other intangible assets					
- Gross carrying amount	512	-	-	(44)	468
- Accumulated amortization	(195)	-	(41)	-	(236)
- Net carrying amount	**317**	-	(41)	(44)	**232**
Total intangible assets					
- Gross carrying amount	**512**	**1,603**	**-**	**(44)**	**2,071**
- Accumulated amortization	**(195)**	**-**	**(132)**	**-**	**(327)**
- Accumulated impairment losses	**-**	**-**	**-**	**-**	**-**
- Net carrying amount	**317**	**1,603**	**(132)**	**(44)**	**1,744**

Goodwill relates to consideration paid in excess of fair value to acquire, effective 1 December 2011, the business units referred to previously (see Note 5) that provide internal audit and financial advisory services to Fiat S.p.A. and Group companies.

Licenses and software relates to intangible assets acquired with the above business units and also includes costs incurred for software developed internally or purchased from third parties, which is amortized over its estimated useful life (3 years) from the time completed and fully operational.

Other intangible assets essentially consist of leasehold improvements, which are amortized over the term of the lease agreement (12 years).

Amortization on intangible assets is recognized in the income statement under other operating costs (Note 6).

In 2010, changes in intangible assets related solely to other intangible assets and were as follows:

(€ thousand)	31 December 2009	Additions	Amortization	(Decreases) and Other changes	31 December 2010
- Gross carrying amount	**573**	**44**	**-**	**(105)**	**512**
- Accumulated amortization	**(260)**	**-**	**(40)**	**105**	**(195)**
- Net carrying amount	**313**	**44**	**(40)**	**-**	**317**

10. Property, plant and equipment

At 31 December 2011, property, plant and equipment totaled €31,180 thousand and underwent the following changes during the year:

(€ thousand)	31 December 2010	Additions	Depreciation	(Decreases) and Other changes	31 December 2011
Land and buildings					
- Gross carrying amount	46,082	758	-	686	**47,526**
- Accumulated depreciation	(18,229)	-	(1,381)	-	**(19,610)**
- Net carrying amount	**27,853**	758	(1,381)	686	**27,916**
Plant and machinery					
- Gross carrying amount	10,475	569	-	-	**11,044**
- Accumulated depreciation	(10,105)	-	(73)	-	**(10,178)**
- Net carrying amount	**370**	569	(73)	-	**866**
Other tangible assets					
- Gross carrying amount	5,165	255	-	(43)	**5,377**
- Accumulated depreciation	(2,688)	-	(334)	43	**(2,979)**
- Net carrying amount	**2,477**	255	(334)	-	**2,398**
Assets under development and advances	686	-	-	(686)	**-**
Total property, plant and equipment					
- Gross carrying amount	**62,408**	**1,582**	**-**	**(43)**	**63,947**
- Accumulated depreciation	**(31,022)**	**-**	**(1,788)**	**43**	**(32,767)**
- Net carrying amount	**31,386**	**1,582**	**(1,788)**	**-**	**31,180**

Land and buildings include land for €610 thousand (unchanged with respect to the previous year), while buildings mainly comprise the Company's headquarters at 250 Via Nizza, Turin.

Plant and equipment primarily related to standard plant and equipment for buildings.

Other tangible assets comprised cars, office furniture and fixtures.

At 31 December 2011, there were no assets under development or contractual commitments to purchase items of property, plant and equipment of a significant amount. At 31 December 2010, assets under development and advances related to expenses recognized for renovation of the Centro Storico Fiat (20 Via Chiabrera, Turin).

No buildings were subject to liens, pledged as collateral or restricted in use.

Depreciation of property, plant and equipment is recognized in the income statement under other operating costs (Note 6).

During 2010 changes in Property, plant and equipment were as follows:

(€ thousand)	31 December 2009	Additions	Depreciation	(Decreases) and Other changes	31 December 2010
Land and buildings					
- Gross carrying amount	46,082	-	-	-	46,082
- Accumulated depreciation	(16,877)	-	(1,352)	-	(18,229)
- Net carrying amount	29,205	-	(1,352)	-	27,853
Plant and machinery					
- Gross carrying amount	10,135	340	-	-	10,475
- Accumulated depreciation	(10,021)	-	(84)	-	(10,105)
- Net carrying amount	114	340	(84)	-	370
Other tangible assets					
- Gross carrying amount	4,775	589	-	(199)	5,165
- Accumulated depreciation	(2,649)	-	(238)	199	(2,688)
- Net carrying amount	2,126	589	(238)	-	2,477
Assets under development and advances	-	686	-	-	686
Total property, plant and equipment					
- Gross carrying amount	**60,992**	**1,615**	**-**	**(199)**	**62,408**
- Accumulated depreciation	**(29,547)**	**-**	**(1,674)**	**199**	**(31,022)**
- Net carrying amount	**31,445**	**1,615**	**(1,674)**	**-**	**31,386**

11. Investments

At 31 December 2011, investments totaled €12,122,919 thousand and underwent the following changes during the year:

(€ thousand)	31 December 2010	Additions	Decreases	Reclassification and other changes	Impairment (losses)/reversals and Fair value adjustments	31 December 2011
Investments in subsidiaries	11,274,486	352,562	(58,346)	(179)	157,456	**11,725,979**
Investments in associates	131,785	-	-	-	-	**131,785**
Investments in other companies	17,008	347,116	(3,898)	179	(95,250)	**265,155**
Total investments	**11,423,279**	**699,678**	**(62,244)**	**-**	**62,206**	**12,122,919**

Investments in subsidiaries and changes during the year were as follows:

(€ thousand)	% interest	31 December 2010	Additions	Decreases	Reclassification and other changes	Impairment (losses)/ reversals	31 December 2011
Fiat Group Automobiles S.p.A.	100.00	**5,524,081**					**5,524,081**
- Gross carrying amount		8,431,081					8,431,081
- Accumulated impairment losses		(2,907,000)					(2,907,000)
Ferrari S.p.A.	90.00	**1,055,204**	132,431				**1,187,635**
- Gross carrying amount		1,055,204	132,431				1,187,635
- Accumulated impairment losses		-					-
Maserati S.p.A.	100.00	**103,798**	70,000				**173,798**
- Gross carrying amount		103,798	70,000				173,798
- Accumulated impairment losses		-					-
Fiat Gestione Partecipazioni S.p.A.	100.00	**1,833,632**			615,994	352,056	**2,801,682**
- Gross carrying amount		2,133,632			668,050		2,801,682
- Accumulated impairment losses		(300,000)			(52,056)	352,056	-
Fiat Powertrain Technologies S.p.A.	100.00	**568,912**					**568,912**
- Gross carrying amount		648,912					648,912
- Accumulated impairment losses		(80,000)					(80,000)
Magneti Marelli S.p.A.	99.99	**611,854**					**611,854**
- Gross carrying amount		611,854					611,854
- Accumulated impairment losses		-					-
Teksid S.p.A.	84.79	**76,084**					**76,084**
- Gross carrying amount		129,070					129,070
- Accumulated impairment losses		(52,986)					(52,986)
Teksid Aluminum S.r.l.	100.00	**38,692**	30,000			(47,500)	**21,192**
- Gross carrying amount		80,792	30,000				110,792
- Accumulated impairment losses		(42,100)				(47,500)	(89,600)
Comau S.p.A.	100.00	**124,950**	120,000			(147,100)	**97,850**
- Gross carrying amount		622,781	120,000				742,781
- Accumulated impairment losses		(497,831)				(147,100)	(644,931)
Fiat Partecipazioni S.p.A.	96.71	**934,452**			(547,392)		**387,060**
- Gross carrying amount		950,452			(547,392)		403,060
- Accumulated impairment losses		(16,000)			-		(16,000)
Fiat Finance S.p.A.	100.00	**222,263**					**222,263**
- Gross carrying amount		222,263					222,263
- Accumulated impairment losses		-					-
Fiat Finance North America Inc.	39.47	**57,024**		(57,024)			**-**
- Gross carrying amount		58,585		(58,585)			-
- Accumulated impairment losses		(1,561)		1,561			-
Business Solutions S.p.A.	100.00	**36,405**			(36,405)		**-**
- Gross carrying amount		88,461			(88,461)		-
- Accumulated impairment losses		(52,056)			52,056		-
Other subsidiaries		**87,135**	131	(1,322)	(32,376)		**53,568**
- Gross carrying amount		100,744	131	(1,322)	(38,476)		61,077
- Accumulated impairment losses		(13,609)		-	6,100		(7,509)
Total investments in subsidiaries		**11,274,486**	**352,562**	**(58,346)**	**(179)**	**157,456**	**11,725,979**
- Gross carrying amount		15,237,629	352,562	(59,907)	(6,279)		15,524,005
- Accumulated impairment losses		(3,963,143)		1,561	6,100	157,456	(3,798,026)

Significant changes to investments in subsidiaries occurring during the year were as follows:

- following the purchase of the 5% equity interest held in Ferrari S.p.A. by Mubadala Development Company PJSC – with delivery of the shares to Fiat S.p.A. and payment by Fiat S.p.A. of the consideration stipulated in the call option agreement exercised in 2010 (see Note 12) – a €132.4 million increase in the carrying amount of the investment in Ferrari S.p.A. was recognized, which is equivalent to the consideration paid for the shares (€122.4 million) and the cost of the call option premium (€10.0 million)
- capital contributions were made to certain subsidiaries to strengthen their capital base in view of operating results and planned investments. The subsidiaries concerned were Comau S.p.A. (€120.0 million), Maserati S.p.A. (€70.0 million) and Teksid Aluminum S.r.l. (€30.0 million). With regard to Maserati S.p.A., Fiat S.p.A. has committed to further capital contributions during 2012 of up to a maximum of €180.0 million to cover development costs for new models
- as part of the rationalization and simplification of the Group's legal structure, Fiat Gestione Partecipazioni S.p.A. was designated as the holding company for the Group's service entities, and the following transactions were carried out:
  - demerger of activities from Fiat Partecipazioni S.p.A. and transfer to Fiat Gestione Partecipazioni S.p.A.
  - merger of Business Solutions S.p.A. into Fiat Gestione Partecipazioni S.p.A.
  - contribution by Fiat S.p.A. of its interest in Rimaco S.A. (100%) to Fiat Gestione Partecipazioni S.p.A., with resulting capital increase

  As these transactions involved companies under the direct control of Fiat S.p.A., recognition was based on existing values. Accordingly, the increase in the investment in Fiat Gestione Partecipazioni S.p.A., totaling €616.0 million, corresponds to the sum of the carrying amounts of the shareholdings transferred (€32.2 million for Rimaco S.A. and €36.4 million for Business Solutions S.p.A., the latter net of impairment losses which were also transferred), as well as the net value of the assets and liabilities transferred by Fiat Partecipazioni S.p.A. (€547.4 million) determined on a pro rata basis with reference to the book value of equity reported in the subsidiary's financial statements at 31 December 2011.

Decreases relate to disposal of the investments in Fiat Finance North America Inc. and Fiat Switzerland S.A. discussed previously (see Note 3).

Impairment (losses)/reversals includes impairment losses and reversals arising from application of the cost method, as described in Note 2 above.

With regard to the shareholding in Fiat Group Automobiles S.p.A., the estimates and assumptions used in preparing the financial statements (see "Use of Estimates") provided reasonable support for maintaining the 31 December 2010 carrying amount unchanged. The current book value of the shareholding (€5,524 million at 31 December 2011) reflects impairment losses of €2,907 million, recognized prior to 2005 and again in 2009, that could potentially be reversed in future periods.

Similarly, the carrying amount of Fiat Powertrain Technologies S.p.A. was maintained unchanged, in consideration of the fact that its business consists almost exclusively of supply to FGA.

For the remaining significant shareholdings – in particular, Magneti Marelli S.p.A. and Ferrari S.p.A. (recognized at historic cost) – no indications of impairment were identified. This also takes into consideration the carrying amounts of equity recognized in the consolidated statement of financial position, for which the recoverability of assets has already been adequately assessed. With regard to Magneti Marelli, the reduction in the book value of equity was almost entirely attributable to non-recurring expense associated with writedowns of goodwill and fixed assets essentially related to repositioning of activities in the plastics segment. The earnings outlook, which is also supported by diversification of the product and customer portfolio, as well as the geographic mix, provides ample support for maintaining the existing carrying amount for the investment.

A breakdown of investments in associates and changes during the year is as follows:

(€ thousand)	% interest	31 December 2010	Additions	Decreases	Impairment (losses)/reversals	31 December 2011
RCS MediaGroup S.p.A.	10.09	131,785	-	-	-	**131,785**
Total investments in associates		**131,785**	**-**	**-**	**-**	**131,785**

The carrying amount of the interest in RCS MediaGroup S.p.A. (a listed company) was €79.8 million higher than its corresponding stock market value at the balance sheet date (compared to a €52.7 million difference at year-end 2010), with the company continuing to trade at a discount to book value. In consideration of the relative stake held, for which the current stock market price (influenced by uncertainty in the eurozone and weak economic conditions in Italy) is not representative – and in anticipation of the final results for 2011, as well as confirmation of the near-term outlook – it was deemed reasonable to make no adjustments to the carrying amount of the investment.

Investments in other companies and changes during the year were as follows:

(€ thousand)	% interest	31 December 2010	Reclassifications and increases	Decreases	Fair value adjustments	31 December 2011
Fiat Industrial S.p.A.	3.00	-	347,295	(3,898)	(90,221)	**253,176**
Fin.Priv. S.r.l.	14.28	14,340	-	-	(4,545)	**9,795**
Assicurazioni Generali S.p.A.	0.01	2,668	-	-	(484)	**2,184**
Total investments in other companies		**17,008**	**347,295**	**(3,898)**	**(95,250)**	**265,155**

Pursuant to the Demerger, on 1 January 2011 Fiat S.p.A. was allotted 38,568,458 Fiat Industrial S.p.A. ordinary shares, without consideration, in relation to own shares held. Subsequent to that allotment, the portion of the value of own shares recognized in equity (see Note 19) attributable to the Fiat Industrial S.p.A. shares received, totaling €367.7 million, was reclassified under assets. The initial amount recognized was based on the relative weighting of the market value of Fiat and Fiat Industrial shares on the date Fiat Industrial S.p.A. shares commenced trading. In accordance with IAS 39 and related interpretations, the investment was immediately remeasured at fair value (totaling €347.1 million), with a balancing entry in retained profit (see Note 19). Subsequent measurement of investments is at fair value.

