Fiat S.p.A. Statutory Financial Statements

at 31 December 2012

Income Statement (*)

(figures in €)	Note	2012	2011
Dividends and other income from investments	(1)	1,030,495,113	388,165,874
Impairment (losses)/reversals on investments	(2)	(962,878,584)	157,456,000
Gains/(losses) on disposals	(3)	-	14,703,207
Other operating income	(4)	77,373,928	45,331,282
Personnel costs	(5)	(36,054,496)	(35,171,574)
Other operating costs	(6)	(76,259,449)	(80,473,290)
Financial income/(expense)	(7)	(216,079,567)	(434,646,466)
PROFIT/(LOSS) BEFORE TAXES		**(183,403,055)**	**55,365,033**
Income taxes	(8)	31,053,057	43,800,587
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(152,349,998)**	**99,165,620**
Profit/(loss) from discontinued operations		-	-
PROFIT/(LOSS)		**(152,349,998)**	**99,165,620**

(*) Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related-party transactions on Fiat S.p.A.'s Income Statement are presented in a specific income statement provided on the following pages and commented on in the note for the relevant line item and in Note 29.

Statement of Comprehensive Income

(€ thousand)	2012	2011
PROFIT/(LOSS) (A)	**(152,350)**	**99,166**
Gains/(losses) recognized directly in fair value reserve (investments in other companies)	26,330	(41,677)
Income tax relating to components of other comprehensive income	-	-
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B)	**26,330**	**(41,677)**
TOTAL COMPREHENSIVE INCOME (A)+(B)	**(126,020)**	**57,489**

Statement of Financial Position(*)

(figures in €)	Note	31 December 2012	31 December 2011
ASSETS			
Non-current assets			
Intangible assets	(9)	1,645,500	1,744,234
Property, plant and equipment	(10)	30,303,585	31,179,614
Investments	(11)	11,765,015,021	12,122,918,872
Other financial assets	(12)	12,109,470	12,966,052
Other non-current assets	(13)	65,199	90,472
Deferred tax assets	(8)	-	-
Total non-current assets		**11,809,138,775**	**12,168,899,244**
Current assets			
Inventory	(25)	-	-
Trade receivables	(14)	4,756,129	4,862,631
Current financial receivables	(15)	58,280,561	374,805,524
Other current receivables	(16)	302,707,063	277,353,014
Cash and cash equivalents	(17)	554,180	743,896
Total current assets		**366,297,933**	**657,765,065**
TOTAL ASSETS		**12,175,436,708**	**12,826,664,309**
EQUITY AND LIABILITIES			
Equity	(18)		
Share capital		4,476,441,927	4,465,600,020
Share premium reserve		1,071,402,772	1,082,244,680
Legal reserve		528,577,084	523,618,803
Other reserves and retained profit		3,236,989,753	3,171,498,375
Own shares		(258,957,472)	(288,883,388)
Profit/(loss)		(152,349,998)	99,165,620
Total equity		**8,902,104,066**	**9,053,244,110**
Non-current liabilities			
Provisions for employee benefits and other non-current provisions	(19)	140,851,401	137,364,408
Non-current debt	(20)	1,412,035,429	2,162,892,003
Other non-current liabilities	(21)	17,164,505	18,213,851
Deferred tax liabilities	(8)	12,195,615	8,144,720
Total non-current liabilities		**1,582,246,950**	**2,326,614,982**
Current liabilities			
Provisions for employee benefits and other current provisions	(22)	15,251,043	19,379,886
Trade payables	(23)	17,301,002	19,397,927
Current debt	(24)	1,294,073,723	1,075,432,074
Other debt	(25)	364,459,924	332,595,330
Total current liabilities		**1,691,085,692**	**1,446,805,217**
TOTAL EQUITY AND LIABILITIES		**12,175,436,708**	**12,826,664,309**

(*) Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related-party transactions on Fiat S.p.A.'s Statement of Financial Position are presented in a specific statement of financial position provided on the following pages and commented on in the note for the relevant line item and in Note 29.

Statement of Cash Flows(*)

(€ thousand)	2012	2011
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	744	240
B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:		
Profit/(loss)	(152,350)	99,166
Amortization and depreciation	2,004	1,920
Non-cash cost of stock option plans and other non-cash items	8,689	19,693
Impairment losses/(reversals) on investments	962,878	(157,456)
Fair value adjustment to equity swaps on Fiat and Fiat Industrial shares	(31,640)	109,920
Losses/(gains) on disposals	-	(14,703)
Change in provisions for employee benefits and other provisions	1,547	2,311
Change in deferred taxes	4,051	1,145
Change in working capital	3,496	23,701
TOTAL	798,675	85,697
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:		
Investments relating to:		
Recapitalization of subsidiaries	(444,000)	(220,000)
Acquisitions	(130,852)	(122,399)
Reductions in investments relating to:		
Proceeds from disposals	-	76,947
Other (investments)/disposals, net	(1,030)	(3,271)
TOTAL	(575,882)	(268,723)
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:		
Change in current financial assets	336,478	(153,231)
Proceeds from non-current debt and other changes	400,000	-
Repayment of non-current debt	(1,150,000)	(400,000)
Change in current debt	230,329	883,270
Increase in share capital	-	5,142
Purchases of own shares	(34)	-
Sales of own shares	-	-
Dividends paid	(39,756)	(151,651)
TOTAL	(222,983)	183,530
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	(190)	504
F) CASH AND CASH EQUIVALENTS AT END OF YEAR	554	744

(*) 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
Amount 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)**
Amount 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						(100,217)		(64,035)				**(164,252)**
Allocation of prior year profit:												
to the Legal reserve			22,098								(22,098)	**-**
distributions to shareholders											(151,651)	**(151,651)**
to retained profit						268,210					(268,210)	**-**
Carryforward of reserve for the purchase of own shares				367,670		(367,670)						**-**
Effect of exercise of stock options under the November 2006 stock option plan	1,516	3,626				1,473		(1,473)				**5,142**
Valuation of stock option/stock grant plans								5,286				**5,286**
Total comprehensive income for the period							(41,677)				99,166	**57,489**
Amount 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. The number of shares held is unchanged over 31 December 2010. Par value was reduced from €192,842 thousand to €134,990 thousand following the decrease in par value per share from €5.00 to €3.50 following the Demerger.
(2) Other reserves includes the reserve pursuant to Law 413/1991, the extraordinary reserve and the reserve for spin-off differences.

Statement of Changes in Equity

(€ thousand)	Share capital	Share premium reserve	Legal reserve	Reserve available for the purchase of own shares	Reserve for own shares	Retained profit/ (loss)	Gains/ (losses) recognized directly in equity	Stock option reserve	Other reserves (2)	Own shares (1)	Profit/ (loss) for the year	Total equity
Amount 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**
Vesting of rights under 2009 stock grant plan for CEO and allocation of 4,000,000 Fiat S.p.A. ordinary shares to beneficiary					(29,960)	13,209		(13,209)		29,960		-
Allocation of prior year profit:												
to the Legal reserve			4,958								(4,958)	-
distributions to shareholders											(39,756)	(39,756)
to retained profit						54,452					(54,452)	-
Carryforward of reserve for the purchase of own shares				29,960		(29,960)						-
Conversion of preference and savings shares and capital increase through transfer from share premium reserve	10,842	(10,842)										-
Purchase of own shares relating to payment of fractions of shares resulting from conversion of preference and savings shares				(34)	34					(34)		(34)
Valuation of stock option/stock grant plans						190		14,480				14,670
Total comprehensive income for the period							26,330				(152,350)	(126,020)
Amount at 31 December 2012	**4,476,442**	**1,071,403**	**528,577**	**941,043**	**258,957**	**1,910,973**	**(17,375)**	**53,562**	**89,829**	**(258,957)**	**(152,350)**	**8,902,104**

(1) At 31 December 2012, own shares consisted of 34,577,766 ordinary shares having a total par value of €123,788 thousand (at 31 December 2011, 38,568,458 ordinary shares having a total par value of €134,990 thousand).

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

Income Statement

pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	Note	2012	of which related parties (Note 29)	2011	of which related parties (Note 29)
Dividends and other income from investments	(1)	**1,030,495**	**1,030,355**	388,166	387,733
Impairment (losses)/reversals on investments	(2)	**(962,879)**	**(962,879)**	157,456	157,456
Gains/(losses) on disposals	(3)	**-**	**-**	14,703	14,703
Other operating income	(4)	**77,374**	**74,745**	45,331	42,205
Personnel costs	(5)	**(36,054)**	**(9,543)**	(35,172)	(11,217)
Other operating costs	(6)	**(76,259)**	**(41,213)**	(80,473)	(48,924)
Financial income/(expense)	(7)	**(216,080)**	**(214,888)**	(434,646)	(426,171)
PROFIT/(LOSS) BEFORE TAXES		**(183,403)**		**55,365**	
Income taxes	(8)	**31,053**		43,801	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(152,350)**		**99,166**	
Profit/(loss) from discontinued operations		**-**		-	
PROFIT/(LOSS)		**(152,350)**		**99,166**	

Statement of Financial Position

pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	Note	31 December 2012	of which related parties (Note 29)	31 December 2011	of which related parties (Note 29)
ASSETS					
Non-current assets					
Intangible assets	(9)	1,646		1,744	
Property, plant and equipment	(10)	30,304		31,180	
Investments	(11)	11,765,015	11,752,187	12,122,919	12,110,940
Other financial assets	(12)	12,109	12,035	12,966	12,892
Other non-current assets	(13)	65		90	
Deferred tax assets	(8)	-		-	
Total non-current assets		**11,809,139**		**12,168,899**	
Current assets					
Inventory	(25)	-		-	
Trade receivables	(14)	4,756	1,985	4,862	2,419
Current financial receivables	(15)	58,281	58,281	374,806	374,806
Other current receivables	(16)	302,707	136,218	277,353	168,127
Cash and cash equivalents	(17)	554		744	
Total current assets		**366,298**		**657,765**	
TOTAL ASSETS		**12,175,437**		**12,826,644**	
EQUITY AND LIABILITIES					
Equity	(18)				
Share capital		4,476,442		4,465,600	
Share premium reserve		1,071,403		1,082,245	
Legal reserve		528,577		523,619	
Other reserves and retained profit		3,236,989		3,171,497	
Own shares		(258,957)		(288,883)	
Profit/(loss)		(152,350)		99,166	
Total equity		**8,902,104**		**9,053,244**	
NON-CURRENT LIABILITIES					
Provisions for employee benefits and other non-current provisions	(19)	140,851	126,173	137,364	123,341
Non-current debt	(20)	1,412,035	1,412,035	2,162,892	2,162,892
Other non-current liabilities	(21)	17,165	-	18,214	2,994
Deferred tax liabilities	(8)	12,196		8,145	
TOTAL NON-CURRENT LIABILITIES		**1,582,247**		**2,326,615**	
Current liabilities					
Provisions for employee benefits and other current provisions	(22)	15,251		19,380	
Trade payables	(23)	17,301	6,808	19,398	5,249
Current debt	(24)	1,294,074	1,266,774	1,075,432	1,050,746
Other debt	(25)	364,460	350,630	332,595	318,808
Total current liabilities		**1,691,086**		**1,446,805**	
TOTAL EQUITY AND LIABILITIES		**12,175,437**		**12,826,664**	

Statement of Cash Flows

pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	2012	of which related parties	2011	of which related parties
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	744		240	
B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:				
Profit/(loss)	(152,350)		99,166	
Amortization and depreciation	2,004		1,920	
Non-cash cost of stock option plans and other non-cash items	8,689	8,689	19,693	12,014
Impairment losses/(reversals) on investments	962,878	962,878	(157,456)	(157,456)
Fair value adjustment to equity swaps on Fiat and Fiat Industrial shares	(31,640)	(31,640)	109,920	109,920
Losses/(gains) on disposals	-		(14,703)	(14,703)
Change in provisions for employee benefits and other provisions	1,547	6,774	2,311	(5,859)
Change in deferred taxes	4,051		1,145	
Change in working capital	3,496	62,730	23,701	43,629
TOTAL	798,675		85,687	
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:				
Investments relating to:				
Recapitalization of subsidiaries	(444,000)	(444,000)	(220,000)	(220,000)
Acquisitions	(130,852)	(130,852)	(122,399)	
Reductions in investments relating to:				
Proceeds from disposals	-		76,947	76,947
Other (investments)/disposals, net	(1,030)		(3,271)	(130)
TOTAL	(575,882)		(268,723)	
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:				
Change in current financial assets	336,478	336,478	(153,231)	(153,231)
Proceeds from non-current debt and other changes	400,000	400,000	-	
Repayment of non-current debt	(1,150,000)	(1,150,000)	(400,000)	(400,000)
Change in current debt	230,329	227,715	883,270	883,270
Increase in share capital	-		5,142	
Purchases of own shares	(34)		-	
Sales of own shares	-		-	
Dividends paid	(39,756)	(10,800)	(151,651)	(40,300)
TOTAL	(222,983)		183,530	
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	(190)		504	
F) CASH AND CASH EQUIVALENTS AT END OF YEAR	554		744	

Notes to the Statutory Financial Statements

Principal activities

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

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

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

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

As parent company, Fiat S.p.A. has also prepared consolidated financial statements for Fiat Group for the year ended 31 December 2012.

Significant accounting policies

Basis of preparation

The 2012 statutory financial statements represent the separate financial statements of the parent company, Fiat S.p.A., and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, in addition to provisions implementing Article 9 of Legislative Decree 38/2005. The designation IFRS also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

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

The financial statements are prepared under the historical cost convention (modified where applicable for the valuation of certain financial instruments), as well as on the going concern assumption. Fiat Group's assessment is that no material uncertainty exists (as defined in paragraph 25 of IAS 1) as to its ability to continue as a going concern. That assessment takes into consideration the ongoing integration with Chrysler Group and the Group's industrial and financial flexibility.

Format of the financial statements

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

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

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

Intangible assets

Goodwill

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

Other intangible assets

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

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

Property, plant and equipment

Cost

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

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

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

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

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

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

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

Financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Derivative financial instruments

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

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

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

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

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

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

Inventory

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

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

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

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

Transfer of receivables

The Company derecognizes receivables when, and only when, it no longer has the contractual right to the cash flows from an asset, or the receivable is transferred. When the Company transfers a receivable:

- if it transfers substantially all the risks and rewards of ownership, it derecognizes the receivable and recognizes any rights and obligations created or retained in the transfer separately as assets or liabilities
- if it retains substantially all the risks and rewards of ownership of the receivable, it continues to recognize the receivable

- if it neither transfers nor retains substantially all the risks and rewards of ownership of the receivable, it determines whether it has retained control of the receivable. In this case:
  - if the Company has not maintained control, it derecognizes the receivable and recognizes separately as assets and liabilities any rights and obligations created or retained in the transfer
  - if the Company has retained control, it continues to recognize the receivable to the extent of its continuing involvement in the receivable

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

Assets held for sale

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

Employee benefits

Post-employment benefit plans

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

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

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

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

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

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

Other long-term employee benefits

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Dividends payable

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

Use of estimates

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

The estimates and associated assumptions are based on elements that are known when the financial statements are prepared, on historical experience and on any other factors that are considered to be relevant.