In addition, following amendments to the stock option and stock grant plans existing at 31 December 2010 (see Note 19), 23,021,250 of the Fiat Industrial ordinary shares allotted to Fiat S.p.A. were allocated to servicing those plans and, therefore, are linked to the liability for share-based compensation (i.e., provisions for stock option and stock grant plans) recognized in the statement of financial position in relation to those amendments (see Note 20). As a consequence, fair value adjustments for the Fiat Industrial S.p.A. shares allocated to servicing those plans are recognized through profit and loss consistent with changes in value of the associated liability. The remaining Fiat Industrial shares (15,627,208 shares at 1 January 2011) were recognized at fair value with a corresponding adjustment to equity.

At 31 December 2011, the Company held a total of 38,215,333 Fiat Industrial ordinary shares valued at €253.2 million. Of those shares, 22,556,875 (valued at €149.5 million) were allocated to servicing the stock option and stock grant plans and recognized at fair value through profit or loss, while the remaining 15,658,458 shares (valued at €103.7 million) were classified as available-for-sale and recognized at fair value directly in equity. Fair value measurement resulted in a €90.2 million decrease in the investment during the year, of which €53.6 million was recognized through profit and loss (partially offset by a €45.9 million reduction in the related liability – see Note 7) and €36.6 million directly in equity (see Note 19). Finally, the €3.9 million decrease shown above related to Fiat Industrial shares sold during 2011 following the exercise of 433,125 options under the November 2006 stock option plan for managers.

On 22 February 2012, the number of Fiat Industrial S.p.A. shares held to service the stock option and stock grant plans was 4,000,000 lower, as a result of allocation to the Chief Executive Officer of shares vested under the 2009 stock grant plan (see Note 19). Consequently, at that date the investment in Fiat Industrial S.p.A. consisted of 34,215,333 ordinary shares.

The investments in Fin.Priv. S.r.l. and Assicurazioni Generali S.p.A., which are classified as non-current financial assets and not held for trading, have been recognized at fair value. For Assicurazioni Generali S.p.A., a listed company, this corresponds to the market price of the shares held at the balance sheet date. For Fin.Priv. S.r.l., a holding company whose assets are principally listed securities, fair value was based on the market price of the investments in its portfolio. This resulted in a €5.0 million decrease in the investments in Fin.Priv. S.r.l. and Assicurazioni Generali S.p.A. for 2011, with a corresponding adjustment to equity (see Note 19).

There were no investments in other companies in relation to whose obligations Fiat S.p.A. had unlimited liability (Article 2361.2 of the Civil Code).

A full list of investments with the additional disclosures required by Consob Communication DEM/6064293 of 28 July 2006 is attached.

At 31 December 2011 and 2010, no investments held by the Company had been pledged as security for financial or contingent liabilities.

During 2010, changes in investments were as follows:

(€ thousand)	31 December 2009	Additions	Decreases	Impairment (losses)/reversals and Fair Value adjustments	Reclassification to Assets to be demerged	31 December 2010
Investments in subsidiaries	13,837,309	2,258,853	(30)	155,700	(4,977,346)	11,274,486
Investments in associates	131,785	-	-	-	-	131,785
Investments in other companies	21,476	-	-	(4,468)	-	17,008
Total investments	**13,990,570**	**2,258,853**	**(30)**	**151,232**	**(4,977,346)**	**11,423,279**

12. Other financial assets

A breakdown of other financial assets is provided in the following table:

(€ thousand)	31 December 2011	31 December 2010	Change
Financial asset relating to exercise of the call option on Ferrari S.p.A shares	-	132,431	(132,431)
Fees receivable for guarantees given	12,892	11,442	1,450
Debt securities	74	74	-
Total other financial assets	**12,966**	**143,947**	**130,981**

At 31 December 2010, the item "Financial asset relating to the exercise of the call option on Ferrari S.p.A. shares", totaling €132,431 thousand, represented the exercise price (€122,399 thousand) for the call option on the 5% interest in Ferrari S.p.A. held by Mubadala Development Company PJSC, plus the €10,032 thousand call option premium paid in 2006. Fiat S.p.A. exercised the option prior to expiry in July 2010 and, pending completion of the acquisition, recognized the value of the original premium paid plus the option exercise price, with a corresponding financial liability recognized in relation to the consideration amount (see Note 25). In March 2011, following completion of the purchase of Ferrari S.p.A. shares, with delivery by Mubadala and payment of the agreed consideration by Fiat S.p.A., the amount was reclassified resulting in a corresponding increase in the carrying amount of the investment in Ferrari S.p.A. (see Note 11).

Fees receivable for guarantees given represent the present value of fees to be received in future years for guarantees issued by the Company (mainly relating to loans of Group companies).

Debt securities consist of listed Italian government securities pledged to fund scholarship grants.

A breakdown of other financial assets by maturity is as follows:

(€ thousand)	31 December 2011	31 December 2010
Other financial assets		
due within one year	3,920	136,024
due after one year but within five years	8,900	7,746
due beyond five years	146	177
Total	**12,966**	**143,947**

13. Other non-current assets

At 31 December 2011, other non-current assets totaled €90 thousand, a net increase of €57 thousand over 31 December 2010, and consisted of amounts receivable from tax authorities and employees beyond 12 months.

14. Trade receivables

At 31 December 2011, trade receivables totaled €4,863 thousand, a net decrease of €3,215 thousand over 31 December 2010, and included the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Third parties			
- Receivables	2,600	7,892	(5,292)
- Allowance for doubtful accounts	(156)	(156)	-
Total third parties	2,444	7,736	(5,292)
Trade receivables due from Group companies and other related parties	2,419	342	2,077
Total trade receivables	**4,863**	**8,078**	**(3,215)**

Trade receivables from third parties mainly relate to amounts due from Rete Ferroviaria Italiana S.p.A. for the progress of works on high speed rail sections during the latter part of the year. These receivables match the trade payables resulting from the progress of the works to be paid to the consortia CAV.E.T. and CAV.TO.MI. (see Note 24).

Trade receivables due from Group companies and other related parties includes adjustments made following reassessment of amounts receivable for services provided and other items receivable.

The allowance for doubtful accounts has been calculated on the basis of an assessment of the risk on a number of minor receivables from others.

The carrying amount of trade receivables is deemed to approximate their fair value.

All trade receivables are due within one year and there are no significant amounts overdue.

15. Current financial receivables

At 31 December 2011, current financial receivables totaled €374,806 thousand, a net increase of €63,280 thousand over 31 December 2010 and consisted of amounts receivable from Group companies, as detailed below:

(€ thousand)	31 December 2011	31 December 2010	Change
Current account with Fiat Finance S.p.A.	336,479	196,529	139,950
Assets arising from derivative financial instruments	38,327	114,997	(76,670)
Total current financial receivables	**374,806**	**311,526**	**63,280**

The current account with Fiat Finance S.p.A. reflects the balance on the account held with that company as part of the Group's centralized treasury management.

At 31 December 2011, assets arising from derivative financial instruments represents the fair value of the two equity swaps on Fiat and Fiat Industrial shares entered into by Fiat Finance S.p.A., under instruction from Fiat S.p.A., to hedge against an increase in the share price above the exercise price of the stock options granted to the Company's Chief Executive Officer in 2004 and in 2006, as described in Note 7. The fair value of those equity swaps was based on market quotations at the balance sheet date. At 31 December 2010, the item totaled €114,997 thousand representing the positive fair value of the pre-existing equity swaps.

The carrying amount of financial receivables is deemed to approximate their fair value.

16. Other current receivables

At 31 December 2011, other current receivables totaled €277,353 thousand, a net decrease of €73,201 thousand over 31 December 2010, and consisted of the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Receivables from Group companies and other related parties for consolidated IRES tax	166,677	240,192	(73,515)
Other receivables from Group companies and other related parties	1,250	217	1,033
VAT receivables	51,891	61,112	(9,221)
IRES tax receivables	55,328	46,389	8,939
IRAP tax receivables	647	647	-
Other	1,560	1,997	(437)
Total other current receivables	**277,353**	**350,554**	**(73,201)**

Receivables from Group companies and other related parties for consolidated IRES tax relates to tax calculated on the taxable income contributed by Italian subsidiaries participating in the domestic tax consolidation program as well as receivables, relating to priors years, from former subsidiaries, transferred to Fiat Industrial Group under the Demerger.

Other receivables from Group companies and other related parties consist of miscellaneous amounts receivable.

VAT receivables essentially relates to the balance of VAT credits for Italian subsidiaries participating in the VAT tax consolidation, in addition to VAT refund claims from prior periods.

IRES tax receivables includes amounts receivable that Italian subsidiaries participating in the domestic tax consolidation transferred to Fiat S.p.A. in 2011 and previous years. At 31 December 2011, refund claims which had been factored amounted to €26,162 thousand (€25,702 thousand at 31 December 2010) and were recognized on balance sheet, with the corresponding liability recorded under advances on factored receivables (see Note 25), pursuant to IAS 39.

At 31 December 2011, no interest was recognized in relation to VAT receivables subject to refund (as was also the case at 31 December 2010), while interest on IRES tax receivables (100% factored) amounted to €3,162 thousand (€2,702 thousand at 31 December 2010).

The carrying amount of other current receivables is deemed to approximate their fair value.

Other current receivables are almost entirely due during the subsequent financial year.

17. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Cash at banks and post offices	744	240	504
Total cash and cash equivalents	**744**	**240**	**504**

The above figures related to demand deposits in euros. The carrying amount of cash and cash equivalents is deemed to be in line with their fair value.

18. Assets and Liabilities to be demerged

At 31 December 2010, Assets and liabilities to be demerged included shareholdings and other assets and liabilities transferred to Fiat Industrial S.p.A. pursuant to the Demerger, with effect from 1 January 2011, as follows:

(€ thousand)	% owned	31 December 2010
Shareholdings		
- Fiat Netherlands Holding N.V.	100.00%	4,577,346
- Iveco S.p.A. (formerly Nuove Iniziative Finanziarie Cinque S.p.A.)	100.00%	200,000
- FPT Industrial S.p.A. (formerly Nuova Immobiliare Nove S.p.A.)	100.00%	100,000
- Fiat Industrial Finance S.p.A.	100.00%	100,000
Total shareholdings		**4,977,346**
Financial receivables from Fiat Finance S.p.A.		**213,000**
Assets to be demerged		**5,190,346**
Debt payable to Fiat Finance S.p.A.		**1,440,000**
Liabilities to be demerged		**1,440,000**
Net assets to be demerged		**3,750,346**

Financial receivables from Fiat Finance S.p.A. represents a portion of the balance held on account with Fiat Finance S.p.A. in relation to the Group's centralized treasury management activities, while debt payable to Fiat Finance S.p.A. relates to the two variable rate euro denominated loans from Fiat Finance S.p.A., for €1,050 million (maturing 25/05/2012) and €390 million (maturing 31/01/2011).

The above value of net assets to be demerged is equivalent to the effect of the Demerger on equity described in Note 19.

As values for the Demerger are based on the reported carrying amounts, no gains or losses were recognized and, accordingly, the above items were also transferred to Fiat Industrial S.p.A. at book value.

19. Equity

At 31 December 2011, equity totaled €9,053,244 thousand, a decrease of €3,651,216 thousand over 31 December 2010. On 1 January 2011, equity was reduced by €3,750,346 thousand (a decrease in share capital of €1,913,179 thousand and reserves of €1,837,167 thousand) as a result of the Demerger. That amount was partially offset by the recognition of the Fiat Industrial S.p.A. shares (totaling €347,116 thousand) allotted to Fiat S.p.A. in relation to own shares held, net of the liability (€164,252 thousand) arising from the obligation to service a portion of the stock option and stock grant plans with Fiat Industrial S.p.A. shares. The principal remaining changes related to dividend payments of €151,651 thousand (€0.09 per ordinary share, €0.31 per preference share and €0.31 per savings share) and profit for the year of €99,166 thousand.

Share capital

Share capital totaled €4,465,600 thousand (fully paid) at 31 December 2011 (€6,377,263 thousand at 31 December 2010) and consisted of the following:

(no. of shares)	31 December 2011	31 December 2010
Shares issued and fully paid		
Ordinary shares	1,092,680,610	1,092,247,485
Preference shares	103,292,310	103,292,310
Savings shares	79,912,800	79,912,800
Total shares issued	**1,275,885,720**	**1,275,452,595**

The net decrease in share capital over 31 December 2010 of €1,911,663 thousand was due to:

- a €1,913,179 thousand reduction attributable to the Demerger, consisting of a reduction in par value, for all three share classes, from €5.00 to €3.50 per share
- a €1,516 thousand increase attributable to the issue of 433,125 ordinary shares following the exercise of 433,125 options under the November 2006 stock option plan for managers

Following is a reconciliation between the number of shares outstanding at 31 December 2009 and at 31 December 2011:

(shares in thousands)	31 December 2009	Capital increase	(Purchases)/ sales of own shares	31 December 2010	Capital increase	(Purchases)/ sales of own shares	31 December 2011
Ordinary shares issued	1,092,248	-	-	1,092,248	433	-	1,092,681
Less: Own shares	(38,568)	-	-	(38,568)	-	-	(38,568)
Ordinary shares outstanding	1,053,680	-	-	1,053,680	433	-	1,054,113
Preference shares issued	103,292	-	-	103,292	-	-	103,292
Less: Own shares	-	-	-	-	-	-	-
Preference shares outstanding	103,292	-	-	103,292	-	-	103,292
Savings shares issued	79,913	-	-	79,913	-	-	79,913
Less: Own shares	-	-	-	-	-	-	-
Savings shares outstanding	79,913	-	-	79,913	-	-	79,913
Total shares issued by Fiat S.p.A.	**1,275,453**	**-**	**-**	**1,275,453**	**433**	**-**	**1,275,886**
Less: Own shares	**(38,568)**	**-**	**-**	**(38,568)**	**-**	**-**	**(38,568)**
Total Fiat S.p.A. shares outstanding	**1,236,885**	**-**	**-**	**1,236,885**	**433**	**-**	**1,237,318**

Following is a description of the composition of Fiat S.p.A.'s share capital at 1 January 2011 (i.e., effective date of the Demerger).

From 1 January 2011, all issued shares have a par value of €3.50 each, with each category having rights as follows.

Each share confers the right to share pro rata in any profit allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of preference and savings shares described below.

Each ordinary share confers the right to vote, without restrictions. Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings. No voting rights are attached to savings shares.

Following a reduction in par value for all three share classes (from €5.00 to €3.50 per share) resulting from the Demerger, there was a corresponding pro rata adjustment in the distribution entitlement. Effective from the date following approval of the allocation of 2010 profit, the allocation of net profit for Fiat S.p.A. is as follows:

- to the legal reserve, 5% of net profit until the amount of the reserve is equal to one-fifth of share capital
- to savings shares, a dividend of up to €0.217 per share
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or to retained profit reserve as may be approved by Shareholders
- to preference shares, a dividend of up to €0.217 per share
- to ordinary shares, a dividend of up to €0.1085 per share
- to savings shares and ordinary shares, an additional dividend, in equal amounts, up to €0.1085 per share and,
- to each ordinary, preference and savings share, in equal amounts, any remaining profit which Shareholders may resolve to distribute

When the dividend paid to savings shares in any year amounts to less than €0.217, the difference shall be added to the preferred dividend to which they are entitled in the following two years.

In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall be entitled to a dividend that is €0.1225, rather than €0.1085, higher per share than the dividend paid on ordinary and preference shares.

In the event that the ordinary shares are delisted, holders of savings shares shall be entitled to a dividend that is €0.140 higher than the dividend paid on ordinary and preference shares.

In the event of a winding up, the Company's assets shall be distributed in the following order of priority: repayment of savings shares up to their par value, repayment of preference shares up to their par value, repayment of ordinary shares up to their par value. Any balance remaining, is distributable in equal pro rata amounts to shares of all three classes.

On 27 October 2011, the Board of Directors of Fiat S.p.A. voted to submit a proposal to Shareholders (in the extraordinary session of the General Meeting called for 4 April 2012) for the conversion of the Company's preference and savings shares into Fiat S.p.A. ordinary shares at a ratio of 0.850 ordinary shares per preference share and 0.875 ordinary shares per savings share. Preference shares and savings shares would retain all rights with respect to allocation of 2011 profit. The ordinary shares resulting from the conversions would be eligible for dividends from 2012. The proposals will also be submitted to holders of preference and savings for approval at the respective special meetings on April 2nd (first call) or April 6th (second call). If each of the proposed conversions is approved by Shareholders in the extraordinary session of the General Meeting and the respective Special Meetings, any holders of preference and savings shares not voting in favor (i.e., absent, abstaining or dissenting) will have the right to redeem their shares for a period of fifteen days from the date the resolutions are filed with the Companies Register. The redemption amount payable will be €3.317 per preference share and €3.458 per savings share. As established by law, those values correspond to the average closing price recorded by Borsa Italiana for the 6 months prior to publication of the notice calling the meetings. Conversion of each class of shares, or even of one share class independently from the other, will only take place if the amount payable by the Company as a result of shareholders exercising their right of withdrawal does not exceed a maximum of €56 million for preference shares and a maximum of €44 million for savings shares. In any event, the total amount payable by the Company as a result of shareholders exercising their right of withdrawal may not exceed €100 million.

Should conversion of one or both classes of shares be approved, the par value of the Company's ordinary shares will increase. The new par value will be determined by dividing total share capital by the number of shares in issue post conversion, rounded up to the nearest cent. The resulting increase will be covered through utilization of the share premium reserve up to a maximum amount of €10.9 million. If conversion is approved for both classes of special shares, par value per ordinary share will increase from €3.50 to €3.58. If preference shares only are converted, par value per ordinary and savings share will increase from €3.50 to €3.55. If savings shares only are converted, par value per ordinary and preference share will increase from €3.50 to €3.53.

Italian regulations regarding share capital and reserves for a joint stock corporation establish the following:

- The minimum permitted share capital is €120,000
- Any change in the amount of share capital must be approved by shareholders in general meeting who may authorize the Board of Directors, for a maximum period of five years, to increase share capital up to a predetermined amount. Shareholders are also required to adopt suitable measures when share capital decreases by more than one third as the result of verified losses and reduce share capital if, by the end of the following financial year, such losses have not been reduced to less than one third. If as a consequence of a loss of more than one-third of capital it falls below the legal minimum, shareholders must approve the decrease and a simultaneous increase in share capital to an amount not less than the legal minimum or change the company's legal form
- As already noted, the right of each class of shares to share in a company's profits is established in the by-laws
- A share premium reserve is established if a company issues shares at a price above their par value. This reserve is not distributable until the legal reserve has reached one-fifth of share capital
- A company may not purchase own shares for an amount exceeding distributable profits and available reserves reported in its latest approved financial statements. Purchases must be approved by shareholders and in no case may the par value of the shares acquired exceed one-fifth of share capital

With reference to share capital, on 3 November 2006 the Board of Directors – in exercise of its powers under Article 2443 of the Civil Code to institute a capital increase reserved for employees of the Company and/or its subsidiaries within the legal limit of 1% of share capital – approved a capital increase of up to a maximum of €50 million through the issue of a maximum 10 million ordinary shares with a par value of €5.00 each (corresponding to 0.78% of total share capital and 0.92% of ordinary share capital) at a price of €13.37 per share, to service the employee stock option plan described in the following section. That increase is subject to the conditions of the plan being met. Following the Demerger, and corresponding reduction in par value from €5.00 to €3.50 per share, the maximum share capital increase for this purpose is €35 million.

For 2011, the Board of Directors intends to propose a dividend of €39.7 million for special shares only, as follows:

- €0.217 per preference share
- €0.217 per savings share

Given Fiat's intention to maintain a high level of liquidity and restrictions on Chrysler's ability to pay dividends to its members, the Board of Directors has decided not to propose a dividend on ordinary shares.

Fiat's stated objectives for capital management are to create value for Shareholders as a whole, to ensure business continuity and to support the growth of the Group. Accordingly, Fiat intends to maintain an adequate level of capital that enables it to achieve a satisfactory economic return for Shareholders, as well as ensuring access to affordable sources of external financing (including through the achievement of an adequate rating).

Fiat constantly monitors its debt-equity balance, particularly in relation to the level of net debt and the level of cash generated from the Group's industrial activities.

To achieve these objectives, Fiat aims at a continuous improvement in the profitability of its business activities. In addition, it could sell assets to reduce the level of debt, or the Board of Directors could propose a capital increase or reduction to Shareholders or, where permitted by law, a distribution of reserves. The Company may also repurchase its own shares, within the limits approved by Shareholders, compatible with the objectives of financial equilibrium and an improvement in credit rating.

The term capital is used to refer both to the value contributed by Shareholders (share capital and share premium less own shares held, for a total value of €5,258,962 thousand at 31 December 2011 and €7,261,595 thousand at 31 December 2010), and the value generated by Fiat S.p.A. in terms of results achieved (retained profit and other reserves, before allocation of profit for the year, equal in total to €3,837,987 thousand at 31 December 2011 and €5,444,893 thousand at 31 December 2010, excluding gains and losses recognized directly in equity).

Share premium reserve
At 31 December 2011, this reserve totaled €1,082,245 thousand, representing a net decrease of €458,640 thousand over 31 December 2010, attributable to:

- a reduction of €462,266 thousand relating to the Demerger
- an increase of €3,626 thousand, reflecting the premium for the new 433,125 ordinary shares issued following the exercise of 433,125 options under the November 2006 stock option plan for managers

Legal reserve
At 31 December 2011, this reserve totaled €523,619 thousand, representing a net decrease of €192,839 thousand over 31 December 2010, attributable to:

- a reduction of €214,937 thousand relating to the Demerger
- an increase of €22,098 thousand following allocation of profit for the previous year, as approved by Shareholders at the General Meeting of 30 March 2011

Reserve available for the purchase of own shares
This reserve was created through a transfer from the retained profit reserve, following Shareholder approval for share repurchases.

On 31 December 2011, the reserve available for the purchase of own shares totaled €911,117 thousand, increasing €367,670 thousand over 31 December 2010 through transfer of an equivalent amount from retained profit following adoption of a resolution by Shareholders on 30 March 2011 which, as described below, revoked the existing share repurchase authorization, to the extent not already exercised, and renewed authorization for the purchase of own shares up to a maximum of €1.2 billion, including existing reserves for own shares of €289 million.

Share purchases were made under a program (the "Program"), initially approved by Shareholders on 5 April 2007 and subsequently renewed on 31 March 2008 and 27 March 2009, which authorized the purchase of a maximum number of shares, for all three classes, not to exceed 10% of share capital or a total value of €1.8 billion, inclusive of existing reserves for own shares (totaling €657 million). To ensure the necessary operating flexibility over an adequate time period, and in consideration of the fact that the existing authorization expired on 27 September 2010, at the General Meeting on 26 March 2010 Shareholders renewed the authorization for the purchase and disposal of own shares, including through subsidiary companies, for a period of 18 months at the same time revoking the authorization given on 27 March 2009 to the extent not exercised. The renewed authorization was for the purchase of a maximum number of shares, for all three classes combined, not to exceed 10% of share capital or a total value of €1.8 billion, inclusive of the €657 million in Fiat shares already held.

On 16 September 2010 – in view of the proposed reduction in par value from €5.00 to €3.50 per share resulting from the Demerger – Shareholders approved a reduction in the authorization for the purchase of own shares to a maximum value of €1.2 billion. The conditions approved by Shareholders on 26 March 2010 remained unchanged, including the limit of 10% of share capital for all three classes, and with authorization effective until 26 September 2011. Although the Program remained on hold, in consideration of the forthcoming expiry and to ensure the necessary operating flexibility for an adequate period, on 30 March 2011 Shareholders voted to approve renewal of the authorization for a period of 18 months and for a maximum number of shares (for all three classes) not to exceed the percentage established by law up to a total value of €1.2 billion, including the reserve for own shares of €289 million (after adjustments related to the demerger).

Finally, on 22 February 2012, the Board of Directors voted to submit a proposal to Shareholders to renew, for a period of 18 months, the authorization to purchase a maximum number of shares in all three classes not to exceed the legally-established percentage of share capital or an aggregate amount of €1.2 billion, inclusive of the existing reserve for own shares of €259 million. The authorization is intended to ensure coverage of incentive plans based on Fiat S.p.A. shares, in addition, more generally, to providing the Company a strategic investment opportunity for other purposes permitted by law.

Reserve for own shares

At 31 December 2011, the reserve for own shares totaled €288,883 thousand, a decrease of €367,670 thousand resulting from the transfer to retained profit associated with the decrease in book value of own shares held following the Demerger and reclassification of the Fiat Industrial S.p.A. ordinary shares allotted to Fiat S.p.A under Investments.

The reserve is subject to certain restrictions imposed by Article 2357-ter of the Civil Code. Changes in the reserve represent increases for own shares purchased (through transfers from the reserve available for the purchase of own shares) and decreases for own shares sold.

On 22 February 2012, following the grant of shares to the Chief Executive Officer which vested under the 2009 plan (see following paragraphs), the reserve totaled €259 million.

Retained profit

At 31 December 2011, retained profit totaled €1,873,082 thousand, a decrease of €1,011,052 thousand over 31 December 2010, as a result of the:

- reduction of €1,159,964 thousand relating to the Demerger
- decrease of €20,554 thousand due to the initial measurement at fair value of the Fiat Industrial S.p.A. ordinary shares allotted to Fiat S.p.A., in relation to own shares held, and recognized under Investments (see Note 11)
- transfer from the reserve for own shares of €367,670 thousand, as described above, following reduction in the value of own shares resulting from the Demerger and the related allotment of Fiat Industrial S.p.A. ordinary shares to Fiat S.p.A., which were recognized under Investments
- reduction of €100,217 thousand relating to initial measurement at fair value of the liability arising from the obligation to cover a portion of stock option and stock grant plans through delivery of Fiat Industrial S.p.A. shares (see Note 20, provisions for stock option and stock grant plans)
- allocation of €268,210 thousand from the prior year's profit to retained profit, as approved by Shareholders on 30 March 2011, following allocations to the Legal reserve and distributions to Shareholders
- transfer of €367,670 thousand to the reserve available for the purchase of own shares, following the renewed authorization for the purchase of own shares, approved by Shareholders on 30 March 2011, already referred to above
- transfer of €1,473 thousand from the stock option reserve, representing the fair value of options on Fiat S.p.A. shares that either were exercised or expired during the year in relation to the November 2006 stock option plan for managers

Gains/(losses) recognized directly in equity

This reserve includes gains and losses recognized directly in equity and in particular those arising from fair value adjustments on investments in other companies, as described previously (see Note 11).

At 31 December 2011, the balance of this reserve was a negative €43,705 thousand, reflecting the additional loss of €41,677 thousand for the year attributable to fair value measurement of investments in Fiat Industrial S.p.A. (for shares not allocated to servicing the stock option and stock grant plans), Fin.Priv. S.r.l. and Assicurazioni Generali S.p.A.

Stock option reserve

At 31 December 2011, the stock option reserve totaled €52,291 thousand, a net decrease of €60,222 thousand over 31 December 2010 attributable to:

- a €64,035 thousand reduction resulting from recognition of the liability arising from the obligation to cover a portion of the stock option and stock grant plans through delivery of Fiat Industrial S.p.A. shares (see Note 20, provisions for stock option and stock grant plans)
- a €1,473 thousand reduction resulting from a transfer to the retained profit reserve, representing the fair value of options on newly-issued Fiat S.p.A. shares that either were exercised or expired during the year in relation to the November 2006 stock option plan for managers
- a €5,286 thousand increase recognized through the income statement in 2011 in relation to the portion of the stock option and stock grant plans for the Chief Executive Officer serviced by Fiat S.p.A. shares (see Note 6)

Other reserves
At 31 December 2011, other reserves amounted to €89,829 thousand and were unchanged from 31 December 2010. The amount includes:

- Reserves pursuant to Law 413/1991: a total of €22,591 thousand corresponding to the compulsory revaluation of property (net of substitute tax) pursuant to Law 413 of 30 December 1991 and allocated to a specific reserve, as required by law
- Extraordinary reserve: a total of €28,044 thousand corresponding to the value approved by Shareholders on 11 May 2004
- Reserve for Spin-off difference: a total of €39,194 thousand and includes the positive difference arising from the spin-off executed by Fiat Partecipazioni S.p.A. on 29 December 2008

Own shares
At 31 December 2011, the book value of own shares held was €288,883 thousand (€656,553 thousand at 31 December 2010) and related to 38,568,458 ordinary shares (average book value of €7.490 per share) representing 3.02% of share capital, and having a total par value of €134,990 thousand.

The decrease in the carrying amount of own shares over 31 December 2010 was attributable to the Demerger and the simultaneous allotment to Fiat S.p.A. of 38,568,458 Fiat Industrial S.p.A. ordinary shares, initially recognized in the statement of financial position under investments in the amount of €367,670 thousand, as described in Note 11.

No own shares were bought or sold either in 2011 or 2010. Details of authorizations given by Shareholders for the purchase of own shares are provided above.

On 22 February 2012, the number of own shares was reduced by 4,000,000 following assignment of shares vested under the 2009 Stock Grant Plan to the Chief Executive Officer. As a result, the number of own shares held at that date was 34,568,458 (book value of €259 million).

Share-based compensation
At 31 December 2011 and at 31 December 2010, the following share-based compensation plans relating to managers of Group companies or the Chief Executive Officer of Fiat S.p.A. were in place.