In this respect, the situation caused by the persisting difficulties of the economic and financial environment in the Euro-zone led to the need to make assumptions regarding future performance which are characterized by significant levels of uncertainty; as a consequence, therefore, it cannot be excluded that actual future results may differ from these estimates, and therefore give rise to adjustments to book values in future periods, which may be significant, and which at the present moment can clearly neither be estimated nor predicted. The line item most impacted by the use of estimates is “Investments in subsidiaries and associates” (non-current assets), where estimates are used in determining impairment losses and reversals. No particular reliance was placed on the use of estimates and no future significant issues are expected regarding the recognition of employee benefits, taxes or provisions, also taking into account their relatively minor book values.

The use of estimates had a significant impact in the determination of the carrying amount of Fiat Group Automobiles S.p.A. (FGA) which represents a substantial portion of the total “Investments in subsidiaries and associates”. For this purpose, measurement was based on FGA’s estimated “value in use”, which took into consideration the expected performance for 2013 and 2014 consistent with the updated financial plan communicated on 30 October 2012. The assumptions and results are also consistent with information provided in “Subsequent Events and Outlook” (Report on Operations). For the forecasts for subsequent years, prudent assumptions have been made considering the persistent difficult and uncertain trading environment. Future expected results also consider the effects of the process for the continuing strategic realignment of the manufacturing and commercial activities of Fiat with those of Chrysler, which accelerated from 2011 following the acquisition of the control of Chrysler, and which is progressing in line with expectations. Given the strategy announced on 30 October 2012, to redeploy the industrial assets in EMEA to produce a renewed product portfolio focused on upper-end segments and international brands, it was considered reasonable to use cash flow projections for the period up to 2018. Given its current negative equity position and loan covenants restricting dividend distributions, the contribution from Chrysler was taken into account only from 2017.

The normalized cash flow used for calculation of the terminal value was based on a weighted average of the expected contributions from each geographic market, which take into account the cyclicality and maturity of the auto business in each market. The estimate of terminal value assumes a long-term growth rate of zero.

As the cash flows are assumed equivalent to expected net profit, the discount rates applied are based on the estimated cost of equity. Different and increasing rates were applied over the specific cash flow projection period (2013-2018) to reflect the level of risk associated with achieving targets and with the geographic distribution of earnings. The weighted average discount rate for the projection period ranged from 10.0-13.0% for EMEA, 14.7-17.7% for LATAM, and 12.2-14.7% for Chrysler. For the terminal value, the weighted average discount rate was 13.7%, which prudently includes a 3% premium to reflect the execution risks associated with achieving targets. A change of 50 basis points in the discount rate would impact the value in use of the investment by approximately €500 million.

The estimates and assumptions made, in addition to the analysis based on historic and prospective P/E multiples for comparable listed companies used as a control, provide reasonable support for maintaining the carrying amounts recognized for the investment in FGA unchanged at 31 December 2012.

Accounting standards, amendments and interpretations adopted from 1 January 2012

On 7 October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures* that were adopted by the Company from 1 January 2012. The amendments allow users of financial statements to improve their understanding of transfers of financial assets ("derecognition"), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken at the end of a reporting period. Application of these amendments had no significant effect on either the disclosures in the financial statements or measurement of the related items. For further details see Note 24 (Current debt).

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

The following amendment, effective from 1 January 2012, relates to matters that were not applicable to the Company at the date of this Annual Report, but could affect the accounting treatment of future transactions or arrangements:

- On 20 December 2010, the IASB issued a minor amendment to IAS 12 – *Income Taxes*, which clarifies the accounting for deferred tax on investment properties measured at fair value. The amendment introduces the presumption that the carrying amount of deferred taxes relating to investment properties measured at fair value under IAS 40 will be recovered through sale. As a result of the amendments, SIC-21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* no longer applies. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2012

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

On 12 May 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements* replacing SIC-12 – *Consolidation: Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements* (subsequently reissued as IAS 27 – *Separate Financial Statements* which addresses the accounting treatment of investments in separate financial statements). The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. The new IAS 27 confirms that investments in subsidiaries, joint ventures and associates are accounted either at cost or, alternatively, in accordance with IFRS 9. The same accounting treatment is to be applied for each category of investments. Additionally, if an entity elects to measure its investments in associates or joint ventures at fair value in its consolidated accounts (applying IFRS 9), it should also use the same method for the separate financial statements. The standard is effective retrospectively, for annual reporting periods beginning on or after 1 January 2014 at the latest. Based on current analyses, adoption of the reissued IAS 27 is not expected to have any significant effect on the valuation of investments held by the Company.

On 12 May 2011, the IASB issued IFRS 11 – *Joint Arrangements* superseding IAS 31 – *Interests in Joint Ventures* and SIC-13 – *Jointly Controlled Entities: Non-Monetary Contributions by Venturers*. The new standard provides the criteria for identifying joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form and requires a single method to account for interests in jointly-controlled entities, the equity method. The standard is effective retrospectively, at the latest for annual reporting periods beginning on or after 1 January 2014. Following the issue of the new standard, IAS 28 – *Investments in Associates* has been amended to include accounting for investments in jointly-controlled entities in its scope of application (from the effective date of the standard).

On 12 May 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities*, a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles. The standard is effective at the latest for annual reporting periods beginning on or after 1 January 2014.

On 12 May 2011, the IASB issued IFRS 13 – *Fair Value Measurement*, clarifying the determination of the fair value for the purpose of the financial statements and applying to all IFRS standards permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. The standard is effective prospectively from 1 January 2013. The application of this new standard is not expected to have any significant effects on the Company's financial statement.

On 16 June 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements* requiring companies to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement. The amendment is applicable for periods beginning on or after 1 July 2012. The application of this amendment is not expected to have any significant effects on the measurement of items in the Group's financial statement.

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

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

  Net interest expense is calculated for all components by using the discount rate applied for valuing the obligation for defined benefit plans at the beginning of the period. In accordance with the present version of IAS 19, the expected return on assets is calculated by using a long-term expected rate of return.
- **Classification of net interest expense:** in accordance with the new definition of net interest expense set out in the standard, net interest expense on defined benefit plans will be recognized as financial income/(expense) in the income statement

In accordance with the transitional rules included in paragraph 173 of IAS 19, the Company will apply the standard retrospectively from 1 January 2013, adjusting the opening balance sheet at 1 January 2012 and the income statement for 2012 as if the amendments to IAS 19 had already been applied. At the reporting date, the Company estimated that adoption of the revised standard from 1 January 2012 would lead to an increase in the liability for employee benefits of approximately €0.4 million and €1.1 million at 31 December 2011 and 2012, respectively, and decreases in net equity (other comprehensive gains and losses) of the same amounts. The estimated impact on the income statement for 2012 is a reduction in costs of approximately €0.1 million.

On 16 December 2011, the IASB issued certain amendments to IAS 32 – *Financial Instruments: Presentation* to clarify the application of certain offsetting criteria for financial assets and financial liabilities in IAS 32. The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively.

On 16 December 2011, the IASB issued certain amendments to IFRS 7 – *Financial Instruments: Disclosures*. The amendments require information about the effect or potential effect of netting arrangements for financial assets and liabilities on an entity's financial position. Entities are required to apply the amendments for annual reporting periods beginning on or after 1 January 2013, and interim periods within those annual periods. The required disclosures should be provided retrospectively. The application of this interpretation is not expected to have any significant effects on the Company's financial statement.

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

- On 12 November 2009, the IASB issued a new standard IFRS 9 – *Financial Instruments* that was subsequently amended. The standard, having an effective date for mandatory adoption of 1 January 2015 retrospectively, represents the completion of the first part of a project to replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities. The new standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. The most significant effect of the standard regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. Under the new standard these changes are recognized in Other comprehensive income and are not subsequently reclassified to the income statement
- On 17 May 2012, the IASB issued a set of amendments to IFRSs ("*Improvements to IFRSs – 2009-2011*") that are applicable retrospectively from 1 January 2013. Set out below are those amendments that could lead to changes in the presentation, recognition or measurement of financial statement items, excluding those that only regard changes in terminology or editorial changes having a limited accounting effect and those that affect standards or interpretations that are not applicable to the Company
  - IAS 1 – *Presentation of Financial Statements*: the amendment clarifies the way in which comparative information should be presented when an entity changes accounting policies or retrospectively restates or reclassifies items in its financial statements and when an entity provides comparative information in addition to the minimum comparative financial statements
  - IAS 16 – *Property, plant and equipment*: the amendment clarifies that items such as spare parts, stand-by equipment and servicing equipment, shall be recognized in accordance with IAS 16 when they meet the definition of Property, plant and equipment, otherwise such items shall be classified as Inventory
  - IAS 32 – *Financial instruments*: *Presentation*: the amendment eliminates an inconsistency between IAS 12 – *Income Taxes* and IAS 32 concerning the recognition of taxation arising from distributions to shareholders, establishing that these shall be recognized in profit or loss to the extent the distribution refers to income generated by transactions originally recognized in profit or loss

Risk Management

The risks to which Fiat S.p.A. is exposed, either directly or indirectly through its subsidiaries, are the same as those of its subsidiaries. In addition to the information provided in Note 27, reference should also be made to the note on Risk Management in the Notes to the Consolidated Financial Statements.

Composition and principal changes

1. Dividends and other income from investments

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

(€ thousand)	2012	2011
Dividends from Group companies and related parties:		
- Fiat Gestione Partecipazioni S.p.A.	1,000,000	180,000
- Fiat Finance S.p.A.	24,025	27,727
- Fiat Industrial S.p.A.	6,330	-
- Ferrari S.p.A.	-	180,006
Total dividends from Group companies and related parties	1,030,355	387,733
Dividends from other companies	140	433
Total dividends and other income from investments	**1,030,495**	**388,166**

For 2012, dividends from other companies related to dividends received from Fin. Priv. S.r.l. (€103 thousand) and Assicurazioni Generali S.p.A. (€37 thousand). For 2011, the line item related to dividends received from the same two companies.

2. Impairment (losses)/reversals on investments

Following is a breakdown of impairment losses and reversals on investments:

(€ thousand)	2012	2011
Impairment losses:		
- Fiat Gestione Partecipazioni S.p.A.	(933,700)	-
- RCS MediaGroup S.p.A.	(35,266)	-
- Teksid Aluminum S.r.l.	(15,000)	(47,500)
- Comau S.p.A.	-	(147,100)
Total impairment losses	**(983,966)**	**(194,600)**
Reversal of impairment losses:		
- Fiat Powertrain Technologies S.p.A.	21,088	-
- Fiat Gestione Partecipazioni S.p.A.	-	352,056
Total value of reversals	**21,088**	**352,056**
Total impairment (losses)/reversals on investments	**(962,878)**	**157,456**

An impairment charge of €933.7 million was recognized in relation to the investment in Fiat Gestione Partecipazioni S.p.A. to realign the carrying amount of that investment to the book value of equity in the consolidated financial statements following the €1,000 million distribution from reserves to Fiat S.p.A. (see Note 1).

For the associate company RCS MediaGroup S.p.A., the impairment charge of €35.3 million recognized in 2012 represented realignment of the carrying amount of the investment to the stock market price at year-end (€1.255 per share). At the end of 2012, RCS MediaGroup (which reported a significant loss for 2011) presented a Development Plan for the period 2013-2015 to address the unfavorable economic environment and significant structural changes in its sector. The financial policies that will support the earnings and business objectives set out in the Plan have not yet been finalized. In consideration of current circumstances, which make determination of value based on value in use uncertain, it was considered reasonable to use the market value. Accordingly, the value of the investment was based on the year-end market price, which was in line with the weighted average price for 2012 but lower than the average market price for both the second half and the fourth quarter.

The investment in Teksid Aluminum S.r.l. was written down by €15.0 million, principally on the basis of the loss it reported for the financial year. The current carrying amount is considered representative of the investee's estimated recoverable value.

For Fiat Powertrain Technologies S.p.A., an impairment reversal of €21.1 million was recognized prior to transfer of the investment to Fiat Group Automobiles S.p.A., as a contribution to capital, at a value of €590.0 million.

Impairment losses recognized on the investments in Comau S.p.A. and Teksid Aluminum S.r.l. in 2011 were substantially due to losses reported by those companies for the year, which mainly resulted from write-downs on goodwill and certain fixed assets. The adjusted carrying amounts were deemed representative of the estimated recoverable value of those investments.

The impairment reversal recognized in 2011 for Fiat Gestione Partecipazioni S.p.A. was based on the book value of equity of the investee and its subsidiaries in the consolidated financial statements following the reorganization carried out during the year.

3. Gains/(losses) on disposals

For 2012, there were no gains or losses on disposals. For 2011, gains on disposals totaled €14,703 thousand, including €12,753 thousand on the sale of the wholly-owned subsidiary Fiat Switzerland S.A. to CNH International S.A. (a Fiat Industrial Group company) and €1,950 thousand on the sale of a 39.47% equity interest in Fiat Finance North America Inc. to Fiat Finance and Trade Ltd. S.A.

4. Other operating income

Other operating income consisted of the following:

(€ thousand)	2012	2011
Revenues from services rendered to Group companies and other related parties	70,529	37,917
Changes in construction contract work in progress	527	1,621
Other revenues and income from Group companies and other related parties	4,215	4,288
Other revenues and income from third parties	2,103	1,505
Total other operating income	**77,374**	**45,331**

Revenues from services rendered to Group companies and other related parties relate almost entirely to services rendered by Fiat S.p.A. and management personnel to the principal companies in the Group (see Note 29).

Changes in construction contract work in progress relate to the current portion of fees payable to Fiat S.p.A. for activities carried out directly by the Company (management, coordination and organization) in relation to contracts with Treno Alta Velocità – TAV S.p.A. (now Rete Ferroviaria Italiana S.p.A.) that were still in progress at the end of the year (the Florence-Bologna and Novara-Milan lines – see Note 25).

Other revenues and income from Group companies and other related parties primarily consisted of cost charge-backs, rental income on real estate and directors' fees received from Group companies in relation to Fiat S.p.A. employees serving as board members.

Other revenues and income from third parties relate to miscellaneous income, cost charge-backs and other prior year income.

The overall increase in other operating income over the previous year was primarily due to an increase in services rendered to Group companies, including the activities of the business units acquired at the end of 2011.

5. Personnel costs

Personnel costs consisted of the following:

(€ thousand)	2012	2011
Wages and salaries	20,223	15,547
Defined contribution plans and social security contributions	8,166	5,968
Leaving entitlement and other defined benefit plans	655	149
Other personnel costs	7,010	13,508
Total personnel costs	**36,054**	**35,172**

The average number of employees increased to 219 from 104 in 2011. On 1 December 2011, headcount increased by 120 people following the acquisition – from Fiat-Revisione Interna S.c.p.A. and Fiat Finance S.p.A. – of units that provide internal audit and financial advisory services to Fiat S.p.A. and Group companies. As described in Note 4, certain of the Company's managers carried out their activities at the Group's principal subsidiaries and the related costs were recharged to those companies.

The costs associated with defined contribution plans consisted of amounts paid by the Company to the Italian state social security organization (INPS) and other social security and assistance organizations for post-employment defined contribution plans (pension and healthcare) on behalf of employees in all categories. Following the introduction of Law 296/06, leaving entitlements in Italy (*trattamento di fine rapporto*) accrued from 1 January 2007 and paid in to supplementary pension funds or the fund established by INPS are recognized under "Defined contribution plans and social security contributions", while adjustments to the provision for leaving entitlement accrued before 1 January 2007 are recognized under "Leaving entitlement and other defined benefit plans" (see also Note 19).