Stock option plans linked to Fiat S.p.A. and Fiat Industrial S.p.A. ordinary shares
On 26 July 2004, the Board of Directors granted Sergio Marchionne, as a part of his variable compensation as Chief Executive Officer, options to purchase 10,670,000 Fiat S.p.A. ordinary shares at a price of €6.583 per share, exercisable from 1 June 2008 to 1 January 2011. In each of the three years following the grant date, the Chief Executive Officer acquired the right to purchase, beginning 1 June 2008, a maximum of 2,370,000 shares annually. As of 1 June 2008, he also acquired the right to exercise, effective from that date, the remaining options on 3,560,000 shares as predetermined performance objectives for the reference period had been met. On 27 March 2009, Shareholders considered it to be a priority interest for the Group to adopt changes to the plan which would restore its retention capability and approved a new vesting period which depended solely on the requirement for the Chief Executive Officer to remain in office, deferring the vesting of those options until 31 December 2010 and extending the exercise period until 1 January 2016, with all the other conditions remaining unaltered. Finally, in consideration of the proposed Demerger and in accordance with the rules of the respective plans, on 21 July 2010 the Board approved amendments relating to realignment of the underlying shares in strict relation to the allotment ratio applied for the Demerger, allowing the beneficiary to receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each original option, with the option exercise price remaining unchanged.

At 31 December 2011 the features of the stock option plan are as follows:

Plan	Beneficiary	Date of amendment	Expiry date	Exercise price (€)	No. of options granted	Vesting date	Vesting portion
Stock Options July 2004 (amended)	Chief Executive Officer	27 March 2009	1 January 2016	6.583	10,670,000	31 December 2010	100%

On 3 November 2006, the Board of Directors of Fiat S.p.A. approved (subject to the subsequent approval of Shareholders in general meeting, which was given on 5 April 2007) an eight year stock option plan, which granted certain managers of the Group and the Chief Executive Officer of Fiat S.p.A. the right to purchase a specific number of Fiat S.p.A. ordinary shares at a fixed price of €13.37 each. In particular, the 10,000,000 options granted to employees and the 5,000,000 options granted to the Chief Executive Officer had a vesting period of four years, with a quarter of the number vesting each year, were subject to achieving certain pre-determined profitability targets (Non-Market Conditions or "NMC") in the reference period and were exercisable from the date on which the 2010 Financial statements were approved. The remaining 5,000,000 options granted to the Chief Executive Officer of Fiat S.p.A. also vested in equal amounts over a period of four years and are exercisable from November 2010. Exercise is also subject to specific conditions relating to duration of the employment relationship or continuation in office. Finally, in consideration of the proposed Demerger and in accordance with the rules of the respective plans, on 21 July 2010 the Board approved amendments relating to realignment of the underlying shares in strict relation to the allotment ratio applied for the Demerger, allowing beneficiaries to receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each original option, with the option exercise price remaining unchanged.

The contractual terms of the plan are as follows:

Plan	Beneficiary	Expiry date	Exercise price (€)	No. of options granted	Vesting date	Vesting portion
Stock Option November 2006	Chief Executive Officer	3 November 2014	13.37	5,000,000	November 2007	25%
					November 2008	25%
					November 2009	25%
					November 2010	25%
Stock Option November 2006	Chief Executive Officer	3 November 2014	13.37	5,000,000	1st Quarter 2008 (*)	25%*NMC
					1st Quarter 2009 (*)	25%*NMC
					1st Quarter 2010 (*)	25%*NMC
					1st Quarter 2011 (*)	25%*NMC
Stock Option November 2006	Managers	3 November 2014	13.37	10,000,000	1st Quarter 2008 (*)	25%*NMC
					1st Quarter 2009 (*)	25%*NMC
					1st Quarter 2010 (*)	25%*NMC
					1st Quarter 2011 (*)	25%*NMC

(*) On approval of the prior year's consolidated financial statements; subject to continuation of the professional relationship

With specific reference to options granted under the 2006 Stock Option Plan, for which vesting was subject to the achievement of pre-established profitability targets, only the first tranche (i.e. 25%) of those rights have vested as the profitability targets originally established for the 3-year period 2008-2010 were not met.

A summary of outstanding stock options at 31 December 2011 is as follows:

	Managers' compensation			Compensation as member of the Board		
Exercise price (€)	Options outstanding at 31 December 2011	Options outstanding at 31 December 2010	Average remaining contractual life (years)	Options outstanding at 31 December 2011	Options outstanding at 31 December 2010	Average remaining contractual life (years)
6.583	-	-	-	10,670,000	10,670,000	4.0
13.370	1,636,875	2,101,250	2.8	6,250,000	6,250,000	2.8
Total	**1,636,875**	**2,101,250**		**16,920,000**	**16,920,000**	

Changes during the year were as follows:

	Managers' compensation		Compensation as member of the Board	
	Number of options	Average exercise price (€)	Number of options	Average exercise price (€)
Outstanding at the beginning of the year	**2,101,250**	**13.37**	**16,920,000**	**9.09**
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(433,125)	13.37	-	-
Expired	(31,250)	13.37	-	-
Outstanding at 31 December 2011	**1,636,875**	**13.37**	**16,920,000**	**9.09**
Exercisable at 31 December 2011	**1,636,875**	**13.37**	**16,920,000**	**9.09**
Exercisable at 31 December 2010	-	-	5,000,000	13.37

As they were already fully vested at 31 December 2010, the above stock option plans did not lead to any nominal cost for 2011. In 2010, the Group recognized a total nominal cost of €4.9 million in the income statement for plans outstanding.

Granting of ordinary shares of Fiat S.p.A. and Fiat Industrial S.p.A. without payment

On 23 February 2009, the Board of Directors of Fiat S.p.A. passed an incentive plan which was subsequently approved by Shareholders in their annual general meeting on 27 March 2009, based on the granting of rights which, subject to the achievement of predetermined performance targets (*Non-Market Conditions or "NMC"*) for 2009 and 2010 and the continuation of the professional relationship with the Group, provided for 2 million Fiat S.p.A. ordinary shares to be granted to the CEO of Fiat S.p.A. without payment. Under this plan the rights vested in a single tranche on the approval of the Group's 2010 consolidated financial statements by the Board of Directors and the number of shares granted is determined as 25% of the rights granted in the event of reaching the 2009 targets and 100% of the rights granted in the event of reaching the 2010 targets. The Group's predetermined profitability targets relating to 2009 were reached.

On 26 March 2010, Shareholders in general meeting introduced a pure retention component of 2 million additional rights into the Plan on the proposal of the Board of Directors; the vesting of these rights is subject to the sole condition that the CEO's professional relationship with the Group continues until the approval of the 2011 Consolidated financial statements. Moreover, the term of the original plan was also extended until the approval of the 2011 Consolidated financial statements and the targets for 2010 and 2011 were redefined.

Subsequently, taking into consideration the proposed Demerger and applying the rules of the respective plans, at its meeting on 21 July 2010 the Board of Directors approved the alignment of the type of shares underlying the plan in strict relation to the allotment ratio applicable for the Demerger. The beneficiaries of the stock grant rights will therefore receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each right held, with the free granting of shares remaining unchanged and subject to the original conditions of the continuation of a professional relationship and/or achievement of specific performance objectives for 2010 and 2011, consistent with the 2010-2014 Business Plan. And in particular the portion of the objectives relating to the post-Demerger Fiat Group as originally established as part of the total objectives for the pre-Demerger Fiat Group. Finally, on 18 February 2011, after consultation with the Compensation Committee, the Board of Directors verified the vesting of 375,000 rights following the achievement of the assigned operating targets and, in the light of the extraordinary transactions occurring during the year, in addition voted to make vesting of the remaining rights, which was dependent on the achievement of 2011 performance objectives, conditional only on the continuation of a professional relationship with the Group until the end of 2011.

At 31 December 2011, the contractual terms of the plan were therefore as follows:

Plan	Beneficiary	Number of shares	Vesting date	Vesting portion
Stock Grant 2009 (amended)	Chief Executive Officer	4,000,000 Fiat S.p.A.	1st Quarter 2010 (*)	500,000 (**)
		4,000,000 Fiat Industrial S.p.A.	1st Quarter 2011 (*)	375,000*NMC (**)
			1st January 2012	1,125,000*NMC (**)
			1st January 2012	2,000,000 (**)

(*) On approval of the prior year's consolidated financial statements
(**) Subject to continuation of the position held until 1 January 2012

A total nominal cost of €12 million was recognized in the income statement for this plan in 2011 (€12.4 million in 2010).

Following the vesting of the rights granted under the plan, on 1 January 2012, the beneficiary was assigned 4,000,000 Fiat S.p.A. ordinary shares and 4,000,000 Fiat Industrial S.p.A. ordinary shares.

Finally, on 22 February 2012, on the basis of a proposal from the Compensation Committee, the Board of Directors of Fiat S.p.A. voted to adopt a Long Term Incentive Plan, in the form of stock grants, that will be submitted for Shareholder approval at the General Meeting. Plan beneficiaries will be approximately 300 executives in key positions that have a significant impact on business results, excluding employees of Chrysler Group LLC who are covered by separate plans. The plan will be submitted for Shareholder approval at the General Meeting called for 4 April 2012.

The first part of the Plan (the "Company Performance LTI") provides for the allocation of a maximum 14 million rights subject to achievement of pre-established performance objectives, for the period 1 January 2012 to 31 December 2014, and continuation of an employment relationship with the Group. The second part of the Plan (the "Retention LTI") provides for allocation of a maximum 17 million rights to be assigned in three cycles: the first award would occur in 2012 (with vesting over the 2012-2015 period), the second in 2013 (with vesting over the 2013-2016 period) and the third in 2014 (with vesting over the 2014-2017 period). Awards under the Retention LTI will be based on individual performance and vesting will be subject to continuation of a professional relationship with the Group. The CEO is a beneficiary of the Retention LTI and will receive 7 million rights under that Plan.

The Plan will be serviced with own shares.

Finally, the following shows availability of share capital and reserves:

Availability for use of main equity items

(€ thousand)	31 December 2011	Possible use	Amount available
Share capital	4,465,600	-	-
Reserves:			
- Share premium reserve	1,082,245	A, B, C (*)	1,082,245
- Legal reserve	523,619	B	-
- Reserve available for the purchase of own shares	911,117	A, B, C	911,117
- Reserve for own shares	288,883	-	-
- Retained profit	1,873,082	A, B, C	1,873,082
- Reserve under law 413/1991	22,591	A, B, C	22,591
- Extraordinary reserve	28,044	A, B, C	28,044
- Reserve for Spin-off difference	39,194	A, B, C	39,194

Key:
A: capital increase
B: coverage of losses
C: dividend
(*) Fully available to increase capital and cover losses. Any other use requires increase of the legal reserve to 20% of share capital (including through transfer from the share premium reserve). At 31 December 2011, the required increase would have been €369,501 thousand

20. Provisions for employee benefits and other non-current provisions

At 31 December 2011, this item totaled €137,364 thousand, an increase of €117,292 thousand over 31 December 2010, and consisted of the following:

(€ thousand)	31 December 2010	Accruals	Utilizations	Other changes	31 December 2011
Provisions for employee benefits and similar	19,051	1,279	(7,339)	1,840	**14,831**
Provisions for stock option and stock grant plans	-	6,728	(3,483)	118,359	**121,604**
Other non-current provisions	1,021	-	(92)	-	**929**
Total provisions for employee benefits and other non-current provisions	**20,072**	**8,007**	**(10,914)**	**120,199**	**137,364**

Provisions for employee benefits and similar provisions

The Company provides post-employment benefits to employees, either directly or through contributions to independently administered funds.

Those benefits are generally based on individual compensation and length of service. Existing obligations relate to both active employees and retirees and include both defined contribution and defined benefit plans.

In relation to defined contribution plans, the Company pays contributions to publicly or privately-administered pension institutions on the basis of legal and contractual obligations, as well as on a voluntary basis. Once those contributions have been made, the Company has no further obligation. Liabilities for contributions due but unpaid at the balance sheet date are included under other debt (see Note 26). The cost for the period is based on services rendered by the employee for the period and recognized under personnel costs (see Note 5).

For defined benefit plans, the liability is determined on an actuarial basis, using the Projected Unit Credit Method. Any resulting actuarial gains and losses are accounted for using the corridor approach.

Finally, the Company also grants certain other deferred benefits to employees, which are generally paid when the employee has completed a pre-determined length of service. Measurement of the related obligation reflects the probability of payment and the period over which the benefit will be paid. Provisions for those obligations are calculated on an actuarial basis using the Projected Unit Credit Method. The corridor approach is not applied for actuarial gains and losses related to such obligations.

Changes in provisions for employee benefits during the year were as follows:

(€ thousand)	31 December 2010	Accruals	Utilizations	Other changes	31 December 2011
Post-employment benefits:					
- Leaving entitlement (TFR)	5,578	103	(1,274)	420	**4,827**
- Other	12,513	1,121	(5,896)	1,344	**9,082**
Total post-employment benefits	18,091	1,224	(7,170)	1,764	**13,909**
Other long-term employee benefits	960	55	(169)	76	**922**
Total provisions for employee benefits and similar provisions	**19,051**	**1,279**	**(7,339)**	**1,840**	**14,831**

Calculations for post-employment benefits and other long-term employee benefits are based on the following actuarial assumptions:

	31 December 2011	31 December 2010
Discount rate	3.90%	3.83%
Rate of future salary increases	3.20%	2.06%
Inflation rate	2.00%	2.00%
Maximum retirement age	Years: 60(F)/65(M)	Years: 60(F)/65(M)
Mortality rate	SI08	SI02
Average rate of annual departures	10.45%	9.34%

Provisions for employee benefits and similar relate to the following:

Leaving entitlement (TFR)
The provision for leaving entitlements (TFR) represents benefits payable to employees under Italian law (amended by Law 296/06) accrued prior to 1 January 2007, which are paid to employees when they leave the Company. Under certain conditions, employees may receive a partial advance on those benefits while they are still in the Company's employ. This is an unfunded defined benefit plan, as the benefits have already been almost entirely earned, with the sole exception of future revaluations.

Other
The item other includes post-employment benefits accrued by employees, former employees and the Chief Executive Officer following additional or individual labor agreements. Such schemes are unfunded.

Other long-term employee benefits
This item mainly includes benefits which are due to employees who have completed a determined length of service.