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

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

For 2012, compensation to executives with strategic responsibilities was €9,543 thousand (€7,162 thousand of which was charged back to the Group companies where they carried out their activities). The total cost for the year includes provisions for leaving entitlements accrued during the year, as well as company contributions to state and company defined contribution schemes and other social security contributions totaling €2,650 thousand.

6. Other operating costs

Following is a breakdown of other operating costs:

(€ thousand)	2012	2011
Costs for services rendered by Group companies and other related parties	27,207	32,707
Costs for services rendered by third parties	26,965	23,922
Compensation component from stock option and stock grant plans	8,689	12,014
Leases and rentals	4,017	3,051
Purchase of goods	744	702
Depreciation of property, plant and equipment	1,856	1,788
Amortization of intangible assets	148	132
Misc. operating costs	6,633	6,157
Total other operating costs	**76,259**	**80,473**

Costs for services rendered by Group companies primarily consisted of support and consulting services in the administrative area, as well as IT systems, public relations, payroll, security, real estate and internal audit services (see Note 29).

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

For 2012, compensation for the directors and statutory auditors of Fiat S.p.A. totaled €6,071 thousand and €238 thousand, respectively. For directors, that compensation includes fees approved by shareholders, as well as compensation set by the Board of Directors for directors with specific responsibilities.

The compensation component from stock option and stock grant plans represents the notional cost of options granted to the Chief Executive Officer (see Note 18).

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

7. Financial income/(expense)

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

(€ thousand)	2012	2011
Financial income	11,845	38,081
Financial expense	(262,380)	(364,654)
Net gains/(losses) on derivative financial instruments	34,455	(108,073)
Total financial income/(expense)	**(216,080)**	**(434,646)**

Financial income consisted of the following:

(€ thousand)	2012	2011
Financial income from Group companies and other related parties:		
- Interest income on current account with Fiat Finance S.p.A.	7,080	32,123
- Fee income for sureties and unsecured guarantees	4,302	4,699
- Other financial income	48	41
Total financial income from Group companies and other related parties	**11,430**	**36,863**
Financial income from third parties:		
- Interest income on bank and other deposits	5	6
- Interest income on tax credits	383	1,060
Total financial income from third parties	**388**	**1,066**
Currency translation gains/(losses)	27	152
Total financial income	**11,845**	**38,081**

Financial expense consisted of the following:

(€ thousand)	2012	2011
Financial expense to Group companies and other related parties:		
- Interest expense on current account with Fiat Finance S.p.A.	1,990	-
- Interest expense on loans from Fiat Finance S.p.A.	251,310	347,819
- Commissions and other charges payable to Fiat Finance S.p.A.	5,598	6,521
- Commissions and other charges payable to Fidis S.p.A.	1,760	471
- Interest and financial expense payable to other Group companies and other related parties	115	150
Total financial expense to Group companies and other related parties	**260,773**	**354,961**
Financial expense payable to third parties:		
- Interest expense and charges for the sale of receivables	567	815
- Interest costs on employee benefits	298	302
- Other third party interest and financial expense	742	896
Total financial expense to third parties	**1,607**	**2,013**
Net adjustment for fair value measurement of Fiat Industrial shares (see Note 11)	-	7,680
Total financial expense	**262,380**	**364,654**

Net gains on derivative financial instruments of €34,455 thousand (net losses of €108,073 thousand for 2011) essentially related to a gain arising from fair value measurement of the equity swaps entered into as hedges on options granted to the Chief Executive Officer in 2004 and 2006 (see Note 18). The contracts in place at 31 December 2012 related to 16,920,000 Fiat and Fiat Industrial shares and the notional value of the swaps, based on the contractual exercise prices, was €153,803 thousand at year end. Although the swaps were entered into as hedges, they do not qualify for hedge accounting under IFRS and, accordingly, are classified as held for trading.

8. Income taxes

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

(€ thousand)	2012	2011
Current taxes:		
- IRES	(19,948)	(36,663)
- IRAP	-	-
- Other current taxes	12	253
Total current taxes	**(19,936)**	**(36,410)**
Deferred taxes for the period:		
- IRES	4,051	-
- IRAP	-	1,145
Total deferred taxes for the period	**4,051**	**1,145**
Taxes relating to prior periods	**(15,168)**	**(8,536)**
Total income taxes	**(31,053)**	**(43,801)**

Current IRES tax for 2012 relates to compensation receivable by Fiat S.p.A. (€19,948 thousand) for tax loss carryforwards contributed to the domestic tax consolidation scheme.

Other current taxes for 2012 relate to rebates on tax withheld outside Italy.

Deferred IRES tax, totaling €4,051 thousand, related to the portion of taxable timing differences not offset by loss carryforwards.

Taxes relating to prior periods (€15,168 thousand) primarily represents income related to the prior year's domestic tax consolidation.

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

(€ thousand)	2012	2011
Theoretical income taxes	(50,436)	15,225
Tax effect of permanent differences	(3,577)	(133,952)
Taxes relating to prior periods	(15,168)	(8,536)
Other current taxes	12	253
Deferred taxes not recognized on tax loss for the year and other deferred taxes	38,116	82,064
Tax loss carryforwards utilized	-	-
Current and deferred income tax recognized in the financial statements, excluding IRAP	**(31,053)**	(44,946)
IRAP (current and deferred)	-	1,145
Income taxes reported in the income statement (current and deferred income taxes)	**(31,053)**	(43,801)

Theoretical income taxes are calculated by applying the IRES tax rate (27.5% for 2012 and 2011) to the result before taxes.

The permanent differences referred to above include, among other things, the tax effect of non-taxable income amounting to €275,035 thousand in 2012 (€198,735 thousand in 2011) and of non-deductible costs amounting to €271,458 thousand in 2012 (€64,783 thousand in 2011). In particular, for 2012 the tax effect of non-taxable income was principally attributable to dividends (€269,217 thousand vs. €101,408 thousand in 2011) and impairment reversals on investments (€5,799 thousand vs. €96,815 thousand in 2011). Non-deductible costs principally relate to impairment losses on investments whose tax effect was €270,591 thousand (€53,515 thousand in 2011).

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

(€ thousand)	31 December 2011	Recognized in income statement	Charged to equity	31 December 2012
Deferred tax assets arising from:				
- Taxed provisions and other minor differences	30,095	(1,160)	-	28,935
Total deferred tax assets	**30,095**	**(1,160)**	**-**	**28,935**
Deferred tax liabilities arising from:				
- Measurement of construction contracts by the percentage completion method	(48,357)	38	-	(48,319)
- Others	(784)	(143)	-	(927)
Total deferred tax liabilities	**(49,141)**	**(105)**	**-**	**(49,246)**
Theoretical tax benefit arising from tax loss carryforwards	138,898	77,662	-	216,560
Adjustments for assets whose recoverability is not probable	(127,997)	(80,448)	-	(208,445)
Total deferred tax liabilities, net of deferred tax assets	**(8,145)**	**(4,051)**	**-**	**(12,196)**

Determination of deferred tax assets is based on an analysis of the existence of the conditions for their future realization, using updated plans and related tax aspects. As a consequence, the total theoretical future tax benefit arising from deductible temporary differences (€28,935 thousand at 31 December 2012 and €30,095 thousand at 31 December 2011) and tax loss carryforwards (€216,560 thousand at 31 December 2012 and €138,898 thousand at 31 December 2011) was reduced by €208,445 thousand at 31 December 2012 (€127,997 thousand at 31 December 2011).

Total temporary differences (deductible and taxable) and tax losses at 31 December 2012 and amounts for which deferred tax assets have not been recognized, broken down by year of expiry, are as follows:

(€ thousand)	Total at 31 December 2012	Year of expiry 2013	2014	2015	2016	Beyond 2016	Non-expiring/ undeterminable
Temporary differences and tax losses relating to IRES:							
- Deductible temporary differences	105,216	22,416	50,040	687	-	32,073	-
- Taxable temporary differences	(149,458)	(82,706)	(63,402)	-	-	(3,350)	-
- Tax losses	787,492	-	-	-	-	-	787,492
- Temporary differences and tax losses for which deferred tax assets have not been recognized	(757,980)	-	-	-	-	(29,512)	(728,468)
Temporary differences and tax losses subject to national taxation	**(14,730)**	**(60,290)**	**(13,362)**	**687**	**-**	**(789)**	**59,024**
Temporary differences relating to IRAP:							
- Deductible temporary differences	-	-	-	-	-	-	-
- Taxable temporary differences	(146,225)	(82,823)	(63,402)	-	-	-	-
Temporary differences and tax losses subject to local taxation	**(146,225)**	**(82,823)**	**(63,402)**	**-**	**-**	**-**	**-**

9. Intangible assets

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

At 31 December 2012, intangible assets totaled €1,645 thousand and underwent the following changes during the year:

(€ thousand)	31 December 2011	Increases	Amortization	(Decreases) and Other changes	31 December 2012
Goodwill					
- Gross carrying amount	1,330	-	-	-	1,330
- Accumulated amortization	-	-	-	-	-
- Net carrying amount	**1,330**	**-**	**-**	**-**	**1,330**
Licenses and software					
- Gross carrying amount	273	49	-	-	322
- Accumulated amortization	(91)	-	(107)	-	(198)
- Net carrying amount	**182**	**49**	**(107)**	**-**	**124**
Other intangible assets					
- Gross carrying amount	468	-	-	-	468
- Accumulated amortization	(236)	-	(41)	-	(277)
- Net carrying amount	**232**	**-**	**(41)**	**-**	**191**
Total intangible assets					
- Gross carrying amount	**2,071**	**49**	**-**	**-**	**2,120**
- Accumulated amortization	**(327)**	**-**	**(148)**	**-**	**(475)**
- Accumulated impairment losses	**-**	**-**	**-**	**-**	**-**
- Net carrying amount	**1,744**	**49**	**(148)**	**-**	**1,645**

Goodwill relates to consideration paid in excess of fair value to acquire, at year-end 2011, the business units that provide internal audit and financial advisory services to Fiat S.p.A. and Group companies.

Licenses and software relates to costs incurred for software, both internally-developed and purchased, which is amortized over its estimated useful life (3 years) from the time completed and fully operational.

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

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

In 2011, changes in intangible assets were as follows:

(€ thousand)	31 December 2010	Increases	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)**	**-**	**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**

10. Property, plant and equipment

At 31 December 2012, property, plant and equipment totaled €30,304 thousand and was subject to the following changes during the year:

(€ thousand)	31 December 2011	Increases	Depreciation	(Decreases) and Other changes	31 December 2012
Land and buildings					
- Gross carrying amount	47,526	-	-	(12)	47,514
- Accumulated depreciation	(19,610)	-	(1,410)	-	(21,020)
- Net carrying amount	**27,916**	**-**	**(1,410)**	**(12)**	**26,494**
Plant and machinery					
- Gross carrying amount	11,044	975	-	-	12,019
- Accumulated depreciation	(10,178)	-	(148)	-	(10,326)
- Net carrying amount	**866**	**975**	**(148)**	**-**	**1,693**
Other tangible assets					
- Gross carrying amount	5,377	70	-	(277)	5,170
- Accumulated depreciation	(2,979)	-	(298)	224	(3,053)
- Net carrying amount	**2,398**	**70**	**(298)**	**(53)**	**2,117**
Total property, plant and equipment					
- Gross carrying amount	**63,947**	**1,045**	**-**	**(289)**	**64,703**
- Accumulated depreciation	**(32,767)**	**-**	**(1,856)**	**224**	**(34,399)**
- Net carrying amount	**31,180**	**1,045**	**(1,856)**	**(65)**	**30,304**

Land and buildings includes land valued at €610 thousand (unchanged over the prior year), while buildings mainly consists of the Company's headquarters at 250 Via Nizza, Turin.

Plant and equipment primarily related to general fixtures and fittings for buildings.

Other tangible assets comprised cars, office furniture and fixtures.

At 31 December 2012, there were no assets under development or contractual commitments to purchase items of property, plant and equipment of a significant amount.

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

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

During 2011, changes in Property, plant and equipment were as follows:

(€ thousand)	31 December 2010	Increases	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**

11. Investments

At 31 December 2012, investments totaled €11,765,015 thousand and underwent the following changes during the year:

(€ thousand)	31 December 2011	Increases	Decreases	Reclassification and other changes	Impairment (losses)/ reversals and Fair value adjustments	31 December 2012
Investments in subsidiaries	11,725,979	574,848	-	-	(927,612)	**11,373,215**
Investments in associates	131,785	-	-	-	(35,266)	**96,519**
Investments in other companies	265,155	4	(26,500)	-	56,622	**295,281**
Total investments	**12,122,919**	**574,852**	**(26,500)**	**-**	**(906,256)**	**11,765,015**

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

(€ thousand)	% interest	31 December 2011	Increases	Decreases	Reclassification and other changes	Impairment (losses)/ reversals	31 December 2012
Fiat Group Automobiles S.p.A.	100.00	**5,524,081**	200,000		590,000		**6,314,081**
- Gross carrying amount		8,431,081	200,000		648,912		9,279,993
- Accumulated impairment losses		(2,907,000)			(58,912)		(2,965,912)
Ferrari S.p.A.	90.00	**1,187,635**					**1,187,635**
- Gross carrying amount		1,187,635					1,187,635
- Accumulated impairment losses		-					-
Maserati S.p.A.	100.00	**173,798**	180,000				**353,798**
- Gross carrying amount		173,798	180,000				353,798
- Accumulated impairment losses		-					-
Fiat Powertrain Technologies S.p.A.	100.00	**568,912**			(590,000)	21,088	**-**
- Gross carrying amount		648,912			(648,912)		-
- Accumulated impairment losses		(80,000)			58,912	21,088	-
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	**21,192**	25,000			(15,000)	**31,192**
- Gross carrying amount		110,792	25,000				135,792
- Accumulated impairment losses		(89,600)				(15,000)	(104,600)
Comau S.p.A.	100.00	**97,850**					**97,850**
- Gross carrying amount		742,781					742,781
- Accumulated impairment losses		(644,931)					(644,931)
Fiat Gestione Partecipazioni S.p.A.	100.00	**2,801,682**				(933,700)	**1,867,982**
- Gross carrying amount		2,801,682					2,801,682
- Accumulated impairment losses		-				(933,700)	(933,700)
Fiat Partecipazioni S.p.A.	100.00	**387,060**	15,348		7,475		**409,883**
- Gross carrying amount		403,060	15,348		7,475		425,883
- 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 and Trade Ltd. S.A.	40.00	**-**	115,500				**115,500**
- Gross carrying amount		-	115,500				115,500
- Accumulated impairment losses		-					-
Editrice La Stampa S.p.A.	100.00	**25,899**	39,000		(7,475)		**57,424**
- Gross carrying amount		25,899	39,000		(7,475)		57,424
- Accumulated impairment losses		-					-
Other subsidiaries		**27,669**					**27,669**
- Gross carrying amount		35,178					35,178
- Accumulated impairment losses		(7,509)					(7,509)
Total investments in subsidiaries		**11,725,979**	**574,848**	**-**	**-**	**(927,612)**	**11,373,215**
- Gross carrying amount		15,524,005	574,848				16,098,853
- Accumulated impairment losses		(3,798,026)				(927,612)	(4,725,638)

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

- as part of the industrial reorganization aimed at consolidating the "passenger & light commercial vehicle" powertrain activities under the subsidiary Fiat Group Automobiles S.p.A. (FGA), Fiat S.p.A. transferred, as a contribution to capital, its 100% shareholding in Fiat Powertrain Technologies S.p.A. to FGA. Given that the transaction involved companies under the direct control of Fiat S.p.A., recognition was based on book values. Accordingly, the increase in the investment in Fiat Group Automobiles S.p.A., totaling €590 million, corresponds to the carrying amount of the shareholding transferred, net of accumulated impairment losses which were also transferred. As described in Note 2, there was a partial reversal of impairment losses (€21.1 million) prior to the transfer
- capital contributions were made to certain subsidiaries to strengthen their capital base in view of operating results. The capital contributions related to Fiat Group Automobiles S.p.A. (€200.0 million), Maserati S.p.A. (€180.0 million), Editrice La Stampa S.p.A. (€39.0 million) and Teksid Aluminum S.r.l. (€25.0 million)
- as part of an overall corporate rationalization of publishing activities, the following operations were undertaken:
  - merger of Itedi – Italiana Edizioni S.p.A. (a direct subsidiary of Fiat S.p.A.) with and into its subsidiary Editrice La Stampa S.p.A.
  - demerger of activities from Editrice La Stampa S.p.A. and transfer to Fiat Partecipazioni S.p.A.