At 31 December 2011 and 2010, provisions for post-employment benefits consisted of the following:

	Leaving entitlement (TFR)		Other		Total	
(€ thousand)	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Present value of unfunded defined benefit plan obligations	4,436	4,993	9,733	11,736	14,169	16,729
Unrecognized actuarial gains/(losses)	391	585	(651)	777	(260)	1,362
Net liability	**4,827**	**5,578**	**9,082**	**12,513**	**13,909**	**18,091**

Amounts recognized in the income statement for post-employment benefits were as follows:

	Leaving entitlement (TFR)		Other		Total	
(€ thousand)	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Service cost:						
- Current service cost	-	-	1,030	919	1,030	919
- Net actuarial (gains)/losses recognized during the year	(9)	(9)	(98)	-	(107)	(9)
Total service cost	(9)	(9)	932	919	923	910
Interest costs	112	191	190	326	302	517
Total cost/(return) for post-employment benefits	**103**	**182**	**1,122**	**1,245**	**1,225**	**1,427**

The items current service cost and net actuarial (gains) losses recognized during the year are recorded in the income statement item personnel costs (see Note 5) if relating to employees and in other operating costs (see Note 6) if relating to the Chief Executive Officer.

Associated interest costs are recognized in the income statement under financial income/(expense) (see Note 7).

Changes in the present value of post-employment benefit obligations are as follows:

	Leaving entitlement (TFR)		Other		Total	
(€ thousand)	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Present value of obligation at the beginning of the year	4,993	6,280	11,736	17,486	16,729	23,766
Current service cost	-	-	1,030	919	1,030	919
Interest costs	112	191	190	326	302	517
Actuarial (gains)/losses arising during the year	1,331	957	2,563	(1,890)	3,894	(933)
Benefits paid	(2,608)	(2,456)	(5,947)	(5,132)	(8,555)	(7,588)
Other changes	608	21	161	27	769	48
Present value of obligation at year end	**4,436**	**4,993**	**9,733**	**11,736**	**14,169**	**16,729**

The present value of defined benefit obligations in 2011 and the three previous years is as follows:

(€ thousand)	31 December 2011	31 December 2010	31 December 2009	31 December 2008
Present value of obligation at year end:				
- Leaving entitlement (TFR)	4,436	4,993	6,280	6,334
- Others	9,733	11,736	17,486	18,679
Total	**14,169**	**16,729**	**23,766**	**25,013**

Gains and losses arising from differences between actuarial assumptions made at the beginning of the period and the actual experience during the period are as follows:

(€ thousand)	2011	2010
Experience adjustments actuarial (gains)/losses:		
- Leaving entitlement (TFR)	1,343	806
- Others	2,580	(612)
Total effect on present value of obligation	**3,923**	**194**

Provisions for stock option and stock grant plans
At 31 December 2011, this item totaled €121,604 thousand and represented the liability arising from the obligation, following the Demerger, to deliver Fiat Industrial S.p.A. shares to cover a portion of the stock option and stock grant plans.

Changes in provisions for stock option and stock grant plans for the year were as follows:

(€ thousand)	Opening balance	Accruals	Utilizations	Fair value adjustments	31 December 2011
Provisions for stock option and stock grant plans	**164,252**	**6,728**	**(3,483)**	**(45,893)**	**121,604**

As indicated previously, in accordance with IFRS 2 and IAS 39 the portion of the plans covered by Fiat Industrial S.p.A. shares was initially reclassified from the stock option reserve and measured based on the pro rata book value of that reserve, determined on the basis of the relative market price of Fiat and Fiat Industrial shares on the date Fiat Industrial S.p.A. shares commenced trading. The liability was immediately remeasured at fair value (€164,252 thousand) and a corresponding entry made to retained profit (see Note 19). For the stock grant plan, the fair value of the liability is equivalent to the market value of Fiat Industrial shares. For the stock option plans, the calculation assumed that the exercise price of the options was equal to the par value of Fiat Industrial shares. Following initial recognition, the notional cost of the stock grants vested (€6,728 thousand) and the decrease in fair value of the liability (-€45,893 thousand) were recognized through the income statement. Finally, utilizations during the year (€3,483 thousand) were essentially due to the sale of Fiat Industrial shares following the exercise of 433,125 options under the November 2006 stock option plan for managers.

Other non-current provisions
At 31 December 2011, this item totaled €929 thousand (€1,021 thousand at 31 December 2010) and mainly relates to future amounts to be paid to employees who left the Company in previous years under a long-term benefit program which bridges the period prior to retirement.

During 2010, changes in provisions for employee benefits and other non-current provisions were as follows:

(€ thousand)	31 December 2009	Accruals	Utilizations	Other changes	31 December 2010
Provisions for employee benefits and similar	24,196	1,623	(5,217)	(1,551)	**19,051**
Other non-current provisions	1,245	-	(224)	-	**1,021**
Total provisions for employee benefits and other non-current provisions	**25,441**	**1,623**	**(5,441)**	**(1,551)**	**20,072**

21. Non-current debt

At 31 December 2011, non-current debt totaled €2,162,892 thousand, a decrease of €398,550 thousand over 31 December 2010, and included the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Debt payable to Group companies	2,150,000	2,550,000	(400,000)
Financial guarantees	12,892	11,442	1,450
Total non-current debt	**2,162,892**	**2,561,442**	**(398,550)**

Debt payable to Group companies related to euro-denominated loans received from Fiat Finance S.p.A. in prior periods with original maturity over 12 months. Given the regular provision of medium/long-term financing by Fiat Finance S.p.A., which is typically renewed, amounts due within 12 months are also included under non-current debt. Interest is payable on those loans at rates between 6.77% and 7.18%. Changes during the year included repayment of a 6.85% fixed-rate loan for €400 million, disbursed on 24 May 2006 and maturing on 25 May 2011.

The breakdown of loans by maturity is as follows:

(€ thousand)	31 December 2011
Maturing in 2012	1,150,000
Maturing in 2013	1,000,000
Total debt payable to Group companies	**2,150,000**

The fair value of these loans at 31 December 2011 was €2,163 million and was calculated using market rates of interest appropriately adjusted to reflect the credit spreads applicable to Fiat at the balance sheet date.

The item financial guarantees represents the fair value of the liabilities assumed in relation to guarantees issued. Following an assessment of potential risks requiring recognition of contingent liabilities and given that those liabilities essentially related to guarantees provided on loans to Group companies, the present value of fees receivable (see other financial assets in Note 12) is considered the best estimate of the fair value of those guarantees.

The breakdown by maturity date is as follows:

(€ thousand)	31 December 2011	31 December 2010
Financial guarantees		
due within one year	3,920	3,593
due after one year but within five years	8,888	7,746
due beyond five years	84	103
Total	**12,892**	**11,442**

22. Other non-current liabilities

At 31 December 2011, other non-current liabilities totaled €18,214 thousand, representing a net increase of €4,653 thousand over 31 December 2010.

The item consisted of the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Non-current post-employment benefits to be paid:			
to a former Chief Executive Officer	4,069	4,385	(316)
to former employees	14,145	9,176	4,969
Total other non-current liabilities	**18,214**	**13,561**	**4,653**

The item non-current post-employment benefits to be paid represents the present value of benefits (see Note 20) to be paid to a former Chief Executive Officer and management personnel that have left the Company.

A breakdown of other non-current liabilities by due date is as follows:

(€ thousand)	31 December 2011	31 December 2010
Other non-current liabilities		
due within one year	1,050	819
due after one year but within five years	5,834	4,550
due beyond five years	11,330	8,192
Total	**18,214**	**13,561**

23. Provisions for employee benefits and other current provisions

At 31 December 2011, this item totaled €19,380 thousand, a net increase of €10,106 thousand over 31 December 2010, and consisted of the following:

(€ thousand)	31 December 2010	Accruals	Utilizations and Other changes	31 December 2011
Provisions for employee bonuses and similar provisions	9,274	10,998	(892)	19,380
Total provisions for employee benefits and other current provisions	**9,274**	**10,998**	**(892)**	**19,380**

This item essentially reflects the best estimate for the variable compensation component.

Changes in provisions for employee benefits and other current provisions during 2010 were as follows:

(€ thousand)	31 December 2009	Accruals	Utilizations and Other changes	31 December 2010
Total provisions for employee benefits and other current provisions	**8,464**	**8,919**	**(8,109)**	**9,274**

24. Trade payables

At 31 December 2011, trade payables totaled €19,398 thousand, a net decrease of €21,613 thousand over 31 December 2010, and consisted of the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Trade payables to third parties	14,149	38,747	(24,598)
Trade payables to Group companies and other related parties for goods and services	5,249	2,264	2,985
Total trade payables	**19,398**	**41,011**	**(21,613)**

Trade payables to third parties primarily relate to amounts payable and approved for services and amounts due to CAV.E.T. and CAV.TO.MI. in relation to the work performed over the latter part of the year (see Note 14).

Trade payables are due within one year and their carrying amount at the reporting date is deemed to approximate their fair value.

25. Current debt

At 31 December 2011, current debt totaled €1,075,432 thousand, representing a net increase of €780,840 thousand over 31 December 2010, and related to:

(€ thousand)	31 December 2011	31 December 2010	Change
Intercompany debt:			
- Loans from Fiat Finance S.p.A.	1,000,000	100,000	900,000
- Liabilities arising from derivative financial instruments	19,969	-	19,969
- Accrued interest expense	30,777	47,507	(16,730)
Total intercompany debt	1,050,746	147,507	903,239
Debt payable to third parties:			
- Debt relating to exercise of call option on Ferrari S.p.A. shares	-	122,399	(122,399)
- Advances on factored receivables	24,686	24,686	-
Total debt payable to third parties	24,686	147,085	(122,399)
Total current debt	**1,075,432**	**294,592**	**780,840**

Loans from Fiat Finance relates to financing in euros from Fiat Finance S.p.A. at fixed market rates and due the following year.

At 31 December 2011, liabilities arising from derivative financial instruments represents the fair value of the two equity swaps on Fiat and Fiat Industrial S.p.A. shares entered into with major banks by Fiat Finance S.p.A., under instruction from Fiat S.p.A., to hedge against an increase in the share price above the exercise price of the stock options granted to the Company's Chief Executive Officer in 2006, as described in Note 7. The fair value of those equity swaps was based on market quotations at the balance sheet date. At 31 December 2010, the fair value of the equity swaps was positive and, therefore, they were recognized as an asset (see Note 15).

At 31 December 2010, "Debt relating to the exercise of call option on Ferrari S.p.A. shares", totaling €122,399 thousand, related to the payable recognized following exercise (in July 2010) of the call option on the 5% of Ferrari S.p.A.'s shares held by Mubadala Development Company PJSC (see Note 12). That amount represented the exercise price paid by Fiat S.p.A. in March 2011 upon delivery of the shares.

Advances on factored receivables relates to advances on IRES receivable (see Note 16).

Current debt is denominated in euros. The carrying amount of that debt is deemed to be in line with its fair value.

26. Other debt

At 31 December 2011, other debt amounted to €332,595 thousand, a net decrease of €35,813 thousand over 31 December 2010, and included the following:

(€ thousand)	31 December 2011	31 December 2010	Change
Advances	**940**	**2,009**	**(1,069)**
Other debt:			
- Debt payable to Group companies and other related parties			
- Consolidated VAT	**158,260**	131,408	26,852
- Consolidated IRES	**158,271**	211,576	(53,305)
- Other debt payable to Group companies and other related parties	**1,975**	104	1,871
- Total debt payable to Group companies and other related parties	**318,506**	**343,088**	**(24,582)**
- Social security payables	**1,811**	1,837	(26)
- Current amounts payable to employees, directors and statutory auditors	**4,262**	13,038	(8,776)
- Dividends payable	**376**	330	46
- Other	**377**	937	(560)
Total other debt	**325,332**	**359,230**	**(33,898)**
Taxes payable:			
- VAT payable	**3,675**	2,388	1,287
- Taxes withheld on payments to employees and independent contractors	**2,144**	4,245	(2,101)
- Other	**441**	432	9
Total taxes payable	**6,260**	**7,065**	**(805)**
Accrued expenses and deferred income	**63**	**104**	**(41)**
Total other debt	**332,595**	**368,408**	**(35,813)**

Advances

This item consists of the difference between inventories and progress payments and contractual advances received from the customer Treno Alta Velocità – T.A.V. S.p.A. (merged into Rete Ferroviaria Italiana S.p.A. as of 31 December 2010) for contract work in progress and is made up as follows:

(€ thousand)	31 December 2011	31 December 2010	Change
Contract work in progress	**244,331**	242,709	1,622
Less: Net advances for work completed	**245,130**	244,479	651
Gross amount due to the customer	**799**	1,770	(971)
Net contractual advances	**141**	239	(98)
Total advances	**940**	**2,009**	**(1,069)**

The item relates to contracts for the high speed railway project between Fiat S.p.A. and Treno Alta Velocità – T.A.V. S.p.A. (which was in turn engaged by F.S. S.p.A.), for the operational engineering and construction of two lines (Bologna-Florence and Turin-Milan, the latter divided into two sub-lines: Turin-Novara and Novara-Milan). At 31 December 2011, the contractual amounts (including for additional work, monetary adjustments and other contractual amounts) totaled €5,210 million for the Bologna-Florence line and €2,284 million for the Milan-Novara sub-line. The contractual amount for the Turin-Novara sub-line (project completed and accounting closed at the end of 2009) was €4,669 million.

As part of such project, Fiat S.p.A., as the general contractor, engaged CAV.E.T. and CAV.TO.MI. for the engineering and construction activities, retaining all work coordination, organizational and management activities. Contract work in progress therefore reflects the fees earned by Fiat S.p.A. in the form of a percentage (approximately 3.5%) of the contractual amounts, for the activities directly carried out. The work is paid through progress payments made by the customer to Fiat S.p.A. based on the stage of completion of the works and advance payments, which Fiat S.p.A. then pays over to CAV.E.T. and CAV.TO.MI. net of its contractual percentage earned.

These amounts may be analyzed by line as follows:

(€ thousand)	31 December 2011	31 December 2010	Change
Contract work in progress	**244,331**	**242,709**	**1,622**
- Florence-Bologna line	161,777	161,110	667
- Novara-Milan line	82,554	81,599	955
Less: Net advances for work completed	**245,130**	**244,479**	**651**
- Florence-Bologna line	162,294	161,829	465
- Novara-Milan line	82,836	82,650	186
Gross amount due to the customer	**799**	**1,770**	**(971)**
- Florence-Bologna line	517	719	(202)
- Novara-Milan line	282	1,051	(769)

Contract work in progress is measured on the basis of the stage of completion in relation to the sales price, which in this case is the consideration contractually agreed for the activities directly carried out by Fiat S.p.A. Contract costs relating to the contract revenue recognized totaled €98,106 thousand at 31 December 2011 (€97,258 thousand at 31 December 2010). Changes in contract work in progress have been recognized in the income statement under the item other operating income (see Note 4). When the lines are contractually completed, the final contractual revenues for the activities directly carried out are recognized in the income statement under other operating income, net of any decrease in inventories. At the same time, the accounts for inventories and amounts classified as advances are closed.