  As these transactions involved companies under the direct control of Fiat S.p.A., recognition was based on book values. Accordingly, the investment in Editrice La Stampa S.p.A. was recognized at the same amount as the previous shareholding in Itedi – Italiana Edizioni S.p.A., while the €7.5 million increase in the investment in Fiat Partecipazioni S.p.A. corresponds to the carrying amount of the assets and liabilities transferred from Editrice La Stampa S.p.A., determined on a pro rata basis with reference to the book value of equity reported in the subsidiary's financial statements for the year ended 31 December 2012.
- The other increases related to the acquisition from Fiat Group Automobiles S.p.A. of the residual 3.29% holding in Fiat Partecipazioni S.p.A. (€15.3 million) and the acquisition from Fiat Finance S.p.A. of its 40% stake in Fiat Finance and Trade Ltd. S.A. (€115.5 million)

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

With regard to the shareholding in Fiat Group Automobiles S.p.A., the estimates and assumptions used in preparing the financial statements (see "Use of Estimates") provided reasonable support for maintaining the 31 December 2011 carrying amount, increased by the capital contribution and book value of the investment in Fiat Powertrain Technologies S.p.A. transferred in 2012, as described above. The current book value of the shareholding in Fiat Group Automobiles S.p.A. (€6,314 million at 31 December 2012) reflects impairment losses of €2,966 million, recognized prior to 2005 and again in 2009, that could potentially be reversed in future periods.

Recoverability of the investment in Editrice La Stampa – recognized at a carrying amount of approximately €57 million – was analyzed on the basis of its business plan and the nature of specific assets, in particular the newspaper *La Stampa*, as well as its positioning in the publishing sector in Italy. Based on the assumptions and estimates made, the carrying amount of the investment at 31 December 2012 was deemed lower than the recoverable amount.

For the remaining significant shareholdings – in particular, Magneti Marelli S.p.A. and Ferrari S.p.A. (recognized at historic cost) – no indications of impairment were identified. This also takes into consideration the carrying amounts of equity recognized in the consolidated statement of financial position, for which the recoverability of assets has already been adequately assessed.

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

(€ thousand)	% interest	31 December 2011	Increases	Decreases	Impairment (losses)/ reversals	31 December 2012
RCS MediaGroup S.p.A.	10.09	**131,785**	-	-	(35,266)	**96,519**
- Gross carrying amount		131,785	-	-	-	**131,785**
- Accumulated impairment losses		-	-	-	(35,266)	**(35,266)**
Total investments in associates		**131,785**	**-**	**-**	**(35,266)**	**96,519**

The carrying amount of the interest in RCS MediaGroup S.p.A. (a listed company) was in line with its stock market value at the balance sheet date. Note 2 provides a description of impairment losses recognized during the year.

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

(€ thousand)	% interest	31 December 2011	Increases	Decreases	Fair value adjustments	31 December 2012
Fiat Industrial S.p.A.	2.80	253,176	4	(26,500)	55,773	**282,453**
Fin. Priv. S.r.l.	14.28	9,795	-	-	454	**10,249**
Assicurazioni Generali S.p.A.	0.01	2,184	-	-	395	**2,579**
Total investments in other companies		**265,155**	**4**	**(26,500)**	**56,622**	**295,281**

Pursuant to the Demerger, on 1 January 2011 Fiat S.p.A. was allotted Fiat Industrial S.p.A. ordinary shares, without consideration, equivalent to the number of own shares held at the date of the demerger. In accordance with IAS 39 and interpretations, those shares have been recognized at fair value since initial recognition.

At 31 December 2012, the Company held 34,216,027 Fiat Industrial ordinary shares, corresponding to 2.80% of share capital, with a total value of €282.5 million (at 31 December 2011, 38,215,333 ordinary shares, corresponding to 3.00% of share capital, with total value of €253.2 million). Of those shares, 18,496,875 (valued at €152.7 million) were allocated to servicing the stock option and stock grant plans and recognized at fair value through profit or loss, while the remaining 15,719,152 shares (valued at €129.8 million) were classified as available-for-sale and recognized at fair value directly in equity. Fair value measurement resulted in a €55.8 million increase in the value of the investment during the year, of which €30.3 million was recognized through profit and loss and entirely offset by an equivalent increase in the related liability (stock option and stock grant provisions – see Note 19) and €25.5 million directly in equity (see Note 18). Finally, the €26.5 million decrease described above related to the assignment of 4,000,000 ordinary shares to the Chief Executive Officer which had vested under the 2009 plan.

The investments in Fin. Priv. S.r.l. and Assicurazioni Generali S.p.A., which are classified as non-current financial assets and not held for trading, have been recognized at fair value. For Assicurazioni Generali S.p.A., a listed company, this corresponds to the market price of the shares held at the balance sheet date. For Fin. Priv. S.r.l., a holding company whose assets are principally listed securities, fair value was based on the market price of the investments in its portfolio. This resulted in a €849 thousand increase in the investments in Fin. Priv. S.r.l. and Assicurazioni Generali S.p.A. for 2012, with a corresponding adjustment to equity (see Note 18).

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

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

At 31 December 2012 and 2011, no investments held by the Company had been pledged as security for financial or contingent liabilities.

During 2011, changes in investments were as follows:

(€ thousand)	31 December 2010	Increases	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**

12. Other financial assets

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

(€ thousand)	31 December 2012	31 December 2011	Change
Fees receivable for guarantees given	12,035	12,892	(857)
Debt securities	74	74	-
Total other financial assets	**12,109**	**12,966**	**(857)**

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

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

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

(€ thousand)	31 December 2012	31 December 2011
Other financial assets		
due within one year	3,789	3,920
due after one year but within five years	8,254	8,900
due beyond five years	66	146
Total	**12,109**	**12,966**

13. Other non-current assets

At 31 December 2012, other non-current assets totaled €65 thousand, a net decrease of €25 thousand over 31 December 2011, and consisted of amounts receivable from tax authorities and employees beyond 12 months.

14. Trade receivables

At 31 December 2012, trade receivables totaled €4,756 thousand, a net decrease of €107 thousand over 31 December 2011, and included the following:

(€ thousand)	31 December 2012	31 December 2011	Change
Third parties			
- Receivables	2,926	2,600	326
- Allowance for doubtful accounts	(156)	(156)	-
Total third parties	2,770	2,444	326
Trade receivables due from Group companies and other related parties	1,986	2,419	(433)
Total trade receivables	**4,756**	**4,863**	**(107)**

Trade receivables from third parties mainly relate to amounts due from Rete Ferroviaria Italiana S.p.A. for the progress of works on high speed rail sections during the latter part of the year. Those receivables match the trade payables to the consortia CAV.E.T. and CAV.TO.MI. in relation to contract work completed (see Note 23). At 31 December 2012, certain trade receivables relating to contract work completed on the Bologna-Florence high-speed railway line had been factored, however, as required by IAS 39, they continued to be recognized along with the corresponding liability under advances on factored receivables (see Note 24).

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

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

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

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

15. Current financial receivables

At 31 December 2012, current financial receivables totaled €58,281 thousand, a net decrease of €316,525 thousand over 31 December 2011 and consisted of amounts receivable from Group companies, as detailed below:

(€ thousand)	31 December 2012	31 December 2011	Change
Current account with Fiat Finance S.p.A.	-	336,479	(336,479)
Assets arising from derivative financial instruments	**58,281**	38,327	19,954
Total current financial receivables	**58,281**	**374,806**	**(316,525)**

The item current account with Fiat Finance S.p.A. (€336,479 thousand at 31 December 2011) reflected the balance on the account held with that company as part of the Group's centralized treasury management.

At 31 December 2012, assets arising from derivative financial instruments represents the fair value of the two equity swaps on Fiat and Fiat Industrial shares entered into by Fiat Finance S.p.A., under instruction from Fiat S.p.A., to hedge against an increase in the share price above the exercise price of the stock options granted to the Company's Chief Executive Officer in 2004 and in 2006, as described in Note 7. The fair value of those equity swaps was based on market quotations at the balance sheet date.

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

16. Other current receivables

At 31 December 2012, other current receivables totaled €302,707 thousand, a net increase of €25,354 thousand over 31 December 2011, and consisted of the following:

(€ thousand)	31 December 2012	31 December 2011	Change
Receivables from Group companies and other related parties for consolidated IRES tax	**134,652**	166,677	(32,025)
Other receivables from Group companies and other related parties	**1,566**	1,250	316
VAT receivables	**108,315**	51,891	56,424
IRES tax receivables	**50,309**	55,328	(5,019)
IRAP tax receivables	**131**	647	(516)
Other	**7,734**	1,560	6,174
Total other current receivables	**302,707**	**277,353**	**25,354**

Receivables from Group companies and other related parties for consolidated IRES tax relates to tax calculated on the taxable income contributed by Italian subsidiaries participating in the domestic tax consolidation program. At 31 December 2011, the item also included residual amounts receivable from companies transferred to Fiat Industrial Group through the demerger at the beginning of 2011.

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

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

IRES tax receivables includes amounts receivable that Italian subsidiaries participating in the domestic tax consolidation transferred to Fiat S.p.A. in 2012 and previous years. At 31 December 2012, refund claims which had been factored amounted to €26,622 thousand (€26,162 thousand at 31 December 2011) and were recognized on balance sheet, with the corresponding liability recorded under advances on factored receivables (see Note 24), pursuant to IAS 39.

At 31 December 2012, no interest was recognized in relation to VAT receivables subject to refund (as was also the case at 31 December 2011), while interest on IRES tax receivables (100% factored) amounted to €3,622 thousand (€3,162 thousand at 31 December 2011).

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

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

17. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

(€ thousand)	31 December 2012	31 December 2011	Change
Cash at banks and post offices	554	744	(190)
Total cash and cash equivalents	**554**	**744**	**(190)**

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

18. Equity

At 31 December 2012, equity totaled €8,902,104 thousand, a €151,140 thousand decrease over 31 December 2011. The €152,350 thousand loss for the year and dividends of €39,756 thousand (€0.217 per preference share and €0.217 per savings share) were partially offset by increases in the fair value measurement of investments in other companies (€26,330 thousand recognized directly in equity) and net other increases.

Share capital

Share capital totaled €4,476,442 thousand (fully paid) at 31 December 2012, an increase of €10,842 thousand over €4,465,600 thousand at 31 December 2011, and consisted of the following:

(no. of shares)	31 December 2012	31 December 2011
Shares issued and fully paid		
Ordinary shares	1,250,402,773	1,092,680,610
Preference shares	-	103,292,310
Savings shares	-	79,912,800
Total shares issued	**1,250,402,773**	**1,275,885,720**
Par value per share	**€3.58**	**€3.50**

On 4 April 2012, Shareholders approved the mandatory conversion of all 103,292,310 preference shares and 79,912,800 savings shares into 157,722,163 ordinary shares, with full participation rights. The exchange ratios for the conversion were 0.850 ordinary shares per preference share and 0.875 ordinary shares per savings share.

At 28 April 2012, with the period for withdrawal closed, Fiat had received notifications of withdrawal in relation to 1,016,190 preference shares and 1,616,509 savings shares.

On 21 May 2012, the Company completed the mandatory conversion of all preference and savings shares into ordinary shares at the exchange ratios approved by Shareholders. The final trading date for Fiat S.p.A. preference and savings shares was May 18th. From 21 May 2012, Fiat S.p.A. ordinary shares only were traded on Borsa Italiana (“MTA”). Following the conversion, the Company had 1,250,402,773 ordinary shares outstanding with a par value of €3.58 per share. The increase in par value per share, from €3.50 to €3.58, was paid through the transfer of €10,842 thousand from the share premium reserve.

On 23 May 2012, withdrawing shareholders were paid the redemption amount which, in accordance with Article 2437-*ter* (3) of the Civil Code, was set at €3.317 per preference share and €3.458 per savings share. The 863,761 ordinary shares resulting from conversion of the preference shares redeemed and 1,414,445 ordinary shares resulting from conversion of the savings shares redeemed were offered to existing shareholders pursuant to Article 2437-*quater* of the Civil Code. At the conclusion of the offer period on 20 June 2012 – during which Rights and Pre-emption Rights were exercised pursuant to Article 2437-*quater* (3) of the Civil Code – a total of 36,244 shares resulting from conversion of the preference shares had been purchased at the offer price of €3.902 per share and 46,242 shares resulting from conversion of the savings shares had been purchased at the offer price of €3.952 per share. All shares requested in relation to the exercise of Pre-emption Rights were allocated as requested. Payment for shares purchased through the exercise of Rights and/or Pre-emption Rights was on 3 July 2012 and the shares were credited to the purchasers on 4 July 2012.

Pursuant to Article 2437-*quater* (4) of the Civil Code, the Company offered the remaining 827,517 shares resulting from conversion of the preference shares and 1,368,203 shares resulting from conversion of the savings shares on the Mercato Telematico Azionario (MTA) on 4 July 2012. Settlement of those shares took place on 9 July 2012.

Following is a reconciliation between the number of shares outstanding at 31 December 2010 and at 31 December 2012:

(shares in thousands)	31 December 2010	Capital increase	(Purchases)/ sales of own shares	31 December 2011	Conversion of preference and savings shares	(Purchases)/ sales of own shares	31 December 2012
Ordinary shares issued	**1,092,248**	**433**	**-**	**1,092,681**	**157,722**	**-**	**1,250,403**
Less: Own shares	(38,568)	-	-	(38,568)	-	3,990	**(34,578)**
Ordinary shares outstanding	1,053,680	433	-	1,054,113	157,722	3,990	**1,215,825**
Preference shares issued	103,292	-	-	103,292	(103,292)	-	**-**
Less: Own shares	-	-	-	-	-	-	**-**
Preference shares outstanding	103,292	-	-	103,292	(103,292)	-	**-**
Savings shares issued	79,913	-	-	79,913	(79,913)	-	**-**
Less: Own shares	-	-	-	-	-	-	**-**
Savings shares outstanding	79,913	-	-	79,913	(79,913)	-	**-**
Total shares issued by Fiat S.p.A.	**1,275,453**	**433**	**-**	**1,275,886**	**(25,483)**	**-**	**1,250,403**
Less: Own shares	**(38,568)**	**-**	**-**	**(38,568)**	**-**	**3,990**	**(34,578)**
Total Fiat S.p.A. shares outstanding	**1,236,885**	**433**	**-**	**1,237,318**	**(25,483)**	**3,990**	**1,215,825**

Following the conversion and free capital increase, the Company's annual results are allocated as follows:

- to the legal reserve, 5% of net profit until the amount of the reserve is equal to one-fifth of share capital
- further allocations to the legal reserve, allocations to the extraordinary reserve, retained profit reserve and/or other allocations that Shareholders may approve
- to each share, distribution of any remaining profit that Shareholders may approve

In the event of a winding up, the Company's assets are to be distributed in an equal pro rata amount to all shares.

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

- Share capital must be a minimum of €120,000
- All changes in the amount of share capital must be approved by Shareholders, who may give the Board of Directors the authority, for a maximum period of 5 years, to increase share capital up to a pre-determined amount. Shareholders are also required to adopt appropriate measures when share capital is reduced by more than one-third as a result of recognized losses and to reduce share capital if, by the end of the following financial year, such losses have not been reduced to less than one-third of share capital. If, as a result of a loss of more than one-third, share capital falls below the legal minimum, Shareholders must approve both a reduction and simultaneous increase of share capital to a level at least equivalent to the legal minimum or change the company's legal form
- A share premium reserve is established if a company issues shares at a price above their par value. This reserve is not distributable until the legal reserve has reached one-fifth of share capital
- A company may not purchase own shares for an amount exceeding distributable profits and available reserves reported in its latest approved financial statements. Purchases must be approved by shareholders and in no case may the par value of the shares acquired exceed one-fifth of share capital

Pursuant to resolutions adopted by the Board of Directors on 3 November 2006, the demerger of activities to Fiat Industrial S.p.A., and resolutions adopted by Shareholders at the Extraordinary Meeting on 4 April 2012, share capital may be increased, through paid capital contributions, by a maximum of €34,249,412.50 through the issue of up to 9,566,875 new ordinary shares, exclusively to managers employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.

In consideration of the Company's intention to maintain a high level of liquidity and the restrictions that exist on Chrysler's ability to distribute dividends, the Board of Directors has recommended to Shareholders that no dividend be paid in relation to the 2012 financial year.

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

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

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

The term capital is used to refer both to the value contributed by Shareholders (share capital and share premium less own shares held, for a total value of €5,288,888 thousand at 31 December 2012 and €5,258,962 thousand at 31 December 2011), and the value generated by Fiat S.p.A. in terms of results achieved (retained profit and other reserves, before allocation of profit for the year, equal in total to €3,630,591 thousand at 31 December 2012 and €3,837,987 thousand at 31 December 2011, excluding gains and losses recognized directly in equity).

Share premium reserve

At 31 December 2012, the share premium reserve totaled €1,071,403 thousand. The decrease of €10,842 thousand over 31 December 2011 was attributable to the free capital increase associated with the conversion of the Fiat S.p.A. preference and savings shares into ordinary shares on 21 May 2012.

Legal reserve

At 31 December 2012, this reserve totaled €528,577 thousand, an increase of €4,958 thousand over 31 December 2011, following the allocation of 2011 profit approved by Shareholders on 4 April 2012.

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

At 31 December 2012, the reserve available for the purchase of own shares totaled €941,043 thousand, an increase of €29,926 thousand over 31 December 2011 attributable to:

- a resolution approved by Shareholders on 4 April 2012, as described below, revoking the existing share repurchase authorization, to the extent not already exercised, and renewing authorization for the purchase of own shares up to a maximum of €1.2 billion, including existing reserves for own shares of €259 million. As a consequence, the reserve available for the purchase of own shares was increased €29,960 thousand through a transfer from the retained profit reserve
- transfer of €34 thousand to the reserve for own shares relating to own shares purchased following the conversion of preference and savings shares into ordinary shares

On 4 April 2012, Shareholders renewed the authorization for the purchase and disposal of own shares, including through subsidiaries, while at the same time revoking the authorization given on 30 March 2011. The renewed authorization was for the purchase of a maximum number of shares, not to exceed the legally established percentage of share capital or a total value of €1.2 billion, inclusive of the €259 million in own shares already held. The authorization permitted the Company to purchase preference and savings shares redeemed as a result of shareholders exercising their right of withdrawal in relation to the conversion. As announced, the buy-back program is currently on hold and buy-backs are not obligatory under the authorization. The buy-back authorization is valid for a period of 18 months and any buy-backs must be executed in the manner established by law and at a price which is within 10% of the reference price published by Borsa Italiana on the date prior to the purchase.

Finally, on 20 February 2013, the Board of Directors voted to submit a proposal to Shareholders to renew, for a period of 18 months, the authorization to purchase a maximum number of shares not to exceed the legally-established percentage of share capital or an aggregate amount of €1.2 billion, inclusive of the existing reserve for own shares of €259 million. The authorization is intended to ensure coverage of incentive plans based on Fiat S.p.A. shares, in addition, more generally, to providing the Company a strategic investment opportunity for other purposes permitted by law.

Reserve for own shares
At 31 December 2012, the reserve for own shares totaled €258,957 thousand, a decrease of €29,926 thousand over 31 December 2011. The reserve is subject to certain restrictions imposed by Article 2357-*ter* of the Civil Code and changes for the period were as follows:

- a decrease of €29,960 thousand following the assignment of 4,000,000 own shares to the Chief Executive Officer in January 2012 upon vesting of rights under the 2009 stock grant plan, net of
- an increase of €34 thousand for the transfer from the reserve available for purchase of own shares related to the own shares acquired following the conversion of preference and savings shares into ordinary shares

Retained profit
At 31 December 2012, retained profit totaled €1,910,973 thousand, an increase of €37,891 thousand over 31 December 2011 resulting from:

- an increase of €13,209 thousand, representing the fair value of rights on Fiat S.p.A. shares, through the transfer from the stock option reserve related to the 4,000,000 shares granted to the Chief Executive Officer in January 2012 for rights vested under the 2009 stock grant plan
- an increase of €54,452 thousand, representing the allocation of prior year's profit approved by Shareholders on 4 April 2012, following allocations to the Legal reserve and dividend distributions
- a decrease of €29,960 thousand, representing the transfer to the reserve available for the purchase of own shares, pursuant to the renewed authorization from Shareholders on 4 April 2012, as described above
- an increase following the transfer of €190 thousand from the stock option reserve, which represented the fair value of options on Fiat S.p.A. shares expiring during the year in relation to the November 2006 stock option plan for managers

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

At 31 December 2012, the balance of this reserve was a negative €17,375 thousand, reflecting the gain of €26,330 thousand for the year attributable to fair value measurement of investments in Fiat Industrial S.p.A. (for shares not allocated to servicing the stock option and stock grant plans), Fin. Priv. S.r.l. and Assicurazioni Generali S.p.A.

Stock option reserve
At 31 December 2012, the stock option reserve totaled €53,562 thousand, a net increase of €1,271 thousand over 31 December 2011. The change for the year was attributable to the transfer to the retained profit reserve following the assignment of 4,000,000 shares to the CEO in January 2012, which was more than offset by increases related to stock option and stock grant plans serviced by Fiat S.p.A. shares.

Other reserves
At 31 December 2012, other reserves totaled €89,829 thousand and were unchanged from 31 December 2011. The amount includes:

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

Own shares
At 31 December 2012, the book value of own shares held was €258,957 thousand, a decrease of €29,926 thousand over 31 December 2011 and related to 34,577,766 ordinary shares having a total par value of €123,788 thousand.

Changes during the year were as follows:

	Number of ordinary shares	Total carrying value (€ thousands)	Average unitary value (€)	% share capital
31 December 2011	**38,568,458**	**288,883**	**7.490**	**3.02%**
Assignment to Chief Executive Officer of shares vested under the 2009 stock grant plan	(4,000,000)	(29,960)	7.490	-0.31%
Purchases following conversion of preference and savings shares into ordinary shares	9,308	34	3.725	-
31 December 2012	**34,577,766**	**258,957**	**7.489**	**2.77%**

The number of own shares decreased following the assignment to the Chief Executive Officer in January 2012 of 4,000,000 own shares upon the vesting of rights related to the 2009 stock grant plan.

A total of 9,308 own shares were purchased from Shareholders during the year, which represented the fractions of ordinary shares resulting from the mandatory conversion of preference and savings shares into Fiat S.p.A. ordinary shares.

No own shares were bought or sold in 2011. A description of the authorizations from Shareholders for the purchase of own shares is provided above.

Share-based compensation

The following share-based compensation plans for managers of Group companies and the Chief Executive Officer of Fiat S.p.A. were in place at 31 December 2012 and 2011.

Stock option plans linked to Fiat S.p.A. and Fiat Industrial S.p.A. ordinary shares

On 26 July 2004, the Board of Directors granted the Chief Executive Officer, as a part of his variable compensation, options to purchase 10,670,000 Fiat S.p.A. ordinary shares at a price of €6.583 per share. Options are vested and exercisable at any time until 1 January 2016. Following the demerger of Fiat Industrial, he now has the right to receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each option held, at the original strike price.

At 31 December 2012, the features of the stock option plan were as follows:

Plan	Beneficiary	Date of amendment	Expiry date	Strike price (€)	N° of options granted	Vesting date	Vested portion
Stock Options July 2004 (modified)	Chief Executive Officer	27 March 2009	1 January 2016	6.583	10,670,000	31 December 2010	100%

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

The contractual terms of the plan are as follows:

Plan	Beneficiary	Expiry date	Strike price (€)	N° of options granted	Vesting date	Vested portion
Stock Option November 2006	Chief Executive Officer	3 November 2014	13.37	5,000,000	November 2007	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

(*) Upon approval of the prior year's consolidated financial statements and subject to continuation of the professional relationship.

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

A summary of the terms of the stock option plans outstanding at 31 December 2012 is as follows:

	Managers			Chief Executive Officer		
Exercise price (€)	Options outstanding at 31 December 2012	Options outstanding at 31 December 2011	Average remaining contractual life (years)	Options outstanding at 31 December 2012	Options outstanding at 31 December 2011	Average remaining contractual life (years)
6.583	-	-	-	10,670,000	10,670,000	3.0
13.370	1,576,875	1,636,875	1.8	6,250,000	6,250,000	1.8
Total	**1,576,875**	**1,636,875**		**16,920,000**	**16,920,000**	

Changes during the year were as follows:

	Managers		Chief Executive Officer	
	Number of options	Average exercise price (€)	Number of options	Average exercise price (€)
Outstanding at beginning of year	**1,636,875**	**13.37**	**16,920,000**	**9.09**
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(60,000)	13.37	-	-
Outstanding at 31 December 2012	**1,576,875**	**13.37**	**16,920,000**	**9.09**
Exercisable at 31 December 2012	**1,576,875**	**13.37**	**16,920,000**	**9.09**
Exercisable at 31 December 2011	**1,636,875**	**13.37**	**16,920,000**	**9.09**

As they were already fully vested at 31 December 2010, there were no costs in 2012 or 2011 in relation to the above plans.

Grants of Fiat S.p.A. and Fiat Industrial S.p.A. ordinary shares

Following the vesting of the rights granted under the plans approved by Shareholders on 27 March 2009 and on 26 March 2010, as amended, at the beginning of 2012 the Chief Executive Officer was assigned 4,000,000 Fiat S.p.A. ordinary shares and 4,000,000 Fiat Industrial S.p.A. ordinary shares.

On 4 April 2012, Shareholders approved the adoption of a Long Term Incentive Plan (the "Retention LTI") in the form of stock grants.

On the basis of that shareholder approval, the Company attributed the Chief Executive Officer 7 million rights, representing an equivalent number of Fiat S.p.A. ordinary shares. The rights vest over a three-year period, with one-third vesting on 22 February 2013, one-third on 22 February 2014 and one-third on 22 February 2015, subject to the Chief Executive Officer remaining in office.

The Plan is to be serviced through treasury shares with no new shares being issued. The Company has the right to substitute shares vested under the Plan, in whole or in part, with a cash payment calculated on the basis of the official price of those shares published by Borsa Italiana on the vesting date.

At 31 December 2012, the principal contractual elements of the Plan were as follows:

Plan	Beneficiary	Number of shares	Vesting date	Vesting portion
Retention LTI	Chief Executive Officer	7,000,000	22 February 2013	2,333,333
			22 February 2014	2,333,333
			22 February 2015	2,333,333

Changes in the Retention LTI during 2012 were as follows:

	2012	
	No. of shares	Average fair value at grant date (€)
Outstanding shares unvested at beginning of year	-	
Granted	7,000,000	4.205
Forfeited	-	
Vested	-	
Outstanding shares unvested at end of year	**7,000,000**	**4.205**

In 2012, a nominal cost of approximately €9 million was recognized in relation to this plan.

Availability for use of main components of equity

(€ thousand)	31 December 2012	Possible use	Amount available
Share capital	4,476,442	-	-
Reserves:			
- Share premium reserve	1,071,403	A, B, C (*)	1,071,403
- Legal reserve	528,577	B	-
- Reserve available for the purchase of own shares	941,043	A, B, C	941,043
- Reserve for own shares	258,957	-	-
- Retained profit	1,910,973	A, B, C	1,910,973
- Reserve under law 413/1991	22,591	A, B, C	22,591
- Extraordinary reserve	28,044	A, B, C	28,044
- Reserve for Spin-off difference	39,194	A, B, C	39,194

Key:
A: capital increase
B: coverage of losses
C: dividend
(*) Fully available to increase capital and cover losses. Any other use requires increase of the legal reserve to 20% of share capital (including through transfer from the share premium reserve). At 31 December 2012, the required increase would have been €366,711 thousand.

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

At 31 December 2012, this item totaled €140,851 thousand, an increase of €3,487 thousand over 31 December 2011, and consisted of the following:

(€ thousand)	31 December 2011	Accruals	Utilizations	Other changes	31 December 2012
Provisions for employee benefits and similar	14,831	1,848	(624)	(899)	**15,156**
Provisions for stock option and stock grant plans	121,604	30,292	(26,500)	(449)	**124,947**
Other non-current provisions	929	-	(181)	-	**748**
Total provisions for employee benefits and other non-current provisions	**137,364**	**32,140**	**(27,305)**	**(1,348)**	**140,851**

Provisions for employee benefits and similar provisions

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

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

In relation to defined contribution plans, the Company pays contributions to publicly or privately-administered pension institutions on the basis of legal and contractual obligations, as well as on a voluntary basis. Once those contributions have been made, the Company has no further obligation. Liabilities for contributions due but unpaid at the balance sheet date are included under other debt (see Note 25). The cost for the period is based on services rendered by the employee for the period and recognized under personnel costs (see Note 5).