In 2009, the Secondary Final Test Certificate relating to the completion of residual work on the Turin-Novara line was signed, representing the final contractual document for the work on the Turin-Novara line, and the project was closed from an accounting perspective (the Principal Final Test Certificate had already been signed in 2006, year in which the line was opened to the public).

Net advances for work completed were as follows:

	Advances received from customers		Advances paid to suppliers		Net advances for work completed	
(€ thousand)	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Florence-Bologna line	5,203,837	5,177,313	5,041,543	5,015,484	162,294	161,829
Novara-Milan line	2,276,845	2,268,473	2,194,009	2,185,823	82,836	82,650
Progress payments for work completed	**7,480,682**	**7,445,786**	**7,235,552**	**7,201,307**	**245,130**	**244,479**

Advances relate to amounts received as down payments from the customer T.A.V. S.p.A. at the commencement of the contracts, which are then recovered as the work progresses. Amounts were as follows:

	Contractual advances received from customers		Contractual advances paid to suppliers		Net contractual advances	
(€ thousand)	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Florence-Bologna line	71	993	69	955	2	38
Novara-Milan line	5,812	7,914	5,673	7,713	139	201
Contractual advances	**5,883**	**8,907**	**5,742**	**8,668**	**141**	**239**

At 31 December 2011, bank guarantees and sureties totaling €666 million were given by Fiat S.p.A. to T.A.V. S.p.A. against contractual advances received, performance of the work and withholding amounts on progress payments. Under agreements entered into with the consortia mentioned and the institutions issuing the guarantees, €643 million of the total represents the direct liability of the consortia towards the issuing banks and insurance companies, with no joint responsibility on the part Fiat S.p.A.

More specifically, €262 million in guarantees provided by Fiat S.p.A. to T.A.V. S.p.A. relate to the Bologna-Florence line, €393 million to the Novara-Milan sub-line and €11 million to the Turin-Novara sub-line (remaining guarantees issued on the final work subject to testing in 2009).

Indemnities assumed directly by the CAV.E.T. consortium amounted to €254 million, while those for the CAV.TO.MI. consortium totaled €378 million for the Novara-Milan sub-line and €11 million for the Turin-Novara sub-line.

Release of these guarantees is usually linked to the formal testing (Final Test Certificates) required contractually for acceptance of the work by the customer and expiry of the subsequent two-year period for the technical and functional warranties issued, unless other specific conditions have been agreed.

Finally, for those lines where work was still in progress at year end (Bologna-Florence and Novara-Milan) the lines were formally handed over to T.A.V. S.p.A. in 2009 and the high-speed line was opened to the public, following the favorable technical opinion received from the Testing Commissions. However, since at 31 December 2011 (as also at 31 December 2010), activities to complete the ancillary work and cleanup, in addition to the contractual obligation for final approval of the work (Final Principal and/or Secondary Test Certificates) and to release the bank guarantees were still in progress, from an accounting perspective the project remained open at that date.

Taxes payable and other debt
The principal items were as follows:

At 31 December 2011, debt payable to Group companies and other related parties for consolidated VAT, totaling €158,260 thousand (€131,408 thousand at 31 December 2010), related to VAT credits of Italian subsidiaries transferred to Fiat S.p.A. as part of the VAT consolidation, in addition to prior year amounts due to former subsidiaries transferred to Fiat Industrial Group under the Demerger.

At 31 December 2011, debt payable to Group companies and other related parties in connection with the IRES tax consolidation amounting to €158,271 thousand (€211,576 thousand at 31 December 2010) relates solely to Group companies and represents the remuneration due for the tax losses contributed by the Italian subsidiaries to the domestic tax consolidation for 2011, the IRES tax credits of the Italian subsidiaries transferred to Fiat S.p.A. as part of the tax consolidation procedure for 2011 and debt relating to the domestic tax consolidation for 2010.

Taxes payable and other debt are all due within one year and their carrying amount is deemed to approximate their fair value.

27. Guarantees granted, commitments and contingent liabilities

Guarantees issued
The breakdown of guarantees issued is as follows:

(€ thousand)	31 December 2011	31 December 2010	Change
Guarantees issued			
Sureties			
- on behalf of Group companies	230,100	251,666	(21,566)
- on behalf of third parties	886	1,134	(248)
Total sureties	230,986	252,800	(21,814)
Other guarantees			
- on behalf of Group companies	11,684,864	14,878,826	(3,193,962)
- on behalf of third parties	-	-	-
Total other guarantees	11,684,864	14,878,826	(3,193,962)
Total guarantees issued	**11,915,850**	**15,131,626**	**(3,215,776)**

At 31 December 2011, guarantees issued totaled €11,915.9 million, a decrease of €3,215.8 million over 31 December 2010, attributable principally to the effects of the Demerger and the repayment of credit lines resulting from the decrease in borrowing requirements relating to the reduction in the scope of operations. Guarantees outstanding at 31 December 2010 (totaling approximately €1,320.0 million) that had been issued on behalf companies transferred to Fiat Industrial Group as a result of the Demerger were either extinguished in 2011, following repayment of the underlying financing or transfer to Fiat Industrial S.p.A., resulting in Fiat S.p.A. being released from its obligation.

Guarantees outstanding at 31 December 2011 were as follows:

Sureties
At 31 December 2011, sureties totaled €231.0 million, a decrease of €21.8 million over 31 December 2010.

This amount mostly relates to sureties provided on behalf of Group companies on Billets de Trésorerie issued (Fiat Finance and Trade Ltd S.A. €39.3 thousand), medium- to long-term loans granted by banks (€6.0 million) and lease payments on property (€184.8 million). Sureties granted to third parties relate to the remaining interest-bearing certificates issued by Sava and not yet redeemed.

Other guarantees
At 31 December 2011, other guarantees totaled €11,684.9 million, a decrease of €3,194.0 million over 31 December 2010.

All guarantees were issued on behalf of Group companies and consisted of the following:

- €1,169.2 million for loans (Fiat Finance S.p.A. €650.0 million, Fiat Automoveis S.A. - FIASA €284.2 million, Fiat Automobiles Serbia Doo €175.0 million, Fiat Finance and Trade Ltd S.A. €60.0 million)
- €9,025.0 million for bonds issued (Fiat Finance and Trade Ltd S.A. €7,994.0 million, Fiat Finance North America Inc. €1,031.0 million)
- € 533.3 million for credit lines (Fiat Finance S.p.A. €431.0 million, Fiat Finance North America Inc. 77.3 million, Fiat Finance and Trade Ltd S.A. €25.0 million)
- € 953.7 million for VAT receivables related to the VAT consolidation, pursuant to the Ministerial Decree of 13 December 1979 (as subsequently amended), and €3.7 million for other guarantees

In addition:

- Fiat S.p.A. issued guarantees in connection with agreements signed with a syndicate of Italian and international banks (lead-managed by Citibank International) for a three-year €1,950 million facility for Fiat Finance S.p.A. and other Group companies. At 31 December 2011, this facility remained undrawn
- in 2005, in relation to the advance received by Fiat Partecipazioni S.p.A. on the consideration for the sale of the aviation business, Fiat S.p.A. is jointly and severally liable with Fiat Partecipazioni S.p.A. to the purchaser, Avio Holding S.p.A., should Fiat Partecipazioni S.p.A. fail to honor (following either an arbitration award or an out-of-court settlement) undertakings provided in relation to the sale and purchase agreement signed in 2003. Similarly, in connection with sale of a controlling interest in its rail business, Fiat S.p.A. provided guarantees to the purchaser, Alstom N.V., for any failure of the seller (now Fiat Partecipazioni S.p.A.) to meet its contractual obligations

Commitments
In implementation of the resolution of the Board of Directors dated 18 February 2011 – and as part of the framework of the Partnership and Cooperation Agreement signed on 28 March 2011 by Politecnico di Torino, Fiat S.p.A., University of Windsor (Canada) and Chrysler for an International Masters in Automotive Engineering – Fiat S.p.A. and Politecnico di Torino renewed their cooperation agreement relating to courses in Automotive Engineering. The agreement covers a period of four academic years, from 1 October 2010 to 30 September 2014, under which Fiat S.p.A. will contribute €1.85 million per academic year (for a total of €7.4 million) up to 20% of which may be through contributions-in-kind (purchase of goods and services from third parties, provision of services or availability of assets, etc.).

Teksid
Fiat S.p.A. is subject to a put option held by Renault (with reference to the original 33.5% investment in Teksid, now 15.2%).

In particular, Renault has the right to sell its interest in Teksid to Fiat in the event of:

- a breach in application of the protocol agreement and admission to receivership or other administrative proceeding
- Renault's investment in Teksid falling below 15% or Teksid deciding to make a significant strategic investment outside the foundry sector
- control of Fiat being acquired by another automaker

The exercise price of the option is established as follows:

- for the original 6.5% of the share capital of Teksid, the initial investment price increased by a given interest rate
- for the remaining amount of share capital of Teksid, the share of the accounting net equity at the exercise date

Contingent liabilities
In connection with significant asset divestitures carried out in prior years, Fiat S.p.A. directly or indirectly through its subsidiaries provided indemnities to purchasers with the maximum amount of potential liability under these contracts generally capped at a percentage of the purchase price. These liabilities primarily relate to liabilities potentially arising from a breach of representations and warranties under these contracts and, in certain instances, environmental or tax matters, generally for a limited period of time. At 31 December 2011, potential obligations relating to these indemnities were approximately €360 million (approximately €800 million at 31 December 2010), net of provisions set aside by individual companies. Certain other indemnities have been provided that do not limit potential payment and, as such, it is not possible to estimate the maximum potential future payments that could result from claims made under these indemnities.

Certain claims for damages are still pending against Fiat S.p.A. Given this fact and the specific conditions of the related proceedings, the possible outcome of this situation cannot be reasonably estimated and, therefore, the likelihood of any costs to be borne by the Company cannot be determined.

28. Information on financial risks

Fiat S.p.A. measures and manages financial risks in accordance with Group policy.

The major categories of risk to which the Company is exposed are set out below.

Credit risk

At 31 December 2011, Fiat S.p.A.'s maximum nominal credit exposure consisted of the carrying amounts of financial assets and the par value of guarantees issues (as discussed in Note 27).

Amounts receivable at the balance sheet date are essentially due from Group companies and related parties, from the tax authorities and from Rete Ferroviaria Italiana S.p.A. (formerly T.A.V. S.p.A.). The risk on receivables from the latter company is limited to the margin earned by Fiat S.p.A. (of approximately 3.5%), since a condition for the settlement of payables to consortium companies is the receipt of the amounts due from Rete Ferroviaria Italiana S.p.A.

Guarantees issued were mainly on behalf of Group companies.

At 31 December 2011, there were no material amounts past due.

Liquidity risk

Liquidity risk arises if the Company is unable to obtain, at economically viable terms, the funding needed to carry out its activities.

Fiat S.p.A. participates in the Group's centralized treasury management and, as a result, the liquidity risk to which it is exposed is strictly correlated to that which the Fiat Group is exposed to as a whole.

The two principal factors determining the Group's liquidity position are, on one side, the cash generated by or used in operating and investing activities and, on the other, the maturity and renewal profile of debt and invested liquidity and prevailing market conditions.

The Group has adopted a series of policies and procedures to optimize management of financial resources and to reduce liquidity risk by:

- centralizing management of collections and payments, where it may be economically beneficial in relation the legal and tax environment and currency conditions in countries where it is present
- maintaining an adequate level of available liquidity
- diversifying sources of funding and maintaining a continuous and active presence in the capital markets
- obtaining adequate credit lines, and
- monitoring future liquidity based on corporate planning

Management believes that the funding currently available, in addition to cash generated by operating and financing activities, will enable the Group to meet the requirements of its investing activities and working capital needs and to meet its scheduled debt repayment obligations.

Currency risk

At 31 December 2011, Fiat S.p.A. had no significant receivable, payable or derivative positions that were exposed to currency risk.

Interest rate risk

Fiat S.p.A. satisfies its financing requirements through the Group's centralized treasury management system.

In particular:

- non-current debt partly consists of fixed rate loans from Fiat Finance S.p.A. (see Note 21). The change in fair value of these loans resulting from a hypothetical, immediate and adverse change of 10% in market interest rates would have been approximately €6 million (€8 million at 31 December 2010)

- current financial receivables principally consist of current account deposits with Fiat Finance S.p.A. (see Note 15), while current debt consists mainly of loans received from Fiat Finance S.p.A. and liabilities related to advances on the sale of receivables to banks (see Note 25). In addition, non-current debt to Fiat Finance S.p.A. (see Note 21) include variable rate loans. The cost of these positions is affected by changes in short-term interest rates. For short-term or variable rate transactions, a hypothetical, immediate and adverse change of 10% in short-term interest rates would have led to pre-tax net financial expense being approximately €2 million higher on an annualized basis (approximately €1 million at 31 December 2010)

Other risks relating to derivative financial instruments
As discussed in Note 7, Fiat S.p.A. holds certain derivative financial instruments whose value is linked to the trends in the price of listed shares (equity swaps on Fiat and, following the demerger, Fiat Industrial shares). Although these transactions were entered into for hedging purposes, they do not always qualify for hedge accounting under IFRS. As a result, fluctuations in their value could affect the Company's results.

Assuming an immediate and adverse change in the market value of Fiat and Fiat Industrial shares of 10%, the potential loss in fair value of derivative financial instruments held by the Company at 31 December 2011 would total approximately €17 million (€32 million at 31 December 2010). The decrease over the prior year is attributable to the change in the share price at the balance sheet date (used as the basis for the sensitivity analysis) and the lower notional value.

29. Fair value hierarchy

IFRS 7 requires financial instruments recognized at fair value in the statement of financial position to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value. This hierarchical classification applies the following levels:

- Level 1 – quoted prices in active markets for the asset or liability being measured
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) on the market
- Level 3 – inputs that are not based on observable market data

The following table provides the classification of financial instruments measured at fair value at 31 December 2011 according to this fair value hierarchy.

(€ thousand)	Note	Level 1	Level 2	Level 3	Total
Assets at fair value:					
Investments in other companies (available for sale) recognized at fair value directly in equity or through profit and loss	(11)	255,360	9,795	-	**265,155**
Derivative financial assets (current)	(15)	-	38,327	-	**38,327**
Total assets		**255,360**	**48,122**	**-**	**303,482**
Liabilities at fair value					
Derivative financial liabilities (current)	(25)	-	19,969	-	**19,969**
Total liabilities		**-**	**19,969**	**-**	**19,969**

In 2011, there were no transfers from Level 1 to Level 2 of the fair value hierarchy or vice versa.