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

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

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

(€ thousand)	31 December 2011	Accruals	Utilizations	Other changes	31 December 2012
Post-employment benefits:					
Leaving entitlement (TFR)	4,827	112	(174)	(1,246)	**3,519**
Other	9,082	1,133	(230)	12	**9,997**
Total post-employment benefits	13,909	1,245	(404)	(1,234)	**13,516**
Other long-term employee benefits	922	603	(220)	335	**1,640**
Total provisions for employee benefits and similar provisions	**14,831**	**1,848**	**(624)**	**(899)**	**15,156**

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

	31 December 2012	31 December 2011
Discount rate	**3.17%**	3.90%
Rate of future salary increases	**1.94%**	3.20%
Inflation rate	**2.00%**	2.00%
Maximum retirement age	**As per current legislation**	Years: 60(F)/65(M)
Mortality rate	**SI08**	SI08
Average rate of annual departures	**8.07%**	10.45%

Provisions for employee benefits and similar relate to the following:

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

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

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

At 31 December 2012 and 2011, provisions for post-employment benefits consisted of the following:

	Leaving entitlement (TFR)		Other		Total	
(€ thousand)	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Present value of unfunded defined benefit plan obligations	**4,547**	4,436	**9,823**	9,733	**14,370**	14,169
Unrecognized actuarial gains/(losses)	**(1,028)**	391	**174**	(651)	**(854)**	(260)
Net liability	**3,519**	**4,827**	**9,997**	**9,082**	**13,516**	**13,909**

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

	Leaving entitlement (TFR)		Other		Total	
(€ thousand)	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Service cost:						
- Current service cost	**-**	-	**917**	1,030	**917**	1,030
- Net actuarial (gains)/losses recognized during the year	**-**	(9)	**30**	(98)	**30**	(107)
Total service cost	**-**	(9)	**947**	932	**947**	923
Interest costs	**112**	112	**186**	190	**298**	302
Total cost/(return) for post-employment benefits	**112**	**103**	**1,133**	**1,122**	**1,245**	**1,225**

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

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

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

(€ thousand)	Leaving entitlement (TFR) 31 December 2012	Leaving entitlement (TFR) 31 December 2011	Other 31 December 2012	Other 31 December 2011	Total 31 December 2012	Total 31 December 2011
Present value of obligation at the beginning of the year	4,436	4,993	9,733	11,736	14,169	16,729
Current service cost	-	-	917	1,030	917	1,030
Interest costs	112	112	186	190	298	302
Actuarial (gains)/losses arising during the year	1,419	1,331	(753)	2,563	666	3,894
Benefits paid	(1,861)	(2,608)	(282)	(5,947)	(2,143)	(8,555)
Other changes	441	608	22	161	463	769
Present value of obligation at year end	**4,547**	**4,436**	**9,823**	**9,733**	**14,370**	**14,169**

The present value of defined benefit obligations in 2012 and the three previous years is as follows:

(€ thousand)	31 December 2012	31 December 2011	31 December 2010	31 December 2009
Present value of obligation at year end:				
- Leaving entitlement (TFR)	4,547	4,436	4,993	6,280
- Others	9,823	9,733	11,736	17,486
Total	**14,370**	**14,169**	**16,729**	**23,766**

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)	2012	2011
Experience adjustments actuarial (gains)/losses:		
- Leaving entitlement (TFR)	1,312	1,343
- Others	(229)	2,580
Total effect on present value of obligation	**1,083**	**3,923**

Provisions for stock option and stock grant plans

At 31 December 2012, this item totaled €124,947 thousand and represented the liability arising from the obligation, following the Demerger, to deliver Fiat Industrial S.p.A. shares to cover a portion of the stock option and stock grant plans.

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

(€ thousand)	31 December 2011	Fair value adjustment	Utilizations	Other changes	31 December 2012
Provisions for stock option and stock grant plans	**121,604**	**30,292**	**(26,500)**	**(449)**	**124,947**

In accordance with IFRS 2 and IAS 39, these liabilities were recognized at fair value upon initial recognition. In relation to the 2009 stock grant plan for the CEO, the fair value of the liability was considered equivalent to the market value of Fiat Industrial shares. For the 2004 and 2006 stock option plans for the CEO and the 2006 stock option plan for managers, fair value was based on a strike price which was considered equal to the par value of Fiat Industrial shares. Subsequent to initial recognition, changes in fair value are recognized to profit or loss. Changes in fair value have resulted in a €30.3 million increase in the liability, recognized through profit or loss, with a corresponding increase in the value of the investment in Fiat Industrial (see Note 11). Finally, the utilization of the provision during the year in the amount of €26.5 million related to the assignment, in January 2012, of 4,000,000 ordinary shares to the CEO which vested under the 2009 plan.

Other non-current provisions

At 31 December 2012, this item totaled €748 thousand (€929 thousand at 31 December 2011) and mainly relates to future amounts to be paid to employees who left the Company in previous years under a long-term benefit program which bridges the period prior to retirement.

During 2011, changes in provisions for employee benefits and other non-current provisions were as follows:

(€ thousand)	31 December 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**

20. Non-current debt

At 31 December 2012, non-current debt totaled €1,412,035 thousand, a decrease of €750,857 thousand over 31 December 2011, and included the following:

(€ thousand)	31 December 2012	31 December 2011	Change
Debt payable to Group companies	**1,400,000**	2,150,000	(750,000)
Financial guarantees	**12,035**	12,892	(857)
Total non-current debt	**1,412,035**	**2,162,892**	**(750,857)**

Debt payable to Group companies related to euro-denominated loans received from Fiat Finance S.p.A. with original maturity over 12 months. Given the regular provision of medium/long-term financing by Fiat Finance S.p.A., which is typically renewed, amounts due within 12 months are also included under non-current debt. Interest is payable on those loans at rates between 6.52% and 7.18%. Changes during the year included a €400 million loan received on 30 March 2012 (due 31 March 2014) and repayment of a €400 million loan received 5 March 2010 (due 5 March 2012) and a €750 million loan received 23 June 2010 (due 22 June 2012).

By maturity, loans were as follows:

(€ thousand)	31 December 2012
Expiring in 2013	**1,000,000**
Expiring in 2014	**400,000**
Total debt payable to Group companies	**1,400,000**

The fair value of these loans at 31 December 2012 was €1,424 million and was calculated using market rates of interest appropriately adjusted to reflect the credit spreads applicable to Fiat at the balance sheet date.

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

The breakdown by maturity date is as follows:

(€ thousand)	31 December 2012	31 December 2011
Financial guarantees		
due within one year	3,789	3,920
due after one year but within five years	8,242	8,888
due beyond five years	4	84
Total	**12,035**	**12,892**

21. Other non-current liabilities

At 31 December 2012, other non-current liabilities totaled €17,165 thousand, representing a net decrease of €1,049 thousand over 31 December 2011.

The item consisted of the following:

(€ thousand)	31 December 2012	31 December 2011	Change
Non-current post-employment benefits to be paid:			
to a former Chief Executive Officer	3,743	4,069	(326)
to former employees	13,422	14,145	(723)
Total other non-current liabilities	**17,165**	**18,214**	**(1,049)**

The item non-current post-employment benefits to be paid represents the present value of benefits (see Note 19) to be paid to a former Chief Executive Officer and management personnel that have left the Company.

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

(€ thousand)	31 December 2012	31 December 2011
Other non-current liabilities		
due within one year	1,087	1,050
due after one year but within five years	4,748	5,834
due beyond five years	11,330	11,330
Total	**17,165**	**18,214**

22. Provisions for employee benefits and other current provisions

At 31 December 2012, this item totaled €15,251 thousand, a net decrease of €4,129 thousand over 31 December 2011, and consisted of the following:

(€ thousand)	31 December 2011	Accruals	Utilizations and Other changes	31 December 2012
Provisions for employee bonuses and similar provisions	19,380	7,430	(11,559)	15,251
Total provisions for employee benefits and other current provisions	**19,380**	**7,430**	**(11,559)**	**15,251**

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

Changes in provisions for employee benefits and other current provisions during 2011 were as follows:

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

23. Trade payables

At 31 December 2012, trade payables totaled €17,301 thousand, a net decrease of €2,097 thousand over 31 December 2011, and consisted of the following:

(€ thousand)	31 December 2012	31 December 2011	Change
Trade payables to third parties	10,493	14,149	(3,656)
Trade payables to Group companies and other related parties for goods and services	6,808	5,249	1,559
Total trade payables	**17,301**	**19,398**	**(2,097)**

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

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

24. Current debt

At 31 December 2012, current debt totaled €1,294,074 thousand, representing a net increase of €218,642 thousand over 31 December 2011, and related to:

(€ thousand)	31 December 2012	31 December 2011	Change
Intercompany debt:			
- Current account with Fiat Finance S.p.A.	331,403	-	331,403
- Loans from Fiat Finance S.p.A.	900,000	1,000,000	(100,000)
- Liabilities arising from derivative financial instruments	8,282	19,969	(11,687)
- Accrued interest expense	27,089	30,777	(3,688)
Total intercompany debt	1,266,774	1,050,746	216,028
Debt payable to third parties:			
- Advances on factored receivables	27,300	24,686	2,614
Total debt payable to third parties	27,300	24,686	2,614
Total current debt	**1,294,074**	**1,075,432**	**218,642**

The item current account with Fiat Finance S.p.A. represents the balance of the account held with Fiat Finance S.p.A. as part of the Group's centralized treasury management.

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

At 31 December 2012, liabilities arising from derivative financial instruments represents the fair value of the two equity swaps on Fiat and Fiat Industrial S.p.A. shares entered into with major banks by Fiat Finance S.p.A., under instruction from Fiat S.p.A., to hedge against an increase in the share price above the exercise price of the stock options granted to the CEO in 2006, as described in Note 7. The fair value of those equity swaps was based on market quotations at the balance sheet date.

Advances on factored receivables relate to advances on IRES receivables totaling €24,686 thousand (see Note 16) and from Rete Ferroviaria Italiana S.p.A. for the advancement of work on the Bologna-Florence railway line totaling €2,614 thousand (see Note 14).

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

Transfer of receivables
At 31 December 2012, the carrying amount of transferred receivables and related liabilities was as follows:

	31 December 2012		
(€ thousand)	Trade receivables	Current taxes receivable	Total
Carrying amount of receivables	1,689	26,622	28,311
Carrying amount of the related liabilities	2,614	24,686	27,300

At 31 December 2012, the Company had VAT receivables of €47,000 thousand that had been sold on a non-recourse basis and consequently derecognized (no outstanding receivables sold on a non-recourse basis at 31 December 2011).

25. Other debt
At 31 December 2012, other debt amounted to €364,460 thousand, a net increase of €31,865 thousand over 31 December 2011, and included the following:

(€ thousand)	31 December 2012	31 December 2011	Change
Advances	**700**	**940**	**(240)**
Other debt:			
- Debt payable to Group companies and other related parties			
- Consolidated VAT	**211,221**	158,260	52,961
- Consolidated IRES	**137,891**	158,271	(20,380)
- Other debt payable to Group companies and other related parties	**6**	1,975	(1,969)
- Total debt payable to Group companies and other related parties	**349,118**	**318,506**	**30,612**
- Social security payables	**2,128**	1,811	317
- Current amounts payable to employees, directors and statutory auditors	**7,439**	4,262	3,177
- Dividends payable	**373**	376	(3)
- Other	**667**	377	290
Total other debt	**359,725**	**325,332**	**34,393**
Taxes payable:			
- VAT payable	**1,588**	3,675	(2,087)
- Taxes withheld on payments to employees and independent contractors	**1,972**	2,144	(172)
- Other	**428**	441	(13)
Total taxes payable	**3,988**	**6,260**	**(2,272)**
Accrued expenses and deferred income	**47**	**63**	**(16)**
Total other debt	**364,460**	**332,595**	**31,865**

Advances

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

(€ thousand)	31 December 2012	31 December 2011	Change
Contract work in progress	244,858	244,331	527
Less: Net advances for work completed	245,426	245,130	296
Gross amount due to the customer	568	799	(231)
Net contractual advances	132	141	(9)
Total advances	**700**	**940**	**(240)**

The item relates to contracts for the high speed railway project between Fiat S.p.A. and Treno Alta Velocità – T.A.V. S.p.A. (which was in turn engaged by F.S. S.p.A.), for the operational engineering and construction of two lines (Bologna-Florence and Turin-Milan, the latter divided into two sub-lines: Turin-Novara and Novara-Milan). At 31 December 2012, the contractual amounts (including for additional work, monetary adjustments and other contractual amounts) totaled €5,233 million for the Bologna-Florence line and €2,285 million for the Milan-Novara sub-line. The contractual amount for the Turin-Novara sub-line (project completed and accounting closed at the end of 2009) was €4,669 million.

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

These amounts may be analyzed by line as follows:

(€ thousand)	31 December 2012	31 December 2011	Change
Contract work in progress	**244,858**	**244,331**	**527**
- Florence-Bologna line	162,212	161,777	435
- Novara-Milan line	82,646	82,554	92
Less: Net advances for work completed	**245,426**	**245,130**	**296**
- Florence-Bologna line	162,580	162,294	286
- Novara-Milan line	82,846	82,836	10
Gross amount due to the customer	**568**	**799**	**(231)**
- Florence-Bologna line	368	517	(149)
- Novara-Milan line	200	282	(82)

Contract work in progress is measured on the basis of the stage of completion in relation to the sales price, which in this case is the consideration contractually agreed for the activities directly carried out by Fiat S.p.A. Contract costs relating to the contract revenue recognized totaled €98,750 thousand at 31 December 2012 (€98,106 thousand at 31 December 2011). Changes in contract work in progress have been recognized in the income statement under the item other operating income (see Note 4). When the lines are contractually completed, the final contractual revenues for the activities directly carried out are recognized in the income statement under other operating income, net of any decrease in inventories. At the same time, the accounts for inventories and amounts classified as advances are closed.

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

Net advances for work completed were as follows:

(€ thousand)	Advances received from customers 31 December 2012	 31 December 2011	Advances paid to suppliers 31 December 2012	 31 December 2011	Net advances for work completed 31 December 2012	 31 December 2011
Florence-Bologna line	5,232,434	5,203,837	5,069,854	5,041,543	162,580	162,294
Novara-Milan line	2,277,543	2,276,845	2,194,697	2,194,009	82,846	82,836
Progress payments for work completed	**7,509,977**	**7,480,682**	**7,264,551**	**7,235,552**	**245,426**	**245,130**

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

(€ thousand)	Contractual advances received from customers 31 December 2012	 31 December 2011	Contractual advances paid to suppliers 31 December 2012	 31 December 2011	Net contractual advances 31 December 2012	 31 December 2011
Florence-Bologna line	52	71	51	69	1	2
Novara-Milan line	5,168	5,812	5,037	5,673	131	139
Contractual advances	**5,220**	**5,883**	**5,088**	**5,742**	**132**	**141**

At 31 December 2012, bank guarantees and sureties totaling €494 million were given by Fiat S.p.A. to T.A.V. S.p.A. against contractual advances received, performance of the work and withholding amounts on progress payments. Under agreements entered into with the consortia mentioned and the institutions issuing the guarantees, €477 million of the total represents the direct liability of the consortia towards the issuing banks and insurance companies, with no joint responsibility on the part Fiat S.p.A.

More specifically, €100 million in guarantees provided by Fiat S.p.A. to T.A.V. S.p.A. relate to the Bologna-Florence line, €393 million to the Novara-Milan sub-line and €1 million to the Turin-Novara sub-line (remaining guarantees issued on the final work subject to testing in 2009).

Indemnities assumed directly by the CAV.E.T. consortium amounted to €97 million, while those for the CAV.TO.MI. consortium totaled €379 million for the Novara-Milan sub-line and €1 million for the Turin-Novara sub-line.

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

Finally, for those lines where work was still in progress at year end (Bologna-Florence and Novara-Milan) the lines were formally handed over to T.A.V. S.p.A. in 2009 and the high-speed line was opened to the public, following the favorable technical opinion received from the Testing Commissions. However, given that at 31 December 2012 (as also at 31 December 2011), activities to complete the ancillary work and cleanup, in addition to the contractual obligation for final approval of the work (Final Principal and/or Secondary Test Certificates) and to release the bank guarantees were still in progress, from an accounting perspective the project remained open at that date.