30. Intercompany and related-party transactions

Intercompany and related-party transactions for Fiat S.p.A. consist for the most part of transactions carried out with the Company's subsidiaries, on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

The effects of these transactions on the single items of the 2011 and 2010 financial statements, which may also be found in the supplementary financial statements and in the explanatory Notes, is summarized in the following tables:

Counterparty	Other operating income		Personnel costs		Other operating costs		Financial income/(expense)	
(€ thousand)	2011	2010	2011	2010	2011	2010	2011	2010
Abarth & C. S.p.A.	405	429	-	-	1	1	-	-
Banco CNH Capital S.A.	-	-	-	-	-	-	-	400
CNH Global N.V.	-	-	-	-	-	-	-	125
CNH Italia S.p.A.	-	1,051	-	-	-	54	-	7
Comau S.p.A.	1,227	1,432	-	-	-	-	-	-
C.R.F. S.c.p.A.	70	504	-	-	133	-	-	-
Elasis S.c.p.A.	70	498	-	-	-	-	(5)	(5)
Ferrari S.p.A.	3,783	2,149	-	-	6	4	(1)	11
Fiat Argentina S.A.	-	-	-	-	121	121	-	-
Fiat do Brasil S.A.	-	-	-	-	86	-	-	-
Fiat Group Automobiles S.p.A.	20,499	21,251	-	-	347	240	85	98
Fiat Group Automobiles Belgium S.A.	1	-	-	-	110	139	-	-
Fiat Automoveis S.A. - FIASA	-	-	-	-	-	-	229	385
Fiat Finance S.p.A.	945	829	-	-	1,823	2,195	(429,750)	(188,225)
Fiat Finance and Trade Ltd S.A.	15	-	-	-	-	-	2,851	3,161
Fiat Finance North America Inc.	-	-	-	-	-	-	329	333
Fiat France	-	-	-	-	5	11	-	-
Fiat Services S.p.A.	423	951	-	-	1,472	1,420	(5)	(5)
Fiat Group Marketing & Corporate Comm. S.p.A.	746	536	-	-	4,688	4,989	(5)	(5)
Fiat Group Purchasing S.r.l.	1,711	2,618	-	-	13	9	-	(5)
Fiat Partecipazioni S.p.A.	796	155	-	-	2,835	2,523	-	1
Fiat Polska S.p. z.o.o.	256	254	-	-	-	5	-	-
Fiat Powertrain Technologies S.p.A.	2,155	4,617	-	-	-	8	(5)	(5)
Fiat-Revisione Interna S.c.r.l.	145	110	-	-	2,658	4,189	(5)	(5)
Fiat Servizi per l'Industria S.c.p.A.	32	31	-	-	1,298	1,441	(5)	(5)
FGA Capital S.p.A.	-	-	-	-	50	53	3	4
Fidis S.p.A.	435	427	-	-	-	-	(476)	(1,647)
Fiat Netherlands Holding N.V.	-	-	-	-	-	-	-	91,358
Fiat Gestione Partecipazioni S.p.A. (ex Iveco S.p.A.)	-	7,267	-	-	-	150	-	54
Leasys S.p.A.	6	-	-	-	1,378	1,770	-	-
Fiat I.T.E.M. S.p.A.	424	-	-	-	2,216	2,810	(5)	(5)
Maserati S.p.A.	683	699	-	-	-	-	-	14
Magneti Marelli S.p.A.	4,546	4,616	-	-	-	-	(5)	-
Orione S.c.p.A.	1	-	-	-	3,121	3,506	(5)	(5)
Risk Management S.p.A.	203	637	-	-	37	-	(4)	(3)
Fiat Group International S.A.	-	-	-	-	-	138	-	-
Sirio S.c.p.A.	79	58	-	-	1,704	1,218	(3)	-
Teksid S.p.A.	1,030	974	-	-	-	-	-	1
Other Group companies	66	30	-	-	258	205	250	195
Total Group companies	**40,752**	52,123	-	-	**24,360**	27,199	**(426,532)**	(93,773)
Other related parties	1,453	79	11,217	21,549	24,564	30,843	361	-
Total Group companies and other related parties	**42,205**	**52,202**	**11,217**	**21,549**	**48,924**	**58,042**	**(426,171)**	**(93,773)**
Total	45,331	61,762	35,172	43,385	80,473	101,591	(434,646)	(93,035)
% of total line item	**93%**	**85%**	**32%**	**50%**	**61%**	**57%**	**98%**	**100%**

The impact of intercompany and related-party transactions on the income statement, as detailed in the previous table, was also accompanied by the effect of the gains on disposals described in Note 3, particularly the €1,950 thousand gain on the sale of the investment in Fiat Finance North America Inc. to Fiat Finance and Trade Ltd S.A. and the €12,753 thousand gain on the sale of the investment in Fiat Switzerland S.A. to CNH International S.A. (a Fiat Industrial Group Company).

31 December 2011

Counterparty (€ thousand)	Other financial assets	Trade receivables	Current financial receivables	Other current receivables	Non-current employee provisions	Non-current debt	Other non-current liabilities	Trade payables	Current debt	Other debt
Fiat Group Automobiles S.p.A.	-	582	-	-	-	-	-	229	-	19
Fiat Finance S.p.A.	-	-	374,806	86	-	2,150,000	-	30	1,050,746	115
Fiat Group Marketing & C.C. S.p.A.	-	-	-	-	-	-	-	950	-	-
Fiat-Revisione Interna S.c.p.A.	-	-	-	-	-	-	-	-	-	1,889
Fiat Servizi per l'Industria S.c.p.A.	-	-	-	-	-	-	-	555	-	-
Fiat I.T.E.M. S.p.A.	-	-	-	-	-	-	-	222	-	-
Fiat Partecipazioni S.p.A.	-	-	-	-	-	-	-	1,158	-	-
Leasys S.p.A.	-	-	-	65	-	-	-	134	-	-
Sirio S.c.p.A.	-	-	-	-	-	-	-	842	-	-
Other Group companies	-	156	-	49	-	-	-	526	-	16
IRES tax consolidation	-	-	-	166,448	-	-	-	-	-	158,271
VAT consolidation	-	-	-	-	-	-	-	-	-	153,027
Financial guarantees	12,892	-	-	-	-	12,892	-	-	-	-
Total Group companies	**12,892**	**738**	**374,806**	**166,648**	**-**	**2,162,892**	**-**	**4,646**	**1,050,746**	**313,337**
Other related parties	-	1,681	-	1,479	123,341	-	2,994	603	-	5,471
Total Group companies and other related parties	**12,892**	**2,419**	**374,806**	**168,127**	**123,341**	**2,162,892**	**2,994**	**5,249**	**1,050,746**	318,808
Total	12,966	4,863	374,806	277,354	137,364	2,162,892	18,214	19,398	1,075,432	332,596
% of total line item	**99%**	**50%**	**100%**	**61%**	**90%**	**100%**	**16%**	**27%**	**98%**	**96%**

31 December 2010

Counterparty (€ thousand)	Other financial assets	Trade receivables	Current financial receivables	Other current receivables	Non-current employee provisions	Non-current debt	Other non-current liabilities	Trade payables	Current debt	Other debt
CNH Italia S.p.A.	-	-	-	7	-	-	-	-	-	104
Fiat Group Automobiles S.p.A.	-	56	-	-	-	-	-	151	-	-
Fiat Finance S.p.A.	-	-	311,526	88	-	2,550,000	-	-	147,507	39
Fiat Group Marketing & Corp.C. S.p.A.	-	-	-	-	-	-	-	783	-	-
Fiat-Revisione Interna S.c.r.l.	-	-	-	180	-	-	-	-	-	-
Fiat Servizi per l'Industria S.c.p.A.	-	-	-	-	-	-	-	145	-	-
Fiat Partecipazioni S.p.A.	-	-	-	-	-	-	-	121	-	-
Leasys S.p.A.	-	-	-	49	-	-	-	164	-	-
Sirio S.c.p.A.	-	-	-	-	-	-	-	537	-	-
Other Group companies	-	207	-	30	-	-	-	197	-	65
IRES tax consolidation	-	-	-	240,192	-	-	-	-	-	211,576
VAT consolidation	-	-	-	-	-	-	-	-	-	131,408
Financial guarantees	11,442	-	-	-	-	11,442	-	-	-	-
Total Group companies	**11,442**	**263**	**311,526**	**240,546**	**-**	**2,561,442**	**-**	**2,098**	**147,507**	**343,192**
Other related parties	-	79	-	-	13,128	-	-	166	-	8,308
Total Group companies and other related parties	**11,442**	**342**	**311,526**	**240,546**	**13,128**	**2,561,442**	**-**	**2,264**	**147,507**	**351,500**
Total	143,947	8,078	311,526	350,554	20,072	2,561,442	13,561	41,011	294,592	368,408
% of total line item	**8%**	**4%**	**100%**	**69%**	**65%**	**100%**	**0%**	**6%**	**50%**	**95%**

Items arising from the domestic tax consolidation (see Notes 16 and 26) and the consolidated VAT settlement (see Note 26) are not reported in the above tables, as they do not represent actual commercial transactions between Group companies but relate only to the financial treatment provided under the Italian tax code for relationships between Italian Group companies and the tax authorities. Similarly, balances relating to financial guarantees (offsetting assets and liabilities) are not broken down by counterparty, as they only represent the present value of estimated fees to be earned in future years and are considered not material (see Notes 12 and 21).

Details of the most significant transactions between Fiat S.p.A. and Group companies summarized in the above tables are as follows:

- services provided by Fiat S.p.A. and management personnel at various Group companies (to Fiat Group Automobiles S.p.A., Magneti Marelli S.p.A., Ferrari S.p.A., Maserati S.p.A., Fiat Powertrain Technologies S.p.A., Fiat Group Purchasing S.r.l., Teksid S.p.A., Comau S.p.A. and other minor companies)
- lease of property or office space (to Fiat Finance S.p.A., Fiat Group Marketing & Corporate Communication S.p.A., Fiat Partecipazioni S.p.A., Fiat I.T.E.M. S.p.A. and other minor companies) and the recovery of directors' fees and expenses
- provision of sureties and other guarantees (see Note 27) on issues of bonds and Billets de Trésorerie (Fiat Finance and Trade Ltd S.A. and Fiat Finance North America Inc.), bank loans and credit facilities (Fiat Finance and Trade Ltd S.A., Fiat Finance S.p.A., Fiat Automoveis S.A.- FIASA, Fiat Finance North America Inc. and other minor subsidiaries), property rental payments (Fiat Group Automobiles S.p.A. and its subsidiaries) and to tax authorities for Group company VAT credits
- management of current accounts, obtaining short- and long-term loans, management of derivative financial instruments and financial advisory services (Fiat Finance S.p.A.)

- purchases of administrative, tax, corporate assistance and consultancy services and related IT systems (Fiat Services S.p.A. and Fiat I.T.E.M. S.p.A.), public relations services (Fiat Group Marketing & Corporate Communication S.p.A.), personnel and other management services (Fiat Servizi per l'Industria S.c.p.A.), security services (Orione S.c.p.A. and Sirio S.c.p.A.), supervisory and internal audit services (Fiat-Revisione Interna S.c.p.A.), vehicle leases (Leasys S.p.A.), maintenance services and office space (Fiat Partecipazioni S.p.A.)

During 2011, intercompany transactions also related to management of the portfolio of investments in subsidiaries, whose effects on the Company's earnings and financial position were as described above, in particular:

- collection of dividends from investees (see Note 1)
- the sale, referred to above, of the investment in Fiat Finance North America Inc. to the subsidiary Fiat Finance and Trade Ltd S.A., as part of the reorganization of holdings in Group treasury companies
- subscription to capital increases of €120.0 million for Comau S.p.A., €70.0 million for Maserati S.p.A., and €30.0 million for Teksid Aluminum S.r.l. to strengthen their capital structure in consideration of their financial results (see Note 11)
- the purchase of the investments held in Fiat-Revisione Interna S.c.p.A. from other Group companies as part of the reorganization of consortium companies
- purchase from the subsidiaries Fiat-Revisione Interna S.c.p.A. and Fiat Finance S.p.A., with effect from 1 December 2011, of the business units providing internal audit and financial advisory services to Fiat S.p.A. and Group companies

Related-party transactions (as defined under IAS 24) not involving subsidiaries are reported above under "Other related parties". Those transactions essentially related to:

- lease of office space (to Fiat Industrial S.p.A., Fiat Industrial Finance S.p.A., Exor S.p.A. and Fondazione Giovanni Agnelli), provision of personnel management and other services (to Fiat Industrial S.p.A.) and recovery of costs
- maintenance of guarantees issued for credit facilities granted by banks on behalf of companies transferred to Fiat Industrial Group as a result of the Demerger (principally Banco CNH Capital S.A.) until the guarantee was taken on by Fiat Industrial S.p.A. with the release of Fiat S.p.A. from the guarantee obligation
- sale of the investment, as noted above, held in Fiat Switzerland S.A. to CNH International S.A. (Fiat Industrial Group) as part of the reorganization of the activities carried out by local service companies for Fiat Group and Fiat Industrial Group
- purchase of services provided by management personnel (Fiat Industrial S.p.A.)
- professional and advisory services and services as secretary of the Board of Directors and sub-committees provided to Fiat S.p.A. by Mr. Franzo Grande Stevens (€1,025 thousand)
- fees for the directors and statutory auditors of Fiat S.p.A., as well as the compensation component arising from stock option and stock grant plans for the Chief Executive Officer based on Fiat S.p.A. shares
- compensation due to Fiat S.p.A. executives with strategic responsibilities

31. Net financial position

Pursuant to the Consob Communication of 28 July 2006 and in compliance with the CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses issued on 10 February 2005, the net financial position of Fiat S.p.A. at 31 December 2011 is as follows:

(€ thousand)	31 December 2011	31 December 2010	Change
Cash and cash equivalents	744	240	504
Current financial receivables:	374,806	311,526	63,280
- from Group companies	374,806	311,526	63,280
- from third parties	-	-	-
Non-current debt:	(2,162,892)	(2,561,442)	398,550
- due to Group companies	(2,162,892)	(2,561,442)	398,550
- due to third parties	-	-	-
Current debt:	(1,075,432)	(294,592)	(780,840)
- due to Group companies	(1,050,746)	(147,507)	(903,239)
- due to third parties	(24,686)	(147,085)	122,399
Net financial position	**(2,862,774)**	**(2,544,268)**	**(318,506)**
- due to Group companies	(2,838,832)	(2,397,423)	(441,409)
- due to third parties	(23,942)	(146,845)	122,903
Net financial position subject to demerger	**-**	**(1,227,000)**	**1,227,000**
- due to Group companies	-	(1,227,000)	1,227,000
- due to third parties	-	-	-
Net financial position – Total	**(2,862,774)**	**(3,771,268)**	**908,494**
- due to Group companies	(2,838,832)	(3,624,423)	785,591
- due to third parties	(23,942)	(146,845)	122,903

32. Significant non-recurring transactions and unusual or abnormal transactions

During 2011, Fiat S.p.A. did not take part in any significant non-recurring transaction or unusual or abnormal transaction as defined in the Consob Communication of 28 July 2006.

33. Subsequent Events

- In January 2012, Fiat announced that the "Ecological Event" (3rd performance event established in the Amended and Restated LLC Operating Agreement) had been achieved, leading to a further 5% increase of its interest in Chrysler. Fiat currently has a 58.5% ownership interest in Chrysler. The VEBA Trust owns the remaining 41.5% of the equity in Chrysler.
- On January 18th, Fiat and Suzuki Motor Corporation reached an agreement for the supply of a 75 hp 1.3 MultiJet BS-IV Small Diesel Engine – to be produced under license by Fiat India Automobiles Limited, a joint venture between Fiat and Tata Motors – to Suzuki's affiliate company Maruti Suzuki India Limited (MSIL). Fiat India Automobiles Limited will supply MSIL up to 100,000 engines per year for a period of three years, commencing January 2012. The engine will equip Suzuki branded vehicles produced in India by MSIL for the domestic market.
- On February 1st at its Lingotto headquarters, Fiat met with trade unions that signed the company specific collective labor agreement, to present the Group's 2011 financial results. During the meeting, Fiat's CEO confirmed that investments for the Mirafiori plant in Turin would go ahead. Plans call for production of at least two new models for the export market, with production to reach 280,000 vehicles per year accompanied by a progressive return to full utilization of all plant employees. Investment is to commence in the second quarter of 2012 and retooling of the plant will be completed during 2013. Production of the first model (Fiat brand) is scheduled to begin in December 2013 and the second model (Jeep brand) is slated for production beginning in the second quarter of 2014. The CEO also confirmed that Mirafiori would continue production of the Alfa Romeo MiTo, for which a refresh is planned, as well as the Lancia Musa, on the basis of market demand. On the same occasion, it was announced that another 662 new employees would begin work at the Pomigliano Newco, bringing total employment at the plant to 1,845.
- On February 6th, Standard & Poor's announced that it had placed Fiat S.p.A.'s long-term debt rating (BB) under review for possible downgrade. The short-term rating was affirmed at B.
- On February 16th, Fiat S.p.A announced pricing of CHF 425,000,000 guaranteed 5.00% notes due September 2015, with an issue price of 100% of the principal amount. Closing is currently expected for 7 March 2012, in line with Swiss market practice. The notes will be issued by Fiat Finance and Trade Ltd. S.A. (a wholly-owned subsidiary of Fiat S.p.A.) under the GMTN Program guaranteed by Fiat S.p.A.
- On February 22nd, the Board of Directors of Fiat S.p.A., in confirmation of the resolution of 27 October 2011, called an Extraordinary General Meeting for approval of the conversion of preference and savings shares into Fiat S.p.A. ordinary shares. Holders of preference and savings shares will also be asked to approve the conversion at the respective Special Meetings. The Board also voted to submit a proposal to Shareholders for adoption of a Long Term Incentive Plan, in the form of grants of Fiat S.p.A. ordinary shares, linked to achievement of performance objectives and continuation of a professional relationship with the Group. Finally, the Board voted to submit a proposal to Shareholders for renewal of the authorization to purchase and dispose of own shares. For additional information, refer to Note 19.

List of equity investments with additional information required by Consob (Communication DEM/6064293 of 28 July 2006)

Subsidiaries

Company and registered office	Share Capital (*) (€)	Result for the latest financial year (*) (€)	Equity (*) (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
Fiat Group Automobiles S.p.A. – Turin						
At 31.12.10	745,031,979	369,666,285	2,275,872,823	100.00	745,031,979	5,524,081,024
At 31.12.11	**745,031,979**	**(791,190,074)**	**1,484,682,749**	**100.00**	**745,031,979**	**5,524,081,024**
Ferrari S.p.A – Modena						
At 31.12.10	20,260,000	157,928,154	688,350,809	85.00	6,888,400	1,055,203,823
acquisition				5.00	405,200	132,430,764
31.12.11	**20,260,000**	**176,591,960**	**664,936,050**	**90.00**	**7,293,600**	**1,187,634,587**
Maserati S.p.A. – Modena						
At 31.12.10	40,000,000	(7,742,674)	60,094,039	100.00	40,000,000	103,798,379
capital contribution						70,000,000
At 31.12.11	**40,000,000**	**(28,041,337)**	**102,052,702**	**100.00**	**40,000,000**	**173,798,379**
Fiat Gestione Partecipazioni S.p.A. – Turin						
At 31.12.10	369,500,000	1,365,468,716	1,822,817,580	100.00	369,500,000	1,833,631,676
transfer of activities from Fiat Partecipazioni S.p.A. to Fiat Gestione Partecipazioni S.p.A.					212,374,508	547,392,447
merger of Business Solutions S.p.A. into Fiat Gestione Partecipazioni S.p.A.						36,405,062
contribution of investment in Rimaco S.A.					32,197,079	32,197,079
impairment reversal						352,056,000
At 31.12.11	**614,071,587**	**33,175,919**	**2,363,561,882**	**100.00**	**614,071,587**	**2,801,682,264**
Fiat Powertrain Technologies S.p.A. – Turin						
At 31.12.10	525,000,000	(48,781,405)	789,820,309	100.00	750,000,000	568,912,584
At 31.12.11	**525,000,000**	**(144,436,576)**	**645,383,733**	**100.00**	**750,000,000**	**568,912,584**
Magneti Marelli S.p.A. – Corbetta						
At 31.12.10	254,325,965	32,732,151	387,782,736	99.99	254,301,607	611,854,217
Ordinary shares						
At 31.12.10				100.00	250,500,601	602,696,271
At 31.12.11				**100.00**	**250,500,601**	**602,696,271**
Preference shares						
At 31.12.10				99.36	3,801,006	9,157,946
At 31.12.11				**99.36**	**3,801,006**	**9,157,946**
At 31.12.11	**254,325,965**	**(9,087,570)**	**378,695,166**	**99.99**	**254,301,607**	**611,854,217**
Teksid S.p.A. – Turin						
At 31.12.10	71,403,261	1,885,946	147,207,779	84.79	60,543,388	76,083,758
At 31.12.11	**71,403,261**	**14,929,985**	**162,137,765**	**84.79**	**60,543,388**	**76,083,758**
Teksid Aluminum S.r.l. – Carmagnola						
At 31.12.10	5,000,000	(11,050,549)	10,207,825	100.00		38,692,021
capital contribution						30,000,000
impairment						(47,500,000)
At 31.12.11	**5,000,000**	**(39,572,964)**	**634,861**	**100.00**		**21,192,021**
Comau S.p.A. – Grugliasco						
At 31.12.10	48,013,959	(22,963,957)	97,405,643	100.00	48,013,959	124,950,496
capital contribution						120,000,000
impairment						(147,100,000)
At 31.12.11	**48,013,959**	**(144,690,594)**	**72,715,049**	**100.00**	**48,013,959**	**97,850,496**

(*) Figures taken from the separate financial statements of the subsidiaries
% owned by Fiat S.p.A.
Any indirect interest in the ordinary share capital of subsidiaries is also indicated

List of equity investments (continued)

Subsidiaries

Company and registered office	Share Capital (*) (€)	Result for the latest financial year (*) (€)	Equity (*) (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
Fiat Partecipazioni S.p.A. – Turin						
At 31.12.10	361,054,062	(27,721,564)	919,387,476	98.64	356,158,302	934,451,675
transfer of activities from Fiat Partecipazioni S.p.A. to Fiat Gestione Partecipazioni S.p.A.					(212,374,508)	(547,392,447)
At 31.12.11	**148,679,554**	**175,801,290**	**453,637,856**	**96.71**	**143,783,794**	**387,059,228**
				+3.29	**ind.**	
Fiat Finance S.p.A. – Turin						
At 31.12.10	224,440,000	17,292,422	271,046,902	100.00	224,440,000	222,262,897
At 31.12.11	**224,440,000**	**25,289,882**	**268,609,696**	**100.00**	**224,440,000**	**222,262,897**
Itedi – Italiana Edizioni S.p.A. – Turin						
At 31.12.10	5,980,000	(15,571,825)	10,601,365	100.00	5,980,000	25,899,105
At 31.12.11	**5,980,000**	**(5,141,785)**	**5,459,580**	**100.00**	**5,980,000**	**25,899,105**
Fiat U.S.A. Inc. – New York (USA)						
At 31.12.10	12,595,420	(25,650)	25,680,263	100.00	1,000	27,257,726
USD	16,830,000	(34,273)	34,313,967			
At 31.12.11	**13,007,188**	**(108,544)**	**26,411,254**	**100.00**	**1,000**	**27,257,726**
USD	**16,830,000**	**(140,445)**	**34,173,522**			
Isvor Fiat Società consortile di sviluppo e addestramento Industriale per Azioni – Turin						
At 31.12.10	300,000	(342,692)	1,441,947	3.00	9,000	-
At 31.12.11	**300,000**	**323,679**	**1,765,626**	**3.00**	**9,000**	**-**
				+97.00	**ind.**	
Fiat-Revisione Interna S.c.p.A. – Turin						
At 31.12.10	300,000	19,512	653,048	51.00	153,000	186,980
acquisition				20.00	60,000	130,600
At 31.12.11	**300,000**	**1,240,867**	**1,893,915**	**71.00**	**213,000**	**317,580**
				+13.00	**ind.**	
Fiat Servizi per l'Industria S.c.p.A. – Turin						
At 31.12.10	1,652,669	346,234	3,950,785	5.00	82,633	70,720
At 31.12.11	**1,652,669**	**160,478**	**4,111,263**	**5.00**	**82,633**	**70,720**
				+86.00	**ind.**	
Orione S.c.p.A.-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni – Turin						
At 31.12.10	120,000	148,809	705,634	18.00	21,603	21,108
At 31.12.11	**120,000**	**106,814**	**812,449**	**18.00**	**21,603**	**21,108**
				+79.58	**ind.**	
SIRIO - Sicurezza Industriale Società consortile per Azioni – Turin						
At 31.12.10	120,000	1,902,695	4,007,870	0.75	901	764
At 31.12.11	**120,000**	**381,911**	**4,389,781**	**0.75**	**901**	**764**
				+85.92	**ind.**	
Total subsidiaries						**11,725,978,457**

(*) Figures taken from the separate financial statements of the subsidiaries
% owned by Fiat S.p.A.
Any indirect interest in the ordinary share capital of subsidiaries is also indicated

List of equity investments with additional information required by Consob (Communication DEM/6064293 of 28 July 2006)

Associate companies

Company and registered office	Share Capital (*) (€)	Result for the latest financial year (*) (€)	Equity (*) (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
RCS MediaGroup S.p.A. – Milan						
At 31.12.10	762,019,050	(36,118,684)	1,231,214,144	10.09	76,907,627	131,785,440
At 31.12.11	**762,019,050**	**(43,176,408)**	**1,188,711,933**	**10.09**	**76,907,627**	**131,785,440**
Total associate companies						**131,785,440**

(*) Figures taken from the 2009 and 2010 Separate Financial Statements

Other companies

Company and registered office	% owned by Fiat S.p.A.	Number of shares	Book value (€)
Fiat Industrial S.p.A. – Turin			
At 31.12.10	100.0	80,000	179,333
allotment of Fiat Industrial S.p.A. shares under the Demerger in relation to own shares		38,568,458	347,116,122
sales of Fiat Industrial S.p.A. shares following exercise of options under November 2006 stock option plan for managers		(433,125)	(3,898,125)
fair value adjustment			(90,220,749)
At 31.12.11	**3.00**	**38,215,333**	**253,176,581**
Assicurazioni Generali S.p.A. – Trieste			
31.12.10	0.01	187,710	2,667,359
fair value adjustment			(484,292)
At 31.12.11	**0.01**	**187,710**	**2,183,067**
Fin.Priv. S.r.l. – Milan			
At 31.12.10	14.29		14,339,409
fair value adjustment			(4.544.362)
At 31.12.11	**14.29**		**9,795,047**
Consorzio Lingotto – Turin			
At 31.12.10	5.40		279
At 31.12.11	**5.40**		**279**
Total other companies			**265,154,974**

22 February 2012

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

Appendix - Information required under Article 149-*duodecies* of the "Regolamento Emittenti" issued by Consob

The following table, prepared in accordance with Article 149-*duodecies* of the "Regolamento Emittenti" issued by Consob, reports fees charged for 2011 for audit and other services provided by the independent auditors and entities in their network.

(€ thousand)	Service Provider	2011 Fees
Audit	Deloitte & Touche S.p.A.	186
Attestation	Deloitte & Touche S.p.A. (1)	351
Other services	Deloitte & Touche S.p.A. (2)	270
	Deloitte Network (3)	20
Total		**827**

(1) Mainly for the review of pro forma data contained in the Information Document (pursuant to Article 71 of the Regolamento Emittenti) published on 6 June 2011 and tax returns ("Modello Unico", IRAP, Domestic Tax Consolidation and Form 770)
(2) Non-recurring activities performed in relation to the consolidated financial statements of Fiat Group, in connection with the acquisition and first-time consolidation of Chrysler Group LLC and subsidiaries
(3) Tax-related services

Attestation of the Statutory Financial Statements under Article 154-*bis* of Legislative Decree 58/98

1. The undersigned, Sergio Marchionne, in his capacity as the Chief Executive Officer of the Company, and Richard Palmer, as the executive officer responsible for the preparation of the Company's financial statements pursuant to the provisions of Article 154-bis (3) and (4) of Legislative Decree 58 of 1998, hereby attest:

- the adequacy with respect to the Company structure,
- and the effective application,

of the administrative and accounting procedures applied in the preparation of the Company's statutory financial statements at 31 December 2011.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2011 was based on a process defined by Fiat in accordance with the Internal Control – *Integrated Framework* model issued by the *Committee of Sponsoring Organizations of the Treadway Commission,* an internationally-accepted reference framework.

3. The undersigned moreover attest that:

3.1 the statutory financial statements at 31 December 2011:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002;

b) correspond to the amounts shown in the Company's accounts, books and records; and

c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of 31 December 2011 and for the year then ended.

3.2 The report on operations includes a reliable operating and financial review of the Company as well as a description of the main risks and uncertainties to which it is exposed.

22 February 2012

/s/ Sergio Marchionne

Sergio Marchionne

CHIEF EXECUTIVE OFFICER

/s/ Richard Palmer

Richard Palmer

EXECUTIVE OFFICER RESPONSIBLE
FOR THE PREPARATION OF
THE COMPANY'S FINANCIAL STATEMENTS