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

At 31 December 2012, debt payable to Group companies and other related parties for consolidated VAT, totaling €211,221 thousand (€158,260 thousand at 31 December 2011), related to VAT credits of Italian subsidiaries transferred to Fiat S.p.A. as part of the VAT consolidation, in addition to prior year amounts due to former subsidiaries transferred to Fiat Industrial Group under the Demerger.

At 31 December 2012, debt payable to Group companies and other related parties in connection with the IRES tax consolidation amounting to €137,891 thousand (€158,271 thousand at 31 December 2011) represents the remuneration due for the tax losses contributed by the Italian subsidiaries to the domestic tax consolidation for 2012, the IRES tax credits of the Italian subsidiaries transferred to Fiat S.p.A. as part of the tax consolidation procedure for 2012 and debt relating to the domestic tax consolidation for 2011.

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

26. Guarantees granted, commitments and contingent liabilities

Guarantees issued
The breakdown of guarantees issued is as follows:

(€ thousand)	31 December 2012	31 December 2011	Change
Guarantees issued			
Sureties			
- on behalf of Group companies	208,229	230,100	(21,871)
- on behalf of third parties	850	886	(36)
Total sureties	209,079	230,986	(21,907)
Other guarantees			
- on behalf of Group companies	12,677,284	11,684,864	992,420
- on behalf of third parties	-	-	-
Total other guarantees	12,677,284	11,684,864	992,420
Total guarantees issued	**12,886,363**	**11,915,850**	**970,513**

At 31 December 2012, guarantees issued totaled €12,886.4 million, an increase of €970.5 million over 31 December 2011, and related principally to new bonds issued by the subsidiary Fiat Finance and Trade Ltd. S.A. (representing the difference between guarantees on new bonds issued during the year in the amount of €2,533.4 million and guarantees on bonds repaid during the year in the amount of €1,450 million).

Guarantees outstanding at 31 December 2012 were as follows:

Sureties
At 31 December 2012, sureties totaled €209.1 million, a decrease of €21.9 million over 31 December 2011.

This amount mostly relates to sureties provided on behalf of Group companies on Billets de Trésorerie issued (Fiat Finance and Trade Ltd. S.A. €16.9 million), medium- to long-term loans granted by banks (€6.0 million) and lease payments on property (€185.3 million). Sureties granted to third parties (€0.9 million) relate to the remaining interest-bearing certificates issued by Sava and not yet redeemed.

Other guarantees
At 31 December 2012, other guarantees totaled €12,677.3 million, an increase of €992.4 million over 31 December 2011.

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

- €1,335.9 million for loans (Fiat Finance S.p.A. €650.0 million, Fiat Automoveis S.A. - FIASA €351.5 million, Fiat Automobiles Serbia Doo €294.4 million, Fiat Finance and Trade Ltd. S.A. €40.0 million)
- €10,130.5 million for bonds issued (Fiat Finance and Trade Ltd. S.A. €9,099.4 million and Fiat Finance North America Inc. €1,031.1 million)
- €563.8 million for credit lines (Fiat Finance S.p.A. €413.0 million, Fiat Finance North America Inc. 75.8 million, Fiat Finance et Services S.A. €50.0 million and Fiat Finance and Trade Ltd. S.A. €25.0 million)

- €647.1 million for VAT receivables related to the VAT consolidation, pursuant to the Ministerial Decree of 13 December 1979 (as subsequently amended)

In addition:

- In 2011, Fiat S.p.A. issued guarantees in connection with agreements signed with a syndicate of Italian and international banks (lead-managed by Citibank International) for a three-year €1,950 million facility for Fiat Finance S.p.A. and other Group companies. At 31 December 2012 (as also at 31 December 2011), this facility remained undrawn
- in 2005, in relation to the advance received by Fiat Partecipazioni S.p.A. on the consideration for the sale of the aviation business, Fiat S.p.A. is jointly and severally liable with Fiat Partecipazioni S.p.A. to the purchaser, Avio Holding S.p.A., should Fiat Partecipazioni S.p.A. fail to honor (following either an arbitration award or an out-of-court settlement) undertakings provided in relation to the sale and purchase agreement signed in 2003. Similarly, in connection with sale of a controlling interest in its rail business, Fiat S.p.A. provided guarantees to the purchaser, Alstom N.V., for any failure of the seller (now Fiat Partecipazioni S.p.A.) to meet its contractual obligations

Commitments
In implementation of the resolution of the Board of Directors dated 18 February 2011 – and as part of the framework of the Partnership and Cooperation Agreement signed on 28 March 2011 by Politecnico di Torino, Fiat S.p.A., University of Windsor (Canada) and Chrysler for an International Masters in Automotive Engineering – Fiat S.p.A. and Politecnico di Torino renewed their cooperation agreement relating to courses in Automotive Engineering. The agreement covers a period of four academic years, from 1 October 2010 to 30 September 2014, under which Fiat S.p.A. will contribute €1.85 million per academic year (for a total of €7.4 million) up to 20% of which may be through contributions-in-kind (purchase of goods and services from third parties, provision of services or availability of assets, etc.). At 31 December 2012, the residual financial commitment was €3.2 million.

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

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

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

The exercise price of the option is established as follows:

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

Contingent liabilities
In connection with significant asset divestitures carried out in prior years, Fiat S.p.A. directly or indirectly through its subsidiaries provided indemnities to purchasers with the maximum amount of potential liability under these contracts generally capped at a percentage of the purchase price. These liabilities primarily relate to liabilities potentially arising from a breach of representations and warranties under these contracts and, in certain instances, environmental or tax matters, generally for a limited period of time. At 31 December 2012, potential obligations relating to these indemnities were approximately €368 million (approximately €360 million at 31 December 2011), net of provisions set aside by individual companies. Certain other indemnities have been provided that do not limit potential payment and, as such, it is not possible to estimate the maximum potential future payments that could result from claims made under these indemnities.

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

27. Information on financial risks

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

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

Credit risk

At 31 December 2012, Fiat S.p.A.'s maximum nominal credit exposure consisted of the carrying amounts of financial assets and the par value of guarantees issues (as discussed in Note 26).

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

Guarantees issued were mainly on behalf of Group companies.

At 31 December 2012, there were no material amounts past due.

Liquidity risk

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

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

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

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

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

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

Currency risk

At 31 December 2012, Fiat S.p.A. had no significant receivable, payable or derivative positions that were exposed to currency risk.

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

In particular:

- non-current debt partly consists of fixed rate loans from Fiat Finance S.p.A. (see Note 20). The change in fair value of these loans resulting from a hypothetical, immediate and adverse change of 10% in market interest rates would not be material (€6 million at 31 December 2011)
- current debt consists mainly of current account deposits with and loans received from Fiat Finance S.p.A. as well as liabilities related to advances on the sale of receivables to banks (see Note 24). In addition, non-current debt to Fiat Finance S.p.A. (see Note 20) include variable rate loans. The cost of these positions is affected by changes in short-term interest rates. For short-term or variable rate transactions, a hypothetical, immediate and adverse change of 10% in short-term interest rates would not be material (approximately €2 million at 31 December 2011)

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

Assuming an immediate and adverse change in the market value of Fiat and Fiat Industrial shares of 10%, the potential loss in fair value of derivative financial instruments held by the Company at 31 December 2012 would total approximately €20 million (approximately €17 million at 31 December 2011). The change over the prior year is attributable to the change in the share price at the balance sheet date used as the basis for the sensitivity analysis.

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

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

The following table provides the classification of financial instruments measured at fair value at 31 December 2012 according to this fair value hierarchy.

(€ thousand)	Note	Level 1	Level 2	Level 3	Total
Assets at fair value:					
Investments in other companies (available for sale) recognized at fair value directly in equity or through profit and loss	(11)	285,032	10,249	-	**295,281**
Derivative financial assets (current)	(15)	-	58,281	-	**58,281**
Total assets		**285,032**	**68,530**	**-**	**353,562**
Liabilities at fair value:					
Derivative financial liabilities (current)	(24)	-	8,282	-	**8,282**
Total liabilities		**-**	**8,282**	**-**	**8,282**

In 2012, there were no transfers from Level 1 to Level 2 of the fair value hierarchy or vice versa.

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

The effects of these transactions on the single items of the 2012 and 2011 financial statements, which may also be found in the supplementary financial statements and in the explanatory Notes, is summarized in the following tables:

Counterparty	Other operating income		Personnel costs		Other operating costs		Financial income/(expense)	
(€ thousand)	2012	2011	2012	2011	2012	2011	2012	2011
Abarth & C. S.p.A.	316	405	-	-	-	1	1	-
Chrysler Group LLC	379	-	-	-	299	-	-	-
Comau S.p.A.	2,606	1,227	-	-	-	-	(5)	-
C.R.F. S.c.p.A.	-	70	-	-	157	133	4	-
Deposito Avogadro S.p.A.	171	-	-	-	-	-	(5)	-
Editrice La Stampa S.p.A.	50	-	-	-	30	-	(5)	-
Elasis S.c.p.A.	-	70	-	-	-	-	(5)	(5)
Ferrari S.p.A.	6,467	3,783	-	-	4	6	9	(1)
Fiat (China) Business Co. Ltd.	-	-	-	-	845	93	-	-
Fiat do Brasil S.A.	-	-	-	-	1,049	86	-	-
Fiat Group Automobiles S.p.A.	45,005	20,499	-	-	372	347	320	85
Fiat Group Automobiles Belgium S.A.	-	1	-	-	118	110	-	-
Fiat Automoveis S.A. – FIASA	-	-	-	-	-	-	203	229
Fiat Finance S.p.A.	676	945	-	-	117	1,823	(216,802)	(429,750)
Fiat Finance and Trade Ltd. S.A.	-	15	-	-	-	-	2,702	2,851
Fiat Finance North America Inc.	-	-	-	-	-	-	338	329
Fiat France	-	-	-	-	18	5	-	-
Fiat Services S.p.A.	1,204	423	-	-	2,197	1,472	(5)	(5)
Fiat Services Polska Sp. z o.o.	-	-	-	-	495	-	-	-
Fiat Finance et Services S.A.	-	-	-	-	527	-	-	-
Fiat Group Marketing & Corporate Comm. S.p.A.	691	746	-	-	4,491	4,688	(5)	(5)
Fiat Group Purchasing S.r.l.	194	1,711	-	-	4	13	(5)	-
Fiat Partecipazioni S.p.A.	740	796	-	-	3,631	2,835	-	-
Fiat Polska Sp. z o.o.	-	256	-	-	-	-	-	-
Fiat Powertrain Technologies S.p.A.	-	2,155	-	-	-	-	-	(5)
Fiat-Revisione Interna S.c.r.l.	-	145	-	-	-	2,658	-	(5)
Fiat Servizi per l'Industria S.c.p.A.	67	32	-	-	1,426	1,298	(5)	(5)
Fiat I.T.E.M. S.p.A.	368	424	-	-	2,546	2,216	(5)	(5)
FGA Capital S.p.A.	37	-	-	-	52	50	3	3
Fidis S.p.A.	304	435	-	-	-	-	(1,765)	(476)
Leasys S.p.A.	-	6	-	-	1,558	1,378	-	-
Maserati S.p.A.	1,102	683	-	-	-	-	20	-
Magneti Marelli S.p.A.	8,198	4,546	-	-	-	-	-	(5)
Orione S.c.p.A.	3	1	-	-	3,167	3,121	(5)	(5)
Risk Management S.p.A.	5	203	-	-	29	37	(5)	(4)
Sirio S.c.p.A.	173	79	-	-	1,714	1,704	(5)	(3)
Sisport Fiat S.p.A.	35	20	-	-	39	24	-	(2)
Teksid S.p.A.	1,541	1,030	-	-	-	-	(5)	-
Other Group companies	7	46	-	-	307	262	159	252
Total Group companies	**70,339**	**40,752**	**-**	**-**	**25,192**	**24,360**	**(214,873)**	**(426,532)**
Other related parties	4,406	1,453	9,543	11,217	16,021	24,564	(15)	361
Total Group companies and other related parties	**74,745**	**42,205**	**9,543**	**11,217**	**41,213**	**48,924**	**(214,888)**	**(426,171)**
Total	77,374	45,331	36,054	35,172	76,259	80,473	(216,080)	(434,646)
% of total line item	**97%**	**93%**	**26%**	**32%**	**54%**	**61%**	**99%**	**98%**

The impact of intercompany and related-party transactions on the income statement, as detailed in the previous table in relation to 2011, was also accompanied by the effect of the gains on disposals described in Note 3, particularly the €1,950 thousand gain on the sale of the investment in Fiat Finance North America Inc. to Fiat Finance and Trade Ltd. S.A. and the €12,753 thousand gain on the sale of the investment in Fiat Switzerland S.A. to CNH International S.A. (a Fiat Industrial Group Company).

31 December 2012

Counterparty (€ thousand)	Other fin. assets	Trade recs.	Current financial receivables	Other current recs.	Non-current employee provisions	Non-current debt	Other non-current liabilities	Trade pays.	Current debt	Other debt
Chrysler Group LLC	-	379	-	-	-	-	-	1,311	-	-
Ferrari S.p.A.	-	159	-	-	-	-	-	5	-	-
Fiat Group Automobiles S.p.A.	-	724	-	-	-	-	-	180	-	6
Fiat Finance S.p.A.	-	-	58,281	-	-	1,400,000	-	-	1,266,774	-
Fiat Group Marketing & C.C. S.p.A.	-	-	-	-	-	-	-	1,683	-	-
Fiat Servizi per l'Industria S.c.p.A.	-	-	-	-	-	-	-	667	-	-
Fiat Service S.p.A.	-	-	-	-	-	-	-	267	-	-
Fiat I.T.E.M. S.p.A.	-	-	-	-	-	-	-	139	-	-
Fiat Partecipazioni S.p.A.	-	2	-	-	-	-	-	1,379	-	-
Leasys S.p.A.	-	-	-	-	-	-	-	302	-	-
Maserati S.p.A.	-	161	-	-	-	-	-	-	-	-
Sirio S.c.p.A.	-	-	-	-	-	-	-	124	-	-
Other Group companies	-	151	-	-	-	-	-	467	-	-
IRES tax consolidation	-	-	-	134,652	-	-	-	-	-	137,891
VAT consolidation	-	-	-	-	-	-	-	-	-	205,989
Financial guarantees	12,035	-	-	-	-	12,035	-	-	-	-
Total Group companies	**12,035**	**1,576**	**58,281**	**134,652**	**-**	**1,412,035**	**-**	**6,524**	**1,266,774**	**343,886**
Other related parties	-	409	-	1,566	126,173	-	-	284	-	6,744
Total Group companies and other related parties	**12,035**	**1,985**	**58,281**	**136,218**	**126,173**	**1,412,035**	**-**	**6,808**	**1,266,774**	**350,630**
Total	12,109	4,756	58,281	302,707	140,851	1,412,035	17,165	17,301	1,294,074	364,460
% of total line item	**99%**	**42%**	**100%**	**45%**	**90%**	**100%**	**0%**	**39%**	**98%**	**96%**

31 December 2011

Counterparty (€ thousand)	Other fin. assets	Trade recs.	Current financial receivables	Other current recs.	Non-current employee provisions	Non-current debt	Other non-current liabilities	Trade pays.	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%**

Items arising from the domestic tax consolidation (see Notes 16 and 25) and the consolidated VAT settlement (see Note 25) are not reported in the above tables, as they do not represent actual commercial transactions between Group companies but relate only to the financial treatment provided under the Italian tax code for relationships between Italian Group companies and the tax authorities. Similarly, balances relating to financial guarantees (offsetting assets and liabilities) are not broken down by counterparty, as they only represent the present value of estimated fees to be earned in future years and are considered not material (see Notes 12 and 20).

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

- services provided by Fiat S.p.A. and management personnel at various Group companies (to Fiat Group Automobiles S.p.A., Magneti Marelli S.p.A., Ferrari S.p.A., Maserati S.p.A., Teksid S.p.A., Comau S.p.A., Fiat Services S.p.A. and other minor companies)
- lease of property or office space (to Fiat Finance S.p.A., Fiat Group Marketing & Corporate Communication S.p.A., Fiat Partecipazioni S.p.A., Fiat I.T.E.M. S.p.A. and other minor companies) and the recovery of directors' fees and expenses
- provision of sureties and other guarantees (see Note 26) on issues of bonds and Billets de Trésorerie (Fiat Finance and Trade Ltd. S.A. and Fiat Finance North America Inc.), bank loans and credit facilities (Fiat Finance S.p.A., Fiat Automoveis S.A.- FIASA, Fiat Finance and Trade Ltd. S.A., Fiat Finance North America Inc. and other minor subsidiaries), property rental payments (Fiat Group Automobiles S.p.A. and its subsidiaries) and to tax authorities for Group company VAT credits
- management of current accounts, obtaining short- and long-term loans and management of derivative financial instruments (Fiat Finance S.p.A.)
- purchases of administrative, tax, corporate assistance and consultancy services and related IT systems (Fiat Services S.p.A. and Fiat I.T.E.M. S.p.A.), public relations services (Fiat Group Marketing & Corporate Communication S.p.A.), personnel and other management services (Fiat Servizi per l'Industria S.c.p.A.), security services (Orione S.c.p.A. and Sirio S.c.p.A.), supervisory and internal audit services (Fiat China Business Co. Ltd., Fiat do Brasil S.A., Fiat Services Polska Sp. z o.o., Fiat Finance et Service S.A.), vehicle leases (Leasys S.p.A.), management and maintenance services and office space (Fiat Partecipazioni S.p.A.)and expense recoveries

During 2012, intercompany transactions also related to management of the portfolio of investments in subsidiaries, whose effects on the Company's earnings and financial position were as described above, in particular:

- dividends received from investees (see Note 1)
- subscription to capital increases of €200.0 million for Fiat Group Automobiles S.p.A., €180.0 million for Maserati S.p.A., €39.0 million for Editrice La Stampa S.p.A. and €25.0 million for Teksid Aluminum S.r.l. to strengthen their capital structure in consideration of their financial results (see Note 11)
- the acquisition from Fiat Group Automobiles S.p.A. of the residual 3.29% holding in Fiat Partecipazioni S.p.A. (€15.3 million) and the acquisition from Fiat Finance S.p.A. of its 40% stake in Fiat Finance and Trade Ltd. S.A. (€115.5 million)

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

- dividends received from Fiat Industrial S.p.A. (see Note 1)
- personnel and other services rendered (to Fiat Industrial S.p.A.) and financial advisory services (to Fiat Industrial Finance S.p.A.)
- lease of office space (to Fiat Industrial S.p.A., Fiat Industrial Finance S.p.A., Exor S.p.A., Fondazione Giovanni Agnelli and Giovanni Agnelli & C. S.a.p.az.) and cost charge-backs
- purchase of services provided by management personnel (Fiat Industrial S.p.A.) and cost charge-backs
- fees for the directors and statutory auditors of Fiat S.p.A., as well as the compensation component arising from stock option and stock grant plans for the Chief Executive Officer based on Fiat S.p.A. shares
- compensation due to Fiat S.p.A. executives with strategic responsibilities

30. Net financial position

Pursuant to Consob Communication of 28 July 2006 and in compliance with the CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses issued on 10 February 2005, the net financial position of Fiat S.p.A. at 31 December 2012 is as follows:

(€ thousand)	31 December 2012	31 December 2011	Change
Cash and cash equivalents	554	744	(190)
Current financial receivables:	58,281	374,806	(316,525)
- from Group companies	58,281	374,806	(316,525)
- from third parties	-	-	-
Non-current debt:	(1,412,035)	(2,162,892)	750,857
- due to Group companies	(1,412,035)	(2,162,892)	750,857
- due to third parties	-	-	-
Current debt:	(1,294,074)	(1,075,432)	(218,642)
- due to Group companies	(1,266,774)	(1,050,746)	(216,028)
- due to third parties	(27,300)	(24,686)	(2,614)
Net financial position	**(2,647,274)**	**(2,862,774)**	**215,550**
- due to Group companies	(2,620,528)	(2,838,832)	218,304
- due to third parties	(26,746)	(23,942)	(2,804)

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

During 2012, Fiat S.p.A. did not take part in any significant non-recurring transaction or unusual or abnormal transaction as defined in the Consob Communication of 28 July 2006.

32. Subsequent Events

- On 9 January 2013, Chrysler Group announced that it had received a demand from VEBA, pursuant to the Shareholder Agreement, seeking registration of approximately 16.6% of Chrysler Group's outstanding equity interests currently owned by VEBA
- On 18 January 2013, Fiat Group Automobiles S.p.A. (FGA) and Mazda Motor Corporation (Mazda) signed a final agreement for the development and manufacture of a new roadster for the Mazda and Alfa Romeo brands, based on Mazda's next-generation MX-5 rear-wheel-drive architecture. Each model will be powered by proprietary engines unique to the respective brands. Both vehicles will be manufactured at the Mazda plant in Hiroshima, Japan. Production of the Alfa Romeo model is scheduled to begin in 2015
- On 6 February 2013, Chrysler signed a 10-year private-label agreement, subject to early termination in certain circumstances, with Santander Consumer USA Inc. to provide a full range of wholesale and retail financing services to Chrysler and Fiat customers and dealers, which will be provided under the Chrysler Capital brand name. The new financing service is scheduled to launch 1 May 2013 and Ally Financial Inc. will continue to provide financial services to Chrysler and Fiat customers and dealers until that date

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

Subsidiaries

Company and registered office	Share Capital (*) (€)	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 31.12.11	745,031,979	(791,190,074)	1,484,682,749	100.00	745,031,979	5,524,081,024
contribution of investment in Fiat Powertrain Technologies S.p.A.					24,968,021	590,000,000
capital contribution						200,000,000
At 31.12.12	**770,000,000**	**(1,352,333,589)**	**922,349,161**	**100.00**	**770,000,000**	**6,314,081,024**
Ferrari S.p.A – Modena						
At 31.12.11	20,260,000	176,591,960	664,936,050	90.00	7,293,600	1,187,634,587
At 31.12.12	**20,260,000**	**227,030,630**	**891,966,680**	**90.00**	**7,293,600**	**1,187,634,587**
Maserati S.p.A. – Modena						
At 31.12.11	40,000,000	(28,041,337)	102,052,702	100.00	40,000,000	173,798,379
capital contribution						180,000,000
At 31.12.12	**40,000,000**	**(55,558,032)**	**226,494,668**	**100.00**	**40,000,000**	**353,798,379**
Magneti Marelli S.p.A. – Corbetta						
At 31.12.11	254,325,965	(9,087,570)	378,695,166	99.99	254,301,607	611,854,217
Ordinary shares						
At 31.12.11				100.00	250,500,601	602,696,271
At 31.12.12				**100.00**	**250,500,601**	**602,696,271**
Preference shares						
At 31.12.11				99.36	3,801,006	9,157,946
At 31.12.12				**99.36**	**3,801,006**	**9,157,946**
At 31.12.12	**254,325,965**	**(8,701,516)**	**369,993,650**	**99.99**	**254,301,607**	**611,854,217**
Teksid S.p.A. – Turin						
At 31.12.11	71,403,261	14,929,985	162,137,765	84.79	60,543,388	76,083,758
At 31.12.12	**71,403,261**	**13,141,810**	**175,279,575**	**84.79**	**60,543,388**	**76,083,758**
Teksid Aluminum S.r.l. – Carmagnola						
At 31.12.11	5,000,000	(39,572,964)	634,861	100.00		21,192,021
capital contribution						25,000,000
impairment						(15,000,000)
At 31.12.12	**5,000,000**	**(14,941,773)**	**10,693,089**	**100.00**		**31,192,021**
Comau S.p.A. – Grugliasco						
At 31.12.11	48,013,959	(144,690,594)	72,715,049	100.00	48,013,959	97,850,496
At 31.12.12	**48,013,959**	**(9,418,342)**	**82,133,391**	**100.00**	**48,013,959**	**97,850,496**
Fiat Gestione Partecipazioni S.p.A. – Turin						
At 31.12.11	614,071,587	33,175,919	2,363,561,882	100.00	614,071,587	2,801,682,264
impairment						(933,700,00)
At 31.12.12	**614,071,587**	**53,011,259**	**1,416,453,658**	**100.00**	**614,071,587**	**1,867,982,264**
Fiat Partecipazioni S.p.A. – Turin						
At 31.12.11	148,679,554	175,801,290	453,637,856	96.71	143,783,794	387,059,228
purchase				3.29	4,895,760	15,348,110
transfer of activities from Editrice La Stampa S.p.A. to Fiat Partecipazioni S.p.A.					2,000,000	7,475,000
At 31.12.12	**150,679,554**	**(6,313,106)**	**449,324,750**	**100.00**	**150,679,554**	**409,882,338**

(*) 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 Finance S.p.A. – Turin						
At 31.12.11	224,440,000	25,289,882	268,609,696	100.00	224,440,000	222,262,897
At 31.12.12	**224,440,000**	**24,449,968**	**269,034,782**	**100.00**	**224,440,000**	**222,262,897**
Fiat Finance and Trade Ltd. S.A. – Luxembourg						
purchase				40.00	5,366	115,500,000
At 31.12.12	**251,494,000**	**1,216,507**	**288,693,442**	**40.00**	**5,366**	**115,500,000**
				+60.00	**ind.**	
Editrice La Stampa S.p.A. – Turin (formerly Itedi – Italiana Edizioni S.p.A. – Turin)						
At 31.12.11	5,980,000	(5,141,785)	5,459,580	100.00	5,980,000	25,899,105
transfer of activities from Itedi – Italiana Edizioni S.p.A. to Editrice La Stampa S.p.A.				100.00	(5,980,000) 7,700,000	
capital contribution						39,000,000
transfer of activities from Editrice La Stampa S.p.A. to Fiat Partecipazioni S.p.A.					(2,000,000)	(7,475,000)
At 31.12.12	**5,700,000**	**(26,956,408)**	**15,503,171**	**100.00**	**5,700,000**	**57,424,105**
Fiat U.S.A. Inc. – New York (USA)						
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			
At 31.12.12	**12,755,798**	**(79,746)**	**25,821,058**	**100.00**	**1,000**	**27,257,726**
USD	**16,830,000**	**(105,217)**	**34,068,305**			
Isvor Fiat Società consortile di sviluppo e addestramento Industriale per Azioni – Turin						
At 31.12.11	300,000	323,679	1,765,626	3.00	9,000	-
At 31.12.12	**300,000**	**(210,288)**	**1,555,338**	**3.00**	**9,000**	**-**
				+97.00	**ind.**	
Fiat-Revisione Interna S.c.p.A. – Turin						
At 31.12.11	300,000	1,240,867	1,893,915	71.00	213,000	317,580
At 31.12.12	**300,000**	**(95,925)**	**1,797,991**	**71.00**	**213,000**	**317,580**
				+13.00	**ind.**	
Fiat Servizi per l'Industria S.c.p.A. – Turin						
At 31.12.11	1,652,669	160,478	4,111,263	5.00	82,633	70,720
At 31.12.12	**1,652,669**	**279,799**	**4,391,062**	**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 31.12.11	120,000	106,814	812,449	18.00	21,603	21,108
At 31.12.12	**120,000**	**196,956**	**1,009,405**	**18.00**	**21,603**	**21,108**
				+79.58	**ind.**	
SIRIO - Sicurezza Industriale Società consortile per Azioni – Turin						
At 31.12.11	120,000	381,911	4,389,781	0.75	901	764
At 31.12.12	**120,000**	**1,760,933**	**6,150,714**	**0.75**	**901**	**764**
				+85.92	**ind.**	
Total subsidiaries						**11,373,213,984**

(*) 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 31.12.11	762,019,050	(43,176,408)	1,188,711,933	10.09	76,907,627	131,785,440
impairment						(35,266,000)
At 31.12.12	**762,019,050**	**(112,771,537)**	**1,051,425,837**	**10.09**	**76,907,627**	**96,519,440**
Total associate companies						**96,519,440**

(*) Figures taken from the 2010 and 2011 Separate Financial Statements.

Other companies

Company and registered office	% owned by Fiat S.p.A.	Number of shares	Book value (€)
Fiat Industrial S.p.A. – Turin			
At 31.12.11	3.00	38,215,333	253,176,581
Allocation to the Chief Executive Officer of Fiat Industrial S.p.A. ordinary shares following vesting of rights related to the 2009 stock plan		(4,000,000)	(26,500,000)
purchase		694	4,141
fair value adjustment			55,772,581
At 31.12.12	**2.80**	**34,216,027**	**282,453,303**
Assicurazioni Generali S.p.A. – Trieste			
At 31.12.11	0.01	187,710	2,183,067
fair value adjustment			396,068
At 31.12.12	**0.01**	**187,710**	**2,579,135**
Fin. Priv. S.r.l. – Milan			
At 31.12.11	14.29		9,795,047
fair value adjustment			453,833
At 31.12.12	**14.29**		**10,248,880**
Consorzio Lingotto – Turin			
At 31.12.11	5.40		279
At 31.12.12	**5.40**		**279**
Total other companies			**295,281,597**

20 February 2013

On behalf of the Board of Directors

/s/ John Elkann

John Elkann

CHAIRMAN

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

The following table, prepared in accordance with Article 149-*duodecies* of the "Regolamento Emittenti" issued by Consob, reports fees charged for 2012 for audit and other services provided by the independent auditors and entities in their network.

(€ thousand)	Service Provider	2012 Fees
Audit	Reconta Ernst & Young S.p.A.(1)	3,170
Attestation	Reconta Ernst & Young S.p.A.(2)	680
Other services	-	-
Total		**3,850**

(1) Includes €3,053,000 fees for ISA 600 audit procedures on Chrysler Group LLC reporting package consolidated into Fiat.
(2) Attestation related to review of Internal Control over Financial Reporting.

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

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

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

   of the administrative and accounting procedures applied in the preparation of the Company's statutory financial statements at 31 December 2012.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2012 was based on a process defined by Fiat in accordance with the Internal Control – *Integrated Framework* model issued by the *Committee of Sponsoring Organizations of the Treadway Commission,* an internationally-accepted reference framework.

3. The undersigned moreover attest that:

   3.1 the statutory financial statements at 31 December 2012:

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

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

   c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of 31 December 2012 and for the year then ended.

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

20 February 2013

/s/ Sergio Marchionne

Sergio Marchionne

CHIEF EXECUTIVE OFFICER

/s/ Richard Palmer

Richard Palmer

